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Sokoria Geothermal Project Update

Raya Group Limited (ASX:RYG) wishes to advise the following update on the proposed sale of shares in PT Sokoria Geothermal Indonesia ("SGI") of which RYG currently owns 45% shareholding with PT Bakrie Power owning 53% shareholding.

As announced on 23rd January 2015 a Heads of Agreement between Raya Group, PT Bakrie Power and Space Con Pty Ltd (SpaceCon) was put in place whereby the parties agreed to formalise a Sale and Purchase Agreement for SpaceCon to acquire an 85% equity position in PT Sokoria Geothermal Indonesia ("SGI").

SGI has continually maintained an open communication channel with SpaceCon whilst working towards agreed timelines and subsequent extensions to assist them in concluding the transaction.

The Heads of Agreement as announced on 23rd January 2015 has now been terminated following failure to receive requested materials needed to support change of shareholders with the Indonesian authorities by the agreed date of 11 March 2015.

Raya and Bakrie have now commenced discussions with other parties who have expressed recent interest in the Sokoria Project.

Further updates will be provided to the market in due course.

By Order of the Board

For Further Information Please Contact:-

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Background on Sokoria Geothermal Project

Location:	Sokoria Village, Ende Regency East Nusa Tenggara Province
Capacity:	30 MW (6 x 5 MW)
License :	Geothermal Business License (IUP)
Developer:	PT Sokoria Geothermal Indonesia Shareholders : <ul style="list-style-type: none">- PT Bakrie Power 53 %- Panax Geothermal Ltd. 45 %- PT Energy Management Indonesia (Persero) 2 %
Off Taker:	PT PLN (Persero) with Power Purchase Agreement (PPA) signed 30th September 2014
PPA:	30 years starting from Commercial Operation Date (COD) with first module planned for commission in 2018
Tariff:	USD 12.5c / kWh, Escalated 25% p.a. by US-PPI with potential to increase to USD16.5c / kWh
Revenue:	Estimated revenue of USD 750 million + over 30 year PPA term
Project Cost:	Estimated total cost of project is USD 160 million
Project Status:	Currently seeking prospective financier(s)/investor(s) to explore, develop and commission the 30MW geothermal power plant.

Geothermal Power Potential in Indonesia

Indonesia is estimated to contain about 40 percent of the world's geothermal power reserves, mostly on Sumatra and Java, due to the country's location in the 'Ring of Fire'. However, the country only utilizes a fraction (about 4 percent) of this potential as the government has been relying on coal, gas and oil as energy resources for power generation. In recent years the Indonesian government has started to realise the advantages of geothermal power and therefore made efforts to provide a better regulatory framework.

Indonesia needs an additional power production capacity of over 10,000 MW per year, requiring about USD \$16.7 billion worth of investment per year. Construction of what should become the world's largest geothermal power plant (Sarulla) in North Sumatra in June 2014



Figure 1 Location of Sokoria Geothermal Project on Pulau Flores Island, Indonesia