

# Notice of Annual General Meeting and Explanatory Memorandum

---

Raya Group Limited ACN 122 203 196

Date of Meeting: 25 November 2015

Time of Meeting: 10:30 am (Adelaide time)

Place of Meeting: The Watson, 33 Warwick Street, Walkerville, South Australia.

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of **Raya Group Limited** ACN 122 203 196 (**Company**) will be held at The Watson, 33 Warwick Street, Walkerville, South Australia, on 25 November 2015 at 10.30am (Adelaide time).

Terms used in this Notice of Meeting are defined in the "Interpretation" section of the accompanying Explanatory Memorandum.

## Agenda

### Ordinary business

---

#### Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2015.

#### 1. Resolution 1: Re-election of Brendan de Kauwe as a director

---

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*"That Mr. Brendan de Kauwe, who retires by rotation in accordance with Rule 11.12 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

#### 2. Resolution 2: Remuneration Report

---

To consider and, if thought fit, pass the following Advisory Resolution:

*"That, the Remuneration Report for the year ended 30 June 2015 (as set out in the Directors Report) is adopted."*

The vote on this Resolution 2 is advisory only and does not bind the Directors or the Company.

#### **Voting Restriction Statement pursuant to section 250R(4) of the Corporations Act**

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

# Notice of Annual General Meeting

However, the above persons may cast a vote on Resolution 2 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
  - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
  - (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
    - (A) does not specify the way the proxy is to vote on the Resolution; and
    - (B) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

## Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2, subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

## Special business

### 3. Resolution 3 – Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution with or without amendment, as a Special Resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this AGM, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**Placement Securities**).”*

# Notice of Annual General Meeting

## **Voting exclusion statement**

The Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:

- may participate in the issue of the Placement Securities; or
- might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the Resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## **Important note**

The proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

## **General business**

---

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

## **By order of the board**

Julie Halsted  
Company Secretary

19 October 2015

# Explanatory Memorandum

## 1. Introduction

---

This Explanatory Memorandum is provided to Shareholders of **Raya Group Limited ACN 122 203 196 (Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at The Watson, 33 Warwick Street, Walkerville, South Australia on 25 November 2015 commencing at 10.30am (Adelaide time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 6.

## 2. Consider the Company's Annual Report

---

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2015 and released to the ASX Limited on 25 September 2015. The Company's Annual Report is placed before the Shareholders for discussion. No voting is required for this item.

## 3. Resolution 1- Election of Brendan de Kauwe as a director

---

Rule 11.12 of the Constitution provides that any Director who has been appointed by the other Directors only holds office to the end of the next annual general meeting and is then eligible to stand for re-election at the next annual general meeting.

Mr de Kauwe was appointed as a Director to the Board on 25 May 2015 by the other Directors. Accordingly, Mr de Kauwe retires as a Director at the end of the forthcoming AGM, however, being eligible, offers himself for re-election as a Director of the Company.

Mr de Kauwe holds a Bachelor of Science, Bachelor of Dental Surgery, Post Graduate Diploma in Applied Finance and a Diploma in Music Industry. 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.

Dr de Kauwe's extensive technology science and bio-medical background, coupled with his finance backing, gives him an integral understanding in the evaluation of projects over a diverse range of sectors, including a previous Board role in a listed Oil and Gas Company. He is also the owner and Director of a successful private publishing company, and a Full Voting Member of APRA/ AMCOS.

As an advisor with Otsana Capital he has been involved in numerous corporate restructures, capital raisings, and the evaluations of a diverse range of assets.

The Directors (with Mr de Kauwe abstaining) recommend that you vote in favour of this Ordinary Resolution.

## 4. Resolution 2 - Remuneration Report

---

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report, amongst other things:

# Explanatory Memorandum

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution is advisory only and does not bind the Directors or the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 2, details of which are set out in the Voting Restriction Statement included in Resolution 2 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2 subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

## 5. **Resolution 3: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

---

### 5.1 **Introduction**

Pursuant to Resolution 3 the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A which recently came into effect. Under Listing Rule 7.1A small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards its existing business, review and development of new business opportunities and to provide working capital to the Company.

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 3.

# Explanatory Memorandum

## 5.2 Listing Rule 7.1A

### (a) General

#### (1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 16 October 2015, the Company's market capitalisation was \$3,840,000 based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the AGM, multiplied by the number of shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders' approval pursuant to this Resolution 3, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

#### (2) Special Resolution

Listing Rule 7.1A requires this Resolution 3 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the meeting.

