

Notice of Extraordinary General Meeting and Explanatory Memorandum

Raya Group Limited ACN 122 203 196

Date of Meeting: Friday, 4 March 2016

Time of Meeting: 10.30am (Adelaide time)

Place of Meeting: The Watson
33 Warwick Street
Walkerville SA 5081

This Notice of Extraordinary General Meeting, Explanatory Memorandum and Independent Expert's Report should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

The Independent Expert, BDO Corporate Finance (QLD) Ltd, has concluded that the proposed acquisition of Xped Holdings Limited is fair and reasonable to the Non-Associated Shareholders.

Notice of Meeting

Notice is given that an Extraordinary General Meeting of shareholders of Raya Group Limited ACN 122 203 196 (**Company**) will be held at The Watson, 33 Warwick Street, Walkerville SA 5081, on Friday 4 March 2016 at 10:30am (Adelaide time).

Terms used in this Notice of Meeting are defined in section 13 of the accompanying Explanatory Memorandum.

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

A copy of this Notice and the Explanatory Memorandum and Independent Expert's Report which accompany this Notice has been lodged with the Australian Securities and Investments Commission (**ASIC**) in accordance with section 218 of the Corporations Act.

Agenda

The agenda for the meeting is as follows:

1. opening of meeting;
2. Resolution 1 - Approval of Acquisition of Xped: Change in Activities;
3. Resolution 2 - Approval of the issue of Acquisition Shares to Xped Shareholders;
4. Resolution 3 - Approval of the issue of Acquisition Shares and Management Performance Shares to JK Group and Alanticx Technologies;
5. Resolution 4 - Approval to issue Offer Shares under the Prospectus;
6. Resolution 5 - Approval of the issue of Shares to Advisers;
7. Resolution 6 - Approval of the issue of Options to EAS Advisors LLC;
8. Resolution 7 - Adoption of Constitution;
9. Resolution 8 - Change of Company Name;
10. Resolution 9 - Approval of ESOP;
11. Resolution 10 - Ratification of Placement Shares;
12. other business; and
13. close of meeting.

Notice of Meeting

1. Resolution 1 - Approval of Acquisition of Xped: Change of Activities

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of the Conditional Resolutions, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to:

- (a) *undertake the Xped Acquisition on the terms and conditions of the HOA, which are summarised in the Explanatory Memorandum; and*
- (b) *change the nature and scale of the Company’s activities on completion of the Xped Acquisition as described in the Explanatory Memorandum.”*

2. Resolution 2 - Approval of the issue of Acquisition Shares to Xped Shareholders

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

“That, subject to the passing of the Conditional Resolutions, for the purposes of Listing Rule 7.1, article 3.4 of the Existing Constitution and for all other purposes, the Company is authorised to issue and allot a total of 59,887,578 Acquisition Shares to Xped Shareholders (excluding those the subject of Resolution 3) or their nominees, in consideration for the transfer to the Company by the Xped Shareholders (excluding those the subject of Resolution 3) of the Xped Shares, pursuant to the terms and conditions of the HOA, the details of which are summarised in the Explanatory Memorandum.”

3. Resolution 3 - Approval of the issue of Acquisition Shares and Management Performance Shares to JK Group and Alanticx Technologies

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

“That, subject to the passing of the Conditional Resolutions, for the purposes of Chapter 2E and item 7 of section 611 of the Corporations Act and for all other purposes, the Company is authorised to:

- (a) *issue and allot a total of 580,112,422 Acquisition Shares to JK Group Australia Pty Ltd ACN 132 382 597 as trustee for the JK Family Trust (**JK Group**), a company controlled by John Schultz, and Alanticx Technologies Pty Ltd ACN 008 290 131 as trustee for the Alanticx Trust (**Alanticx Technologies**), a company controlled by Christopher Wood, or their nominees, on the terms and conditions set out in the Explanatory Memorandum, in consideration for the transfer to the Company by JK Group and Alanticx Technologies of the Xped Shares held by them, pursuant to the terms and conditions of the HOA; and*
- (b) *issue and allot a total of 150,000,000 Management Performance Shares to JK Group, a company controlled by John Schultz, and Alanticx Technologies, a company controlled by Christopher Wood, on the terms and conditions set out in the Explanatory Memorandum and issue and allot up to 150,000,000 Shares to JK Group and Alanticx Technologies on the subsequent conversion of the Management Performance Shares into Shares,*

and, as a consequence, that Shareholders approve JK Group, John Schultz, Alanticx Technologies, Christopher Wood and their associates, acquiring a Relevant Interest in up to 730,112,422 Shares.”

Notice of Meeting

4. Resolution 4 - Approval to issue Offer Shares under the Prospectus

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

"That, subject to the passing of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue up to 320,000,000 Offer Shares at an issue price of \$0.025 per Offer Share, to raise up to \$8,000,000 pursuant to the Capital Raising, on the terms and conditions set out in the Explanatory Memorandum."

5. Resolution 5 - Approval of the issue of Shares to Advisers

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

*"That, subject to the passing of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue a total of up to 15,000,000 Shares (**Advisor Shares**) to any corporate advisors, brokers or underwriters to the Capital Raising or any prior capital raisings (**Advisors**), in full or part consideration for services provided to the Company in respect of the Capital Raising or prior capital raisings, on the terms and conditions set out in the Explanatory Memorandum."*

6. Resolution 6 - Approval of the issue of Options to EAS Advisors LLC

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue 30,000,000 Options to EAS Advisors LLC (**EAS**) on the terms and conditions set out in the Explanatory Memorandum (**EAS Options**)."*

7. Resolution 7 - Adoption of Constitution

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Company is authorised to repeal its existing constitution in its entirety and adopt the constitution in the form tabled at the meeting and initialled by the Chairman for the purposes of identification as the new Constitution for the Company, with effect from the date of this Resolution."

