



Level 6, 412 Collins Street  
MELBOURNE VIC 3000  
Ph (03) 9642 0655 Fax (03) 9642 5177  
[www.rayagroup.com.au](http://www.rayagroup.com.au)  
ABN: 89 122 203 196

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## **Company Update**

### **Sokoria Geothermal Project Update**

Raya Group Limited (ASX:RYG) is pleased to announce Space Con Pty Ltd ("SpaceCon") and their partners have completed final due diligence and have expressed intent to pursue a conditional Sale and Purchase Agreement ("SPA") for 85% shareholding in PT Sokoria Geothermal Indonesia ("SGI"). SGI is an Indonesian registered company of which Raya holds a 45% shareholding and its JV partner Bakrie Power ("Bakrie") holds 53% shareholding.

Raya and Bakrie are presently reviewing the agreements to allow a change to their respective shareholdings which will see each party reduce their holding in SGI upon concluding the transaction. Both Raya and Bakrie will retain holdings in SGI and as such will appoint members to the Project board and committees to oversee the future project development.

Upon SpaceCon acquiring 85% equity in SGI for a payment of USD \$2m, Raya will reduce its holding to 6% and Bakrie to 7%. Raya will subsequently receive USD \$918,000 for a reduction in its present holding in SGI. SpaceCon will pay a further USD \$1m into the SGI operation budget for immediate project development.

SGI have set a final date of 11 March 2015 whereby SpaceCon is required to pay a deposit of USD \$250,000 into an agreed escrow account to show their commitment to progressing the SPA. SGI now awaits confirmation of deposit paid before PT PLN Persero ("PLN") will consider a decision regarding acceptance of sponsor and shareholder amendment to the Power Purchase Agreement ("PPA"). In the event SpaceCon fails to provide the deposit by the final date, the current agreements will have lapsed and SGI will consider its options moving forward.

SGI also recently submitted its proposed Transmission Line tariff following completion of study in January and awaits approval from PLN. PLN will conduct a site inspection around middle of March with the expectation of finalising the Transmission Line tariff by month end.

### **Resignation of Director**

Mr Geoff Barnes has advised the company of his resignation effective 2 March, 2015.

The Board wishes to thank Mr Barnes of his contributions, and will continue to work closely with Geoff and Peloton through advisory services.

By Order of the Board