#### (3) Shareholder approval

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the meeting.

### (b) 10% Placement Period - Listing Rule 7.1A.1

Assuming Resolution 3 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM; or
- (2) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 24 November 2016, unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

# Explanatory Memorandum

(c) Calculation for Additional 10% Placement - Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without Shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

**D** is 10 percent.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

(d) Listing Rule 7.1A.3

(1) Equity Securities

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Meeting, the classes of Equity Securities in the Company quoted on the ASX are fully paid ordinary Shares and Options exercisable at \$0.015 expiring 21 July 2016. The Company presently has 640,000,000 Shares and 389,716,667 Options exercisable at \$0.015 expiring 21 July 2016 on issue at the date of this Notice of Meeting.

(2) Minimum Issue Price

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- (B) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

(e) Information to be given to ASX - Listing Rule 7.1A.4



# Explanatory Memorandum

If Resolution 3 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
  - (A) details of the dilution to the existing holders of Equity Securities caused by the issue;
  - (B) where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
  - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
  - (D) any other fees or costs incurred in connection with the issue.
- (f) Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 640,000,000 Shares. The Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 96,000,000 shares under Listing Rule 7.1; and
- (2) subject to Shareholder approval being obtained under Resolution 3, 64,000,000 shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

## 5.3 Specific Information required by Listing Rule 7.3A

- (a) Minimum Price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

- (b) Risk of economic and voting dilution - Listing Rule 7.3A.2

# Explanatory Memorandum

As provided by Listing Rule 7.3A.2, if Resolution 3 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 640,000,000 Shares. The Company could issue 64,000,000 Shares on the date of the meeting (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and
- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- decreased by 50%; and
- increased by 100%.

**Table 1**

| Issued Share Capital<br>Variable 'A'                  | 50% decrease in Market Price<br>\$0.003 |                | Current Market Price<br>\$0.006 |                | 100% increase in Market Price<br>\$0.012 |                |
|---|---|----------------|---------------------------------|----------------|--|----------------|
|   | 10 % Voting Dilution                    | Capital Raised | 10 % Voting Dilution            | Capital Raised | 10 % Voting Dilution                     | Capital Raised |
| Present Issued Share Capital = 640,000,000 Shares     | 64,000,000                              | \$192,000      | 64,000,000                      | \$384,000      | 64,000,000                               | \$768,000      |
| 50% Increase in Share Capital = 960,000,000 Shares    | 96,000,000                              | \$288,000      | 96,000,000                      | \$576,000      | 96,000,000                               | \$1,152,000    |
| 100% Increase in Share Capital = 1,280,000,000 Shares | 128,000,000                             | \$384,000      | 128,000,000                     | \$768,000      | 128,000,000                              | \$1,536,000    |

# Explanatory Memorandum

## Assumptions and explanations

- The Market Price is \$0.006, based on the closing price of the Shares on ASX on 16 October 2015.
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only shares are issued), and not any shares issued under the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 16 October 2015.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(c) Final date for issue - Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 24 November 2016. The approval under Resolution 3 for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

(d) Purpose - Listing Rule 7.3A.4

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards its existing business, review and development of new business opportunities and to provide working capital to the Company.

(e) Shares Issued for Non-cash consideration - Listing Rule 7.3A.4

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

(f) Company's Allocation Policy - Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and

# Explanatory Memorandum

- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

- (g) Company has previously obtained Shareholder approval under Listing Rule 7.1A

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6, regarding the Equity Securities issued in the previous 12 months preceding the date of the AGM (that is, since 27 November 2014).

**Listing Rule 7.3A.6(a):** Total equity securities issued in previous 12 months

| <b>Listing Rule 7.3A.6(a)</b>   | <b>Shares</b> | <b>Options<br/>(exercisable at \$0.015<br/>expiring 21 July 2016)</b> |
|---|---------------|---|
| Number of equity securities on issue at commencement of 12 month period   | 361,649,696   | 275,800,00  |
| Equity securities issued in prior 12 month period   | 235,016,971   | 66,916,667  |
| Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period | 65%           | 24%   |