8. Resolution 8 - Change of Company Name

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

"That, subject to the passing of the Conditional Resolutions and the consent of ASIC, for the purposes of section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "Xped Limited" with effect from the date on which the ASIC alters the details of the Company's registration to reflect the change of name."

9. Resolution 9 - Approval of ESOP

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

Notice of Meeting

*“That the Employee Share and Option Plan (**ESOP**), which is summarised in the attached Explanatory Memorandum, be approved and that for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes, the issue of securities under the Employee Share and Option Plan within three (3) years from the date of this resolution be an exception to Listing Rules 7.1 and 7.1A.”*

10. Resolution 10 - Ratification of Placement Shares

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

“That for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the previous issue and allotment of 30,000,000 Shares to JAY-V Inc, an unrelated sophisticated investor, on 11 November 2015 for a consideration of \$600,000 (at an issue price of \$0.02 per Share) pursuant to the Placement Agreement and on the terms and conditions set out in the Explanatory Memorandum.”

Notice of Meeting

Notes and Voting Exclusion Statements

Notes:

- A detailed summary of the Resolutions is contained within the Explanatory Memorandum.
- Further details regarding the HOA and the Xped Acquisition are set out in the accompanying Explanatory Memorandum and Independent Expert's Report which the Directors recommend Shareholders read in full before making any decision in relation to the Resolutions.
- With respect to Resolutions 2, 4 and 5 the Company intends to issue the Shares as soon as practicable in each case, but no later than three months after the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules).
- With respect to Resolution 3, for the purposes of section 611 (item 7) of the Corporations Act, an Independent Expert's Report prepared by BDO in relation to the Xped Acquisition is enclosed with this Notice of Meeting. BDO has concluded that, in its opinion, the Xped Acquisition is fair and reasonable to all non-associated shareholders of the Company.
- With respect to Resolution 3, a copy of this Notice and the Explanatory Memorandum and Independent Expert's Report which accompany this Notice has been lodged with the Australian Securities and Investments Commission in accordance with section 218 of the Corporations Act.
- With respect to Resolutions 2, 3 and 5, no funds will be raised by the issue of these Shares or the Management Performance Shares.
- With respect to Resolutions 4 and 10 the proposed use of the funds raised, or to be raised, is set out in the Explanatory Memorandum.

Voting Exclusions:

The Company will disregard any votes cast by the following people:

- with respect to Resolution 1, a person who might obtain a benefit, except a benefit solely in capacity of a Shareholder, if Resolution 1 is passed and any associate of that person (or those persons);
- with respect to Resolutions 2, 4, and 5, a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and any associate of that person (or those persons);
- with respect to Resolution 4 regarding the Capital Raising the proposed allottees of any Offer Shares 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 Capital Raising), 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. In accordance with Listing Rule 14.11.1, there is no reason to exclude the votes, and the votes will not be excluded, of such Shareholders;
- with respect to Resolution 3, JK Group, Alanticx Technologies and any associate of JK Group or Alanticx Technologies;
- with respect to Resolution 6, EAS Advisors LLC and any associate of EAS Advisors LLC;
- with respect to Resolution 9, a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a Director; and

Notice of Meeting

- with respect to Resolution 10, the sophisticated investor who participated in the issue of the Placement Shares and any associate of that investor.

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.

Key Management Personnel voting exclusion statement

A vote on Resolution 9 must not be cast by:

- any member of Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity; or
- a Closely Related Party of such a member,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of proxy 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 of the Company or if the Company is part of a consolidated entity, of the entity.

11. General business

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

By order of the board



Julie Edwards
Company Secretary
28 January 2016

Explanatory Memorandum

1. Introduction

The following information is provided to Shareholders of the Company in connection with the business to be considered at an Extraordinary General Meeting of Shareholders to be held at The Watson, 33 Warwick Street, Walkerville SA 5081 on Friday, 4 March 2016 commencing at 10:30am (Adelaide time).

The Notice of Meeting, which is also enclosed, sets out details of proposals concerning the 10 Resolutions to be put to Shareholders.

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

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in Section 13 Interpretation.

Summary

The Company proposes to change the nature of its activities to become an IoT technology business. The Directors and Xped Shareholders have discussed, examined and negotiated a set of transactions to effect this transformation (together, the **Transaction**).

There are several components to the Transaction. The Company intends to:

- (a) acquire all the issued capital in Xped from the Xped Shareholders for a consideration comprising 640,000,000 Shares issued at a deemed price of \$0.02 each;
- (b) issue 150,000,000 Management Performance Shares;
- (c) change its name to "Xped Limited";
- (d) undertake the Capital Raising, being a public offer of \$8,000,000 through the issue of 320,000,000 Shares at \$0.025 per Share;
- (e) apply the funds raised from Capital Raising to:
 - (1) business development and commercialisation of the technology;
 - (2) contribute to the working capital required to fund the development of the Xped Group's business; and
 - (3) pay the costs of the Transaction; and
- (f) issue up to a further 15,000,000 Shares to various parties who have provided services to the Company.

The Transaction will only proceed if all of the Conditional Resolutions are passed by Shareholders at the Meeting and the Company receives valid applications for at least the minimum subscription under the Capital Raising (\$8 million). The Company, Xped and the Xped Shareholders, have entered into the Heads of Agreement in respect of the Xped Acquisition, the terms of which are summarised in Schedule 2.

The Transaction will result in a company with the potential capability and scalability to deliver strong returns to stakeholders. The Transaction is essentially a listing mechanism for Xped with the Company acting as the listing vehicle. The Company will change its name to "Xped Limited".

