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ABN: 89 122 203 196

28 July 2015

Quarterly Activities Report

Purchase and Sale Agreement Executed

As announced on 29th June. Raya had executed a Purchase and Sale Agreement with (PSA) with Pryme Energy Limited (ASX:PYM) for the sale of US acreage and interests (Acreage) held by Raya's subsidiary OP1 Corp (OP1).

OP1 held a 100% Working Interest and 81.25% Net Revenue Interest in ~2300 acres of oil and gas leases located in Kay County, Oklahoma. The Company held a Joint Operating Agreement with Empire Energy Group (Empire) which was subject to ~7300 acres (Total Acreage).

On 1st July 2015 Pryme issued 100,000,000 fully paid ordinary shares and \$250,000 AUD cash payment to Raya as part of Tranche 1 consideration.

The consideration payments of \$350,000 for Tranche 2 and 3 combined, will become due to Raya at the success of the first 2 wells drilled in the Total Acreage on the basis they each are equal to or greater than 31 Mbo of oil and 200 MMcf of natural gas "gross" proved producing developed 1P certified reserves by an Independent Reserve Engineer.

Pryme and Empire are currently planning to drill its first well later this quarter and the Company looks forward to the results as they begin the drilling program.

Sokoria Geothermal Project

The Company currently is awaiting approval from PLN on the Transmission Line Study tariff proposal for the Sokoria Geothermal Project with final negotiations to occur later this month.

Raya and Bakrie have now commenced discussions with funding parties who have expressed interest in the Sokoria Project and these discussions continue.

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

Placement completed to Sophisticated Investors

Raya advised to the market on 25th May it had completed a placement of \$540,000 to sophisticated investors and issued 108,100,304 fully paid ordinary shares in the Company.

The placement was led by Otsana Capital Pty Ltd who become the company advisers following the raise.

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.

New Project Opportunities

Raya currently holds an investment in Pryme Energy Limited ("Pryme") by way of 100,000,000 ordinary shares. Pryme is an ASX-listed company engaged in oil and gas exploration, development and production. Pryme's project portfolio includes liquid rich producing assets together with substantial oil development and exploration acreage in the United States.

Raya is also actively seeking potential opportunities and investments and has started engaging various parties for initial discussions. The Company will update the market accordingly should these preliminary discussions develop further.

Corporate

Share Registry

Raya changed its Share Registry provider to Automic Registry Services for shareholders on 20th July. The Automic proposal presented an ongoing saving to the company for this administration service and continues to add to recent cost reductions implemented.

Director Appointment

Dr Brendan de Kauwe was appointed as a Non-Executive Director on 25th May 2015. Dr De Kauwe is an experienced corporate advisor, specialising in information technology and life sciences. He has held numerous Board positions in ASX Listed companies and has particular expertise in corporate structures and recapitalisations with Otsana Capital.

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

Nil

Mining Tenements disposed of during the Quarter:

2,300 net acres in Northern Oklahoma were sold to Pryme Energy Limited.

Finance and Administration

Cash Holdings

At the end of the quarter, the Company's cash position stood at approximately \$513,660.

The company also received a further \$250,000 cash payment on 1st July from Pryme Energy.

Equity Holdings

The company maintains an equity investment in Pryme Energy (ASX:PYM) and currently holds 100,000,000 ordinary shares.

The company also held 3,166,666 ordinary shares plus 833,333 options exercisable at 10c expiring on 31 December 2015 in Crestal Petroleum (ASX:CRX) which was appointed to administrators on 1st April 2015.

HSEC

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

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")

30 June 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|----------------------------|--|
| 1.1 | Receipts from product sales and related debtors | | |
| 1.2 | Payments for (a) exploration & evaluation | (8) | (62) |
| | (b) development | | |
| | (c) production | | |
| | (d) administration | (218) | (1,155) |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 1 | 5 |
| 1.5 | Interest and other costs of finance paid | (1) | (5) |
| 1.6 | Income taxes paid | | |
| 1.7 | Other (Rand D Rebate received) | - | 197 |
| | Net Operating Cash Flows | (226) | (1,020) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a) prospects | - | (875) |
| | (b) equity investments | - | (45) |
| | (c) other fixed assets | | |
| 1.9 | Proceeds from sale of: (a) prospects | | |
| | (b) equity investments | | |
| | (c) other fixed assets | 2 | 2 |
| 1.10 | Loans to other entities | | |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other (provide details if material) | | |
| | Net investing cash flows | 2 | (918) |
| 1.13 | Total operating and investing cash flows (carried forward) | (224) | (1,938) |

+ 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) | (224) | (1,938) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 541 | 1,893 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | - | 82 |
| 1.17 | Repayment of borrowings | (18) | (67) |
| 1.18 | Dividends paid | | |
| 1.19 | Other (Share issue costs) | (42) | (84) |
| | Net financing cash flows | 481 | 1,824 |
| | Net increase (decrease) in cash held | 257 | (114) |
| 1.20 | Cash at beginning of quarter/year to date | 257 | 628 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 514 | 514 |

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

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 82 |
| 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 | 20 |
| 4.2 Development | |
| 4.3 Production | |
| 4.4 Administration | 150 |
| Total | 170 |

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 | 514 | 257 |
| 5.2 Deposits at call | | |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 514 | 257 |

+ 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 | 600,000,000 | 600,000,000 | All fully paid | All fully paid |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs | 108,100,304 | 108,100,304 | 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 15,000,000 475,000 425,000 100,000 100,000 | 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 | Expiry 21/07/16 Expiry 03/04/16 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 give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 28 July 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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