# Explanatory Memorandum

## Listing Rule 7.3A.6(b): Details of equity securities issued in previous 12 months

|  |  |
|--|--|
| Date of issue:   | 13 October 2015  |
| Number issued:   | 40,000,000   |
| Class/Type of equity security:   | Fully paid ordinary shares   |
| Summary of terms:  | Shares rank parri passu with all other fully paid ordinary shares on issue in the Company  |
| Names of persons who received securities or basis on which those persons was determined: | Issued to Directors, their associates or nominees as per EGM resolutions 3 to 6, approved by Shareholders on 24 September 2015.  |
| Price at which equity securities were issued:  | \$0.0005   |
| Discount to market price (if any):   | The issue price of \$0.0005 represents a 87.5% discount to the closing Share price on 14 August 2015 (being \$0.004 per Share); and would represent a discount of approximately 87.5% to the VWAP for the 15 trading days between 27 July 2015 and 14 August 2015. |
| <b>For cash issues</b>   |  |
| Total cash consideration received:   | \$20,000   |
| Amount of cash consideration spent:  | Nil  |
| Use of cash consideration:   | N/A  |
| Intended use for remaining amount of cash (if any):                                      | The proceeds are to fund operational costs   |
| <b>For non-cash issues</b>   |  |
| Non-cash consideration paid:   | N/A  |
| Current value of that non-cash consideration:  | N/A  |

|  |   |
|--|---|
| Date of issue:   | 25 May 2015   |
| Number issued:   | 108,100,304   |
| Class/Type of equity security:   | Fully paid ordinary shares  |
| Summary of terms:  | Shares rank parri passu with all other fully paid ordinary shares on issue in the Company   |
| Names of persons who received securities or basis on which those persons was determined: | Issued to sophisticated inventors who participated in the placement of shares as outlined in the Company's announcement to ASX on 7 May 2015.   |
| Price at which equity securities were issued:  | \$0.005   |
| Discount to market price (if any):   |   |
| <b>For cash issues</b>   |   |
| Total cash consideration received:   | \$540,500   |
| Amount of cash consideration spent:  | \$320,500   |
| Use of cash consideration:   | The proceeds from the placement were to fund operational costs as well as to evaluate any other complementary and non-complementary opportunities that may have the potential to create additional Shareholder value. |

# Explanatory Memorandum

|   |  |
|---|--|
| Intended use for remaining amount of cash (if any): | The proceeds from the placement are to fund operational costs as well as to evaluate any other complementary and non-complementary opportunities that may have the potential to create additional Shareholder value. |
| <b>For non-cash issues</b>                          |  |
| Non-cash consideration paid:                        | N/A  |
| Current value of that non-cash consideration:       | N/A.   |

|  |  |
|--|--|
| Date of issue:   | 27 February 2015   |
| Number issued:   | 66,916,667 ordinary shares;<br>66,916,667 listed options with a strike price of \$0.015 and an expiry date of 21 July 2016.  |
| Class/Type of equity security:   | Fully paid ordinary shares;<br>Listed options over fully paid ordinary shares  |
| Summary of terms:  | Shares rank parri passu with all other fully paid ordinary shares on issue in the Company  |
| Names of persons who received securities or basis on which those persons was determined: | Issued to sophisticated inventors under the Company's additional placement capacity, as approved by Shareholders at the Company's Annual General Meeting held on 27 November 2014. |
| Price at which equity securities were issued:  | \$0.006 per ordinary share with attaching 1.5c option.   |
| Discount to market price (if any):   |  |
| <b>For cash issues</b>   |  |
| Total cash consideration received:   | \$401,500.   |
| Amount of cash consideration spent:  | \$401,500  |
| Use of cash consideration:   | The proceeds from the placement were to fund operational cost, working capital and project development.  |
| Intended use for remaining amount of cash (if any):                                      | N/A  |
| <b>For non-cash issues</b>   |  |
| Non-cash consideration paid:   | N/A  |
| Current value of that non-cash consideration:  | N/A.   |

|  |   |
|--|---|
| Date of issue:   | 16 January 2015   |
| Number issued:   | 20,000,000  |
| Class/Type of equity security:   | Fully paid ordinary shares  |
| Summary of terms:  | Shares rank parri passu with all other fully paid ordinary shares on issue in the Company   |
| Names of persons who received securities or basis on which those persons was determined: | Issued to sophisticated inventors who participated in the placement of shares as outlined in the Company's announcement to ASX on 23 December 2014. |
| Price at which equity securities were  | \$0.01  |

# Explanatory Memorandum

|   |   |
|---|---|
| issued:   |   |
| Discount to market price (if any):                  | -   |
| <b><i>For cash issues</i></b>                       |   |
| Total cash consideration received:                  | \$200,000   |
| Amount of cash consideration spent:                 | \$200,000   |
| Use of cash consideration:                          | The proceeds from the placement were to fund operational cost, working capital and project development. |
| Intended use for remaining amount of cash (if any): | N/A   |
| <b><i>For non-cash issues</i></b>                   |   |
| Non-cash consideration paid:                        | N/A   |
| Current value of that non-cash consideration:       | N/A.  |