Explanatory Memorandum

Raya Group previously being a geothermal exploration company maintains its interest in the Sokoria Geothermal Project in Indonesia and continues to seek a strategic investor for developing the project. The Company maintains its Salamander-1 site well on care and maintenance and currently has circa \$2.4 million in cash equivalents. Further details regarding the Sokoria Geothermal Project are set out in the Independent Expert's Report.

Xped is an innovative start-up company that has developed a platform for the Internet of Things. This platform will allow anyone, regardless of their technical capabilities, to connect to and then monitor and control any Xped enabled device with ease. Its assets are contained in the patents that it currently holds. There are seven (7) patent families and applications have been awarded in multiple jurisdictions including, but not limited to, the United States, Australia, Singapore, Japan and China. Its original base of operations in Adelaide has been extended to Singapore where it maintains its Global Headquarters.

At the date of this Notice, the Directors of the Company are Mr Athan Lekkas, Mr Michael Clarke and Mr Brendan de Kauwe. Mr Brendan de Kauwe intends to resign as a Director immediately following Completion. Mr Brendan de Kauwe (who is not in any way associated with the Xped Acquisition or Xped) recommends that Shareholders vote in favour of all of the Resolutions proposed.

Mr Athan Lekkas and Mr Michael Clarke do not make a recommendation in respect of the Conditional Resolutions as each are interested in the outcome of the Conditional Resolutions by reason of their appointment as an executive of the Company being conditional on the passing of the Conditional Resolutions. Mr Athan Lekkas and Mr Michael Clarke recommend that Shareholders vote in favour of Resolutions 6, 7, 9, and 10.

2. Background to applicable Listing Rules and provisions of the Corporations Act

2.1 Introduction

There are a number of approvals and requirements under the Listing Rules and the Corporations Act that are applicable to the Resolutions set out in the Notice. To avoid lengthy duplication throughout the Explanatory Memorandum, set out in this Section 2 is a summary of the applicable provisions that will be referred to throughout the Notice and Explanatory Memorandum.

2.2 Listing Rule 7.1 - Issues exceeding 15% of capital

Listing Rule 7.1 prohibits a listed company from issuing in any 12 month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (**15% Capacity**) without the prior approval of Shareholders unless the issue otherwise comes within one of the exceptions to Listing Rule 7.1.

2.3 Listing Rule 7.2 - Exceptions to Listing Rule 7.1

Exception 9 of Listing Rule 7.2 allows the Company to issue Equity Securities without specific shareholder approval and without reducing the 15% capacity under Listing Rule 7.1 or the 10% capacity under Listing Rule 7.1A, where shareholders of the Company have approved the issue of securities under an employee incentive scheme (like the ESOP) as an exception to Listing Rules 7.1 and 7.1A, within three years prior to the issue of the securities. Resolution 9 is being put to shareholders for this purpose and will allow the Company to utilise Exception 9 of Listing Rule 7.2 for three years from the date of the Resolution being passed.

Exception 14 of Listing Rule 7.2 provides that where shareholder approval is being obtained for the purposes of Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Explanatory Memorandum

Exception 16 of Listing Rule 7.2 states that, where shareholder approval is being obtained for the purposes of section 611 (item 7) of the Corporations Act, a company is not required to obtain shareholder approval pursuant to Listing Rule 7.1. Accordingly, the Company is relying on Exceptions 14 and 16 of Listing Rule 7.2 in relation to Resolution 3, pursuant to which the Company is seeking approval under section 611 (item 7) of the Corporations Act.

2.4 Listing Rule 7.4 - Ratification of issues of securities

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it. This Listing Rule is relevant for Resolution 11, being the approval sought from Shareholders for the previous issue of the Tranche 1 Placement Shares.

2.5 Listing Rule 10.11 - Acquisition of securities in the company

Listing Rule 10.11 states that a company must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a Related Party; and
- (b) a person whose relationship with the company or a related party is, in the ASX's opinion, such that approval should be obtained.

A Related Party includes a director, an entity controlled by a director and spouses, parents and children of a director. A Related Party also includes any person who came within any of these abovementioned classifications in the preceding six months or in respect of which there are reasonable grounds to believe that that person will fall within such a classification in the future.

If Shareholder approval is obtained under Listing Rule 10.11, further approval is not required under Listing Rule 7.1 (see Listing Rule 7.2, Exception 14).

Exception 6 of Listing Rule 10.11 provides that where a person is a related party by reason only of the transaction which is the reason for the issue of securities, Shareholder approval is not required under Listing Rule 10.11. Accordingly, the Company has not sought approval of its Shareholders pursuant to Listing Rule 10.11 in respect of Resolution 3.

2.6 Listing Rule 9 - Restricted Securities

All Xped Shareholders should expect that the ASX, as a condition of re-commencing of Quotation of the securities of the Company, may require that all or at least a portion of the Acquisition Shares and Management Performance Shares issued to them (pursuant to the implementation of any of the Resolutions) be placed in escrow for a period of either 12 or 24 months (**Escrow Period**).

The Company intends to make submissions with respect to the securities to be classified as restricted securities, however, the number and length of restriction will ultimately be determined by the ASX.

If the submissions the Company proposes to make are successful, the Directors expect that the ASX will classify the following securities as restricted securities:

Shareholder (inc Associates)	Number of Acquisition Shares	Management Performance Shares	Period of Restriction
Xped Key Management	331,047,222	150,000,000	24 months from the Re-admission Date

Explanatory Memorandum

Shareholder (inc Associates)	Number of Acquisition Shares	Management Performance Shares	Period of Restriction
Remaining Xped Shareholders	43,736,410	N/A	12 months from the date the Xped Shareholders were issued Xped Shares
Total	374,783,632	150,000,000	

Based on the above information (and assuming the Company's submissions to ASX are successful), 22.13% of the Company's Shares on completion of the Transaction will be subject to escrow for up to 24 months from date of re-listing.

