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29 April 2015

Quarterly Activities Report

Sokoria Geothermal Project

At the end of January the Company submitted its proposed Transmission Line tariff following completion of study in January and awaits approval from PLN. These discussions remain ongoing and further negotiations with PLN are underway.

As announced on 20 March, the Heads of Agreement (“HoA”) between Raya Group, PT Bakrie Power and Space Con Pty Ltd (“SpaceCon”) for the sale and purchase of 85% shareholding in PT Sokoria Geothermal Indonesia (“SGI”) was terminated. The agreement ended following failure of purchaser to remit USD \$250,000 deposit and provide requested materials needed to support change of shareholders with the Indonesian authorities.

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.

USA Oil and Gas Project - North Oklahoma

Raya a holds a 100% Working Interest and 81.25% Net Revenue Interest in ~2300 acres of oil and gas leases located in Kay County, Oklahoma. As announced on 2nd February under a Joint Operating agreement with Empire Energy Group (“Empire”), Raya is entitled to a 50% Working Interest in all wells drilled on oil and gas leases held by Empire and Raya in the Project by contributing 50% of the development cost.

An initial reserve report for the project was announced to the ASX in February 2015 for combined leases held as at 31 December 2014. The report attributed 50% of the combined acreage to Raya and assigned Probable Reserves of 5.3 million BOE with an NPV10 value of ~\$US27 million for the 50% Working Interest which would be held by Raya. (Please refer to previous announcement on 24 February 2015)

The Company continues to monitor oil and gas prices in the USA and will review any necessary commitments going forward. Future drilling plans are open to agreement between JOA partners and Board of Raya are considering various options for the Company to realise value to shareholders over the next 12 months.

Managing Director Appointment

As per announcement on 14th January, Raya was pleased to advise on the appointment of Mr Daniel Lanskey to board. He has over 10 years' experience in the energy industry and from 2006 until January 2014 was a Founder and Managing Director of Austex Oil Limited (AOK:ASX - OTCQX:ATXDY), which is now a successful US operating oil and gas production company.

Placement completed

Raya advised to the market on 26th February it had completed a placement of \$402,000 to sophisticated investors.

The funds were raised under additional placement capacity (Resolution 4) as approved by shareholders at the Annual General Meeting held on 27 November 2014.

The funds raised were for working capital and ongoing development costs.

Update on Current Projects

Indonesian Geothermal Projects

Discussion regarding financial involvement in the Sokoria project with various EPC and Funding Groups continues. Raya and its JV partner Bakrie Power will continue to work with suitable parties who can provide the certainty and commitments needed to make this project successful.

All other in-country works have been put on hold.

Australian Geothermal Projects

No other direct works were completed on any of the Australian tenements during the quarter, other than in respect of licence renewals and the like to ensure that all of these tenements remain in good standing.

Corporate

HY Financial Accounts

The company recently engaged Pitcher Partners as independent auditor for the financial report of Raya Group Limited for the half year ended 31 December 2014.

The published accounts and half yearly reports were previously released to ASX.

Cost Reduction Initiatives

Significant cost reductions continue to be implemented in all areas of the business.

The company has successfully agreed by mutual consent to terminate existing agreements with ASC Resources and Peloton Capital, effective immediately and without any penalties. All future obligations on the Company including payment of monthly contractual fees and future performance shares will now cease.

Raya is also reviewing all areas of operation to further reduce overall expenditure.

Director Resignation

Mr Geoff Barnes retired as a Non-Executive Director on 2nd March 2015

Mining Tenements held at the end of the Quarter:

Australia

Penola Trough: Areas GEL 223 area in the south-east of South Australia. These tenements are 100% owned by the Raya Group.

Limestone Coast: Areas GEL 611 area in the south-east of South Australia. These tenements are all 100% owned by the Raya Group.

Indonesia

Sokoria Geothermal Project: a Joint Venture with PT Bakrie Power, for a 30 MW geothermal development on Flores Island, Indonesia, with Raya holding a 45% interest in the project.

Ngebel Geothermal Project: a Joint Venture with PT Bakrie Power, for a 165 MW geothermal development on East Java, Indonesia, with Raya earning into a 35% interest in the project.

Dairi Prima Geothermal Project: a Joint Venture with PT Bakrie Power, for a 25 MW geothermal development in Northern Sumatra, Indonesia, with Raya holding a 51% interest in the project.

USA

Raya a holds a 100% Working Interest and 81.25% Net Revenue Interest in ~2300 acres of oil and gas leases located in Kay County, Oklahoma

Mining Tenements disposed of during the Quarter:

Nil

Finance and Administration

Cash Holdings

At the end of the quarter, the Company's cash position stood at approximately \$257,000

Equity Holdings

The company maintains an equity investment in Crestal Petroleum (ASX:CRX) and currently holds 3,166,666 ordinary shares plus 833,333 options exercisable at 10c expiring on 31 December 2015.

On 1st April, Crestal Petroleum announced it had appointed administrators and Raya will monitor the outcome.

HSEC

During the quarter under review, there were no reportable incidents relating to health, safety or community related matters.

Shareholdings

As at the date of this report, the following table represents the total equity instruments on issue in Raya Group Limited:

Equity Category	Details	Number on Issue
Listed Ordinary Shares	<u>ASX : RYG</u>	491,899,696
Listed Options	<u>ASX : RYGOB</u> Strike Price of \$0.015 Expiry 21 July 2016	374,716,667
Unlisted Options	Strike Price of \$0.015 Expiry 3 April 2016	15,000,000
Unlisted Options	Strike Prices from \$0.75 to \$1.50 Expiring 15 Dec 2016	1,100,000

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Raya Group Limited

ABN

ABN 89 122 203 196

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(9) (301)	(54) (937)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	4
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid		
1.7	Other (Rand D Rebate received)	-	197
Net Operating Cash Flows		(311)	(794)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(185) -	(875) (45)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(185)	(920)
1.13	Total operating and investing cash flows (carried forward)	(496)	(1,714)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(496)	(1,714)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	402	1,352
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	56	82
1.17	Repayment of borrowings	(28)	(49)
1.18	Dividends paid		
1.19	Other (Share issue costs)	(28)	(42)
	Net financing cash flows	402	1,343
	Net increase (decrease) in cash held	(94)	(371)
1.20	Cash at beginning of quarter/year to date	351	628
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	257	257

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	49
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, salary, superannuation, professional fees and consulting fees for the Quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil such

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil such

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	257	35 ¹
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	257	35¹

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3	+Ordinary securities	491,899,696	491,899,696	All fully paid	All fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs	66,916,667	66,916,667	All fully paid	All fully paid
7.5	+Convertible debt securities (description)				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	374,716,667 15,000,000 475,000 150,000 100,000 100,000 275,000	374,716,667	Strike Price of \$0.015 Strike Price of \$0.015 Strike Price of \$0.75 Strike Price of \$1.00 Strike Price of \$1.25 Strike Price of \$1.50 Strike Price of \$1.00	Expiry 21/07/16 Expiry 03/04/16 Expiry 15/12/16 Expiry 15/12/16 Expiry 15/12/16 Expiry 15/12/16 Expiry 15/12/16
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 29 April 2015

Print name: Julie Edwards

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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