## 5.4 Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

# Explanatory Memorandum

## 6. Interpretation

---

**Advisory Resolution** means that a vote on that resolution is advisory only and does not bind the Directors or the Company;

**Annual Report** means the financial report for the Company for the year ended 30 June 2015 and lodged with ASX on 25 September 2015;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange;

**Auditor's Report** means that section of the Financial Report under the heading "Auditor's Report" set out in the Annual Report;

**Board** means the board of directors of the Company;

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

**Company** means Raya Group Limited ACN 122 203 196;

**Constitution** means the constitution of the Company from time to time;

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time;

**Director** means a director of the Company;

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

**Equity Securities** has the meaning given to that term in the Listing Rules;

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting;

**Financial Report** means the annual financial report of the Company prepared under Chapter 2M of the Corporations Act;

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

**Listing Rule** or **ASX Listing Rule** means the official listing rules of the ASX as amended from time to time;



# Explanatory Memorandum

**Market Price** has the meaning given to that term in the Listing Rules;

**Meeting** or **Annual General Meeting** means the annual general meeting to be held on 25 November 2015;

**Non-Executive Director** means a Non-Executive Director of the Company;

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum;

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

**Remuneration Report** means that section of the Directors' Report under the heading "Remuneration Report" set out in the Annual Report;

**Resolution** means a resolution proposed at the Meeting;

**Share** means an ordinary fully paid share in the issued capital of the Company;

**Shareholder** means a holder of Shares in the Company;

**Special Resolution** means a Resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the Resolution;

**VWAP** means the volume weighted average price of the Shares.

---

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Julie Edward (**Company Secretary**):

Level 6, 412 Collins St Melbourne VIC 3000

Telephone Phone: 03 9642 0655

Facsimile No: 03 9642 5177

# Proxy Form

## Proxy, representative and voting entitlement instructions

### Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below**,

Raya Group Ltd ABN 89 122 203 196  
Level 6, 412 Collins St Melbourne VIC 3000  
Telephone No: 03 9642 0655  
Facsimile No: 03 9642 5177

or by post to:

Automic Pty Limited  
PO Box 223  
West Perth WA 6005 Australia

By facsimile to: (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555  
not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

### Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm 23 November 2015. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

# Proxy Form

## Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.



Raya Group Limited | ACN 122 203 196

All registry communications to:  
Automatic Registry Services  
PO Box 223  
West Perth WA 6872

Holder Number

## Security Holder Appointment of Proxy – Annual General Meeting

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

(Name of Proxy)

OR

The Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 10.30am (Adelaide time) on 25 November 2015 at The Watson, 33 Warwick Street, Walkerville, South Australia and at any adjournment thereof.

### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 2 (except where I/we have indicated a different voting intention below) even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

## VOTING ON BUSINESS OF THE MEETING

| Resolutions   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| 1 Election of Brendan de Kauwe as a director  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

Sole Director or  
Sole Director / Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

## INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

### APPOINTING A PROXY

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

**Note:** If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

### VOTING ON BUSINESS OF MEETING

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the number of votes that the proxy may exercise by writing the number of Shares next to the box marked for the relevant item of business.

Where a box is not marked the proxy may vote as they choose subject to the relevant laws.

Where more than one box is marked on an item the vote will be invalid on that item.

### SIGNING INSTRUCTIONS

- **Individual:** Where the holding is in one name, the Shareholder must sign.
- **Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

### ATTENDING THE MEETING

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

Proxy appointments can be lodged by:

- a) **Hand Delivery** – to Automic Registry Services Suite 1a, Level 1 7 Ventnor Avenue West Perth WA 6005; or
- b) **Post** - to Automic Registry Services, PO Box 223, West Perth WA 6872; or
- c) **Facsimile** - to the Company on facsimile number +61 8 9999 9999; or
- d) **Online** – via our share registry @ <https://automic.7g.com.au/loginlisted.aspx> and follow the below instructions:

1. Security Code – using the dropdown box select "Raya Group Limited"
2. SRN/HIN – enter your personal holder number
3. Enter your postcode if your holding has a registered address in Australia or your Country if it is registered overseas
4. Click the "Login" button
5. Click on the "Voting" tab to commence registering your voting intention

**Proxy Forms received later than this time will be invalid**