If the submissions of the Company are not successful, the Directors expect that the ASX will classify the following securities as restricted securities:

Shareholder (inc Associates)	Number of Acquisition Shares	Management Performance Shares	Period of Restriction
Xped Key Management	580,112,422	150,000,000	24 months from the Re-admission Date
Remaining Xped Shareholders	59,887,578	N/A	12 months from the date the Xped Shareholders were issued the Acquisition Shares
Total	640,000,000	150,000,000	

Based on the above information (and assuming the Company's submissions to ASX are not successful), 37.79% of the Company's Shares on completion of the Transaction will be subject to escrow for up to 24 months from date of re-listing.

Each vendor who holds restricted securities will be required to execute, or appoint an attorney to execute, an escrow agreement with the Company on the terms and conditions prescribed in the Listing Rules. The effect of such an arrangement is that the holder(s) of restricted securities will not be permitted to transfer, encumber or otherwise deal with their title in any of those restricted securities until the expiry of the Escrow Period. All other rights (eg, voting, dividends etc) in respect of those restricted securities will remain unaffected throughout the Escrow Period.

As announced by the Company on 30 November 2015, 30,000,000 Placement Shares issued on 10 November 2015 and 40,000,001 of the Shares previously issued to sophisticated investors on 20 November 2015, and for which Shareholder approval was obtained at the Company's general meeting on 24 September 2015, are subject to voluntary escrow restrictions until Re-admission Date. These Shares are in a holding lock subject to ASX's escrow treatment until the Re-admission Date.

2.7 Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable before making the change and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings and any further information that ASX requests;

Explanatory Memorandum

- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the Notice of Meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the Official List of ASX.

Upon receiving details of the Xped Acquisition, ASX have formed the view that the Xped Acquisition produces a significant change to the nature and scale of the Company's activities and as such, the Company is required to:

- (a) obtain Shareholder approval; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval pursuant to Resolution 1 for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

2.8 Application made for waiver of Listing Rules

Condition 2 of Listing Rule 2.1 specifies that the issue or sale price of all the securities for which a company seeks quotation must be at least 20 cents (**20 cent rule**). Similarly, condition 11 of Listing Rule 1.1 provides that any options on issue must be exercisable for at least 20 cents.

Under Guidance Note 12 of the ASX Listing Rules, a Company may be granted relief from the 20 cent rule by ASX in certain circumstances. This includes where:

- (a) the issue price or sale price for any securities being issued or sold as part of, or in conjunction with, the transaction:
 - (1) is not less than two (2) cents each; and
 - (2) is specifically approved by security holders as part of the approval(s) obtained under Listing Rule 11.1.2; and
- (b) ASX is otherwise satisfied that the entity's proposed capital structure after the transaction will satisfy Listing Rules 1.1 Condition 1 and 12.5, being that the Company has an appropriate structure for a listing entity.

It is generally accepted that the issue price for the purposes of the 20 cent rule is the price at which an associated capital raising is undertaken when a re-compliance listing is in progress.

Listing Rule 6.1 provides that the terms that apply to each class of equity securities in a company must, in ASX's opinion, be appropriate and equitable. Under Listing Rule 6.2, a company may only have one class of ordinary securities unless ASX approval is given to the terms of an additional class. Guidance Note 19 sets out certain requirements in respect of performance shares.

The Company has applied to the ASX for the following waivers and approvals:

- (a) approval from ASX for the purposes of Listing Rules 6.1, 6.2 and 12.5 to the terms of the Performance Shares on the basis such terms are appropriate and equitable;
- (b) confirmation from ASX for the purposes of Listing Rule 6.1 as the Performance Shares will be a different class of ordinary shares to the currently quoted ordinary shares of Raya Group;

Explanatory Memorandum

- (c) waiver of the application of condition 2 of Listing Rule 2.1 and condition 11 of Listing Rule 1.1 with respect to the Company's re-compliance with the admission requirements outlined in Chapters 1 and 2 of the ASX Listing Rules to allow the Company to:
 - (1) issue Shares in respect of the Transaction at a price not less than \$0.02 each;
 - (2) issue the EAS Options at an exercise price not less than \$0.02 each; and
 - (3) issue the Performance Shares which have no exercise price; and
- (d) in-principle advice that, pursuant to Listing Rules 1.1 and 12.5, the capital structure of Raya Group upon completion of the Transaction is appropriate for a listed entity.

Completion of the Transaction is conditional upon ASX issuing the Conditional Approval which will not be issued until each of the above mentioned approvals or waivers are issued by ASX. Accordingly, no Shares will be issued pursuant to the Conditional Resolutions unless ASX provides the approvals and grants the waivers sought by the Company as set out above. The Company will provide further disclosure to the market upon ASX making a determination in respect of the application for the above mentioned approvals and waivers.

2.9 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

A Related Party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A financial benefit for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

2.10 Chapter 6, section 611 (item 7) of the Corporations Act - Exceptions to prohibited acquisitions

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if the acquisition would result in that person's voting power in the company increasing:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

However, there are certain specified exceptions to the takeover prohibition contained in the Corporations Act. In particular, under section 611 (item 7) of the Corporations Act an acquisition will not contravene the takeover prohibition if shareholders approve the acquisition by passing a resolution at a general meeting, where:

Explanatory Memorandum

- (a) no votes were cast in favour of the resolution by the person proposing to make the acquisition or their associates; and
- (b) shareholders were given all information known to the acquirer or the company that was material to the decision on how to vote.

ASIC Regulatory Guide 74: Acquisitions Approved by Members also specifies certain additional requirements where a Company seeks an acquisition to be exempt under section 611 (item 7) of the Corporations Act.

Explanatory Memorandum

3. Resolution 1 - Approval of Acquisition of Xped: Change of Activities

3.1 General

As has been advised to the market, the Company has entered the HOA pursuant to which it has agreed to acquire 100% of Xped Shares, subject to the satisfaction of various conditions, including Shareholder approval of the Xped Acquisition. It is anticipated that the acquisition of Xped will be completed in early 2016.

Resolution 1 seeks Shareholder approval to the Xped Acquisition and for a change to the nature and scale of the Company's activities, subject to the passing of the Conditional Resolutions.

In light of the significance of the change to the Company's activities, ASX has advised that the Company must re-comply with Chapters 1 and 2 of the Listing Rules (as required by Listing Rule 11.1.3). In accordance with ASX Guidance Note 12, the Company's shares will be suspended from the beginning of the Trading Day on which the Meeting is held until the requirements of Listing Rules 1 and 2 have been met.

3.2 Rationale for the proposed Xped Acquisition

Raya Group reviewed a number of potential opportunities previously in the energy and non-energy sectors and the present market outlook in the energy sector was not very strong and rewarding for Shareholders in the near to medium term.

The Board identified an opportunity with Xped and their Auto Discovery Remote Control (**ADRC**) technology developed for the Internet of Things (**IoT**). Xped were in need of additional capital to accelerate their commercialisation and strategy and Raya Group formed an agreement with Xped that would provide benefit to both parties in the transaction.

The Directors moved to proceed with the Xped transaction based on:

- (a) level of investment the founders have made in the company to date;
- (b) the portfolio of patents in numerous jurisdictions that provide value and protection;
- (c) the management team in place and their backgrounds;
- (d) the opportunity and markets that the Xped Technology can fit into going forward;
- (e) the founders' previous success in business and entrepreneurship;
- (f) technology is at commercialisation stage;
- (g) the level of interest from outside parties to cooperate and utilise their technology in trials ahead of entering potential agreements;
- (h) the focus to grow Asian customer base from head office in Singapore;
- (i) encouraging signs of forming relationships with large organisations reviewing the technology; and
- (j) potential for early revenue opportunities.

3.3 Key Advantages and Disadvantages of the Xped Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on each Conditional Resolution:

Explanatory Memorandum

- (a) the Xped Acquisition represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares;
- (b) the Xped Acquisition provides an opportunity for the Company to diversify its interests to include Xped which is engaged in the business of developing and licensing a technology solution for the global market;
- (c) the Xped Acquisition provides the Company with the opportunity to increase the value of the Company;
- (d) the Company may be able to attract key cornerstone investors as a result of the Xped Acquisition which may aid in the development and growth strategy of the Xped business; and
- (e) the Xped Acquisition provides the Company with a greater opportunity to realise revenue over a short time frame relative to the Company's geothermal assets.

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on each Conditional Resolution:

- (a) the Company will be changing the nature and scale of its activities to become a company focused on IoT technology, as referred to above, which may not be consistent with the objectives of all Shareholders;
- (b) the Xped Technology does not have a demonstrated track record of generating sustainable revenues or earnings, as such there is uncertainty in relation to future prospects of the Company post Xped Acquisition and it is unlikely that the Company will be in a position to pay dividends until sustainable earnings are generated. There is no guarantee that the Company will be able to successfully commercialise the Xped Technology and realise revenues moving forward;
- (c) the Xped Acquisition and the Capital Raising will result in the issue of Shares and Performance Shares to the Xped Shareholders and new investors, which will have a dilutionary effect on the holdings of Shareholders;
- (d) on completion of the Transaction, the Xped Shareholders will hold up to 37.79% of the total issued Share capital of the Company. This level of shareholding will give the Xped Shareholders significant influence over the Company and they may be able to influence the outcomes of resolutions sought at meetings of the Company, including the ability to block special resolutions. It may also reduce the chance of the Company receiving a future takeover offer due to the large stake held by the Xped Shareholders; and
- (e) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 3.13 below.

3.4 About Xped

Xped Holdings Limited is an Australian company incorporated on 1 August 2008. Its founders incorporated Xped for the purpose of creating technology that would provide a better way to communicate with devices that would solve the limitations and frustrations of the remote control systems we have in our lives today. A system that simplifies how we control and monitor devices, using a smartphone and a single, simple to use and intuitive App that works for all devices.

Xped has two subsidiary companies:

Explanatory Memorandum

- (a) Xped Corporation Pty Ltd, incorporated in Australia, which houses all current Australian based employees; and
- (b) Xped Global Pte Ltd (**Xped Global**), a company incorporated in Singapore, which serves as the Global Headquarters for the Xped Group. Xped Global is the commercial hub for the Xped Group and is the entity with which commercial agreements are intended to be entered with third parties in the future.

It is intended that Xped's business will revolve around three main area offerings:

- (a) Xped's core business is intended to be the licensing of ADRC to be integrated into 3rd party products.

A diverse offering ensures IP can be integrated at any stage in a product's development cycle. The IP can be packaged and licensed in several forms including supplying a software stack, a pre-programmed chip or a chip on a module.

Providing solutions that target semiconductor vendors, product designers and manufacturers provides greater flexibility and minimises barriers to entry.

- (b) Xped have designed a range of consumer products that are intended to be made available through local and international distribution and retail channels.

The preferred model is for these designs to be licensed as reference designs for 3rd party Original Equipment Manufacturers (OEMs) to manufacture and sell through their own channels.

It is intended that Xped would receive a royalty for each unit produced.

- (c) Xped's platform potentially disrupts industry business models by transforming manufacturers from box movers to service providers fostering direct relationships between all stakeholders.

The platform provides the opportunity to monetise services with potential revenue streams coming from cloud service charges through to e-commerce.

Xped will continue to develop and explore opportunities to commercialise these services directly and through partners.

3.5 Overview of product

Our lives have been changed by the way we utilise the internet. The "Internet of Things" (**IoT**) is where every day physical objects are connected to the Internet and identify themselves to other devices. Further information about IoT is outlined in paragraph 3.6 below.

ADRC (Auto Discovery Remote Control) is Xped's core technology offering. It provides an end to end solution for the delivery of user friendly connected devices that are easy and cheap to develop. It is a complete IoT platform.

It provides a foundation for a new generation of device and an IoT platform that combines the Device Browser, Near Field Communication (NFC) 'tap discovery and pairing', whilst eliminating the need for developers to write a device App.

For consumers, the solution is refreshingly simple. Just tap a smartphone or smart remote to a device, and it is ready to control.

Explanatory Memorandum

The Device Browser App uses Wi-Fi and other standards based communications systems to communicate with special software in the device to automatically establish a highly secure communications network and present a simple yet effective user interface, all within a few seconds.

The system has the potential to benefit all players in the IoT eco system, from developers, distributors, retailers and content providers to consumers. The solution is open, simple to use and has the potential to become a global platform and standard for the IoT.

The following are the key assets of Xped. Further details regarding the ADRC technology are set out in the Technical Expert's Report annexed to the Independent Expert's Report:

(a) ADRC:

US Patent 9,136,913, An arrangement for managing wireless communication between devices

Status:

- (1) Granted in: USA, Japan, Russia, Mexico, South Africa. A subsequent continuation patent has been applied for in the USA to enhance aspects of the original granted patent.
- (2) Pending in: a number of jurisdictions including China, EU and Australia.

This patent protects technologies that simplify the process of connecting to, controlling and monitoring devices over a wireless or wired communications link.

The core technology described in this patent is Auto Discovery Remote Control (ADRC) and allows a controller to tap a device that:

- (1) establishes a secure wireless communication link between the controller and the device; and
- (2) for the device to describe itself to the controller such that its API is known, its data is described, a preferred graphical user interface can be displayed thus allowing the controller to control and monitor the device.

In more detail, the "tap" utilises a very short range radio transmission to transfer data between the device and the controller, such as the Near Field Communications (**NFC**) system commonly found in smartphones. This data contains security keys and other information sufficient to establish a secure longer range wireless link between the controller and the device. This longer range link could be 802.15.4, Bluetooth, Wifi or other similar radio systems. Once this link is established, the controller and device are now "paired" and additional information is transferred from the device to the controller in a file that describes the device. The file is based on a new software language that has been specifically developed to describe devices and resources called Resource Modelling Language (**RML**). Software in the controller (an app for example) interprets the RML code which allows the controller to display a user interface, including all the controls and indicators needed to control and monitor the device.

This process can be summarised by saying that the device describes itself to the controller. This "teaching" process means that controllers do not need any prior knowledge of a device to interact with it. Thus any device that utilises ADRC can be controlled with a single app on the controller, whether the device has been invented yet or not. By way of comparison, as a single web browser app can interact with any web site through the use of a common language (HTML), a single device browser app can interact with any ADRC enabled device using a common language (RML).

Explanatory Memorandum

Utilising a hub, the device can be connected to the Internet allowing it to be controlled and monitored wirelessly both locally and remotely.

(b) Retail:

US Patent 2011/0270712, An arrangement for managing mobile device access to precinct regions containing services and products and information

Status:

- (1) Pending – previously rejected, appeal has been filed.
- (2) Granted in: No jurisdictions.
- (3) Pending in: Hong Kong.

This patent protects technologies that allow a controller to gather “scope defined” information regarding a good or service by tapping a controller to a Kiosk.

The controller can be an NFC equipped smartphone and the Kiosk could be an NFC Point of Sale (POS), Smart Sign, or other type of terminal.

When the controller is tapped to the Kiosk, data is transferred to the controller that is relevant to information relating to goods or services specifically linked to a region, location or “Precinct”. Thus a system containing several Kiosks could provide information to a user that is specific to the location of those Kiosks. This “Scope Reduction” is used to filter information provided making it relevant and of interest to a user.

Additionally, since the location of a Kiosk can be very accurately known (within centimetres), systems that incorporate these Kiosks can provide “Location Validation” allowing a user to know their location very accurately rather than relying on GPS, or indoor tracking systems.

An example of how this technology might be used is as follows. A user might tap their phone to a Kiosk at an entrance of a shopping mall and an app will provide information on all the shops and their location in that mall. The user may make their way to a department store and tap their phone on another Kiosk as they enter. The information displayed now shows the goods and services available within that store, including showing that there is a sporting goods section. The user makes their way to the sporting goods section and taps on a Kiosk located there. The user discovers that a range of tennis racquets are on sale and decides to make a purchase of one particular racquet based on detailed information provided by the manufacturer of that racquet and the cost price provided by the store.

(c) Ping:

US Patent 2013/0225077, Wireless device detection and communication apparatus and system

Status:

- (1) Responding to current office actions.
- (2) Granted in: Singapore.

This patent protects technologies that form the basis for ultra-low power communication systems.

Explanatory Memorandum

A communication transport layer is developed to allow data to be transferred wirelessly over short distances (several centimetres) between devices using extremely small amounts of power. This has been achieved by eliminating the need to generate and transmit a carrier that is needed to be modulated to transmit data. The system uses very short pulses (Ping pulses) to transmit data over short distances using a coil located in each device. This Near Field Ping system (NFP) utilises several orders of magnitude less power than existing Near Field Communication (NFC) systems commonly found in smartphones today. Also NFP can be implemented with very little restriction on the coil design, from just a few turns, to many turns. Additionally coils of only a few millimetres in diameter to very large geometries can be accommodated, significantly simplifying its adoption into a wide range of devices and environments.

The system has also been developed such that a single coil in a device can transmit and receive data using NFP and NFC allowing interoperability between these systems. Additionally the same single coil can be utilised to receive power from a wireless charging system to charge a battery in the device.

This technology is specifically designed to enable a new generation of ultra-low power sensor systems utilising reduced battery, battery-less or energy harvesting systems, making it an ideal candidate for IoT solutions that require low power characteristics.

(d) Wand:

US Patent 2015/0044966, Method and apparatus for forming association and communicating between devices

Status:

- (1) Pending in: a number of jurisdictions including USA and EU.
- (2) Granted in: no jurisdictions.

This patent protects technologies that simplify wirelessly connecting/pairing several ADRC enabled devices by simply tapping each with a pairing device call a Wand.

By tapping the Wand to each ADRC enabled device, information is gathered that allows the two or more devices to be paired with each other and/or to a hub, allowing data to be transferred between these devices wirelessly. This significantly simplifies and speeds up the process of pairing wireless devices as compared with today's methods.

A NFC equipped smartphone can be utilised as a Wand, however other devices can be equipped with this technology to form a Wand, such as a small pen like device, a memory stick, key ring, etc.

A custom made Wand device is advantageous when it is undesirable for a system installer to use their own personal smartphone, or if an NFC equipped smartphone is not readily available.

An example of how this technology might be used is that a wireless printer and a desktop computer equipped with ADRC or an ADRC dongle can be wirelessly connected by simple tapping each using a Wand. Both are immediately paired and ready for printing.

Explanatory Memorandum

(e) Exerts:

US Patent 9,037,708 Remote Control Arrangement

Status:

- (1) Granted in: USA, China, Australia, Mexico, South Africa.
- (2) Pending in: a number of other jurisdictions.

This patent protects technologies that form the basis of an advanced content delivery system that allows content to be activated or “triggered” under specified conditions.

Delivery of digital content, such as video, pictures, advertisements, payment data, etc. can be initiated, over a short range wireless link, such as Near Field Communication (NFC) or Ping, from a suitably equipped Kiosk or other device such as a Point Of Sale (POS) Terminal to a smartphone when the phone is tapped to the device.

In this invention, the primary digital content that is delivered is also accompanied with some additional associated content such as coupons and advertisements and trigger conditions. The trigger conditions determine when and how the associated content is activated. Until triggered, the associated content remains in memory... sleeping. An app or service running on the phone processes the trigger data and then waits for the trigger conditions to become true. A trigger condition could be determined by a geographic location, time and date, detection of an event, NFC tap, etc. or any combination of these. Once the trigger event occurs, the associated content is presented. This may cause a message to be displayed to a specified user or group of users, initiate a firmware update, display a coupon, provide a discount on a purchase, etc. The type and action of the trigger event is determined by the designer of the associated content.

An example might be that a restaurant chain may encourage their customers to tap on the store's NFC Kiosk or POS terminal as part of a loyalty program or payment. In doing so they might receive a coupon that is triggerable to coincide with the chain's discount program scheduled to begin the following month. The sleeper coupon remains in memory until the date and time the discount program begins. At that time, the coupon is triggered; an indication is made to the user of the phone that a special offer is available and the coupon becomes activated and available for use. It offers a discount if the customer returns to the store to make a purchase within 7 days.

(f) Multicontroller:

US Patent 2013/0176106 Remote Control and Remote Control Systems

Status:

- (1) Pending in: USA, responding to final office action.
- (2) Granted in: Mexico, Singapore, South Africa.

This patent protects technologies associated with forming multiple networks consisting of multiple devices, their grouping, security and access controls.

A complex network may consist of multiple users that wish to access many devices including multiple appliances and controllers. The appliances may include AV equipment, lights, air conditioners, security systems, door locks, etc. A number of controllers may exist within this environment, including personal smartphones, common area remote controls, wall mounted panel controls, etc. In these environments

Explanatory Memorandum

it is necessary to simplify how the system is managed. This patent covers the field of forming and managing multiple networks to aid in access control of certain devices or groups of devices. For example, it may be beneficial to have common access of all users to devices such as TV, DVD, fan, lights, etc. on one network. However, it may be preferable to have the security systems, associated control panels and alarms on a separate network to restrict access to certain users or controllers.

This patent also details and overcomes the complexities of managing multiple controllers within a complex networked environment, including ensuring that all controllers are synchronised and reflect the current state of each device. In this way if one controller is used to turn on a bedroom light for example, all controllers on that network will update to reflect that the bedroom light has, in fact, been turned on.

- (g) Device Metastate Indicator:

US Patent 14/773721 Remote Control Arrangement (Name to change to Device Metastate Indicator)

Status:

- (1) This patent is transitioning from PCT phase to National phase at this time.
- (2) Granted in: no jurisdictions.
- (3) Pending in: USA.

This patent protects the method of indicating the state of a device.

Devices can have several states, including initial, final, or transition, etc.

For example a roller door may have an initial state of “down”. If a controller is used to command the door to rise to the “up” state; some time is needed to pass while the door is opening. This intermediate time and state is referred to as the transitional state. In some cases, such as the roller door example, this time may be significant, whereas in other cases, such as turning on or off a light, the time between states is imperceptible. In any case it is necessary to clearly communicate to one or more users of the system the current state of a device.

In this patent, a method of indicating states has been developed to communicate to the user of a controller the current state that a device is currently in, including if the state is unknown, or there is an error with the device. In the current example, if the user is out of wireless range of the roller door, or if the door has jammed causing a fault, the user will be made aware of these states.

3.6 Overview of the “Internet of Things”

The Internet of Things or “IoT”, is the network of physical objects or “things” embedded with electronics, software, sensors, and connectivity to enable objects to collect and exchange data. The Internet of Things allows objects to be sensed and controlled remotely across existing network infrastructure, creating opportunities for more direct integration between the physical world and computer-based systems, and resulting in improved efficiency, accuracy and economic benefit. Each thing is uniquely identifiable through its embedded computing

Explanatory Memorandum

system but is able to interoperate within the existing Internet infrastructure. According to Cisco, it is estimated that the IoT will consist of almost 50 billion objects by 2020.¹

Typically, IoT is expected to offer advanced connectivity of devices, systems, and services that goes beyond machine-to-machine communications (M2M) and covers a variety of protocols, domains, and applications. The interconnection of these embedded devices (including smart objects), is expected to usher in automation in nearly all fields, while also enabling advanced applications like a Smart Grid, and expanding to the areas such as Smart city.

Things, in the IoT, can refer to a wide variety of devices such as heart monitoring implants, biochip transponders on farm animals, electric clams in coastal waters, automobiles with built-in sensors, or field operation devices that assist fire-fighters in search and rescue. These devices collect useful data with the help of various existing technologies and then autonomously flow the data between other devices. Current market examples include smart thermostat systems and washer/dryers that use Wi-Fi for remote monitoring.

Besides the plethora of new application areas for Internet connected automation to expand into, IoT is also expected to generate large amounts of data from diverse locations that is aggregated very quickly, thereby increasing the need to better index, store and process such data

3.7 Path to commercialisation

Xped's ADRC technology is now entering the commercialisation phase. Xped is currently engaged in discussions with a number of parties in Australia and Asia to seek to commercialise its technology and has entered a number of memorandum of understandings in this regard.

Xped has also been working with two of the worlds' largest semiconductor chip manufacturers to identify potential opportunities to accelerate the commercialisation of the Xped Technology. Under the Singapore based Partnerships for Capability Transformation (PACT) initiative, one of the semiconductor companies has recently nominated that it intends to collaborate with Xped for the development and test bedding of innovative solutions and products. Both parties are working towards finalising discussions that will provide a framework for the parties to jointly assess and explore new opportunities in the IoT section. Subject to finalisation of such discussions the parties may enter an agreement to formalise their relationship moving forward, however, no such agreement has been entered at this stage.

3.8 Key Elements of the Xped Acquisition

(a) Consideration

In consideration for acquiring all of the Xped Shares, the Company will issue 640,000,000 Acquisition Shares to the Xped Shareholders.

Pursuant to the terms of the HOA, the Company will also issue 150,000,000 Management Performance Shares to Xped Key Management pursuant to Resolution 3.

(b) Conditions of the Xped Acquisition

Completion of the Xped Acquisition is subject to a number of conditions precedent being met by both the Company and Xped. All of the conditions precedent are outlined in Schedule 1, and include the following key conditions:

¹ Cisco Internet Business Solutions Group (2011) *The Internet of Things How the Next Evolution of the Internet Is Changing Everything*. Retrieved from Cisco Internet Business Solutions Group website <http://www.cisco.com/web/about/ac79/docs/innov/IoT_IBSG_0411FINAL.pdf> [15 January 2016].

Explanatory Memorandum

- (1) the Company and the Majority Shareholders each being satisfied in their absolute discretion with the results of their own due diligence. This condition has been satisfied;
- (2) obtainment of an Independent Expert's Report as to the fairness and reasonableness of the Xped Acquisition;
- (3) all necessary regulatory approvals being obtained to enable the completion of the Xped Acquisition;
- (4) all necessary Shareholder approvals being obtained by the Company in respect of the Xped Acquisition;
- (5) the Company undertaking the Capital Raising;
- (6) each Xped Shareholder entering a restriction agreement (to the extent required by ASX); and
- (7) there being no materially adverse change in respect of Xped or the Company.

3.9 Change of activities

As identified above, ASX has advised that the Xped Acquisition produces an effect on the Company which amounts to a significant change in the nature and scale of its current business activities.

Pursuant to Chapter 11 of the ASX Listing Rules, ASX has advised the Company that the Company must:

- (a) obtain Shareholder approval for the purposes of Listing Rule 11.1.2; and
- (b) re-comply with Chapters 1 and 2 of the ASX Listing Rules, pursuant to Listing Rule 11.1.3.

In accordance with Chapters 1 and 2 of the Listing Rules, the Company is required to satisfy a number of conditions. As such, subject to Shareholders passing the Conditional Resolutions, in order to meet the requirements of Chapters 1 and 2 of the Listing Rules and be re-admitted to the Official List, the Company intends to lodge the Prospectus, pursuant to which the Company will undertake the Capital Raising to raise \$8 million. Further details of the Capital Raising are outlined in section 5 of this Explanatory Memorandum.

The Company's Shares will be placed in trading halt from the commencement of trading on the date of the Meeting, pending the outcome of the Meeting and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The Company's Shares will remain suspended from Official Quotation until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

In relation to the change to the Company's nature and scale of activities, upon re-complying with Chapters 1 and 2 of the Listing Rules the Company's primary focus will be an IoT technology business that is intent on commercialising and realising value from its developed technology.

3.10 Financial effect of the transaction on the Company

- (a) Assets, equity, annual profit

Details of the estimated effect that the Xped Acquisition will have on the Company's total assets, total equity interests, annual revenue/annual expenditure and annual profit

Explanatory Memorandum

before tax and extraordinary items following completion of the Xped Acquisition are set out in Schedule 6.

The Pro Forma Financial Information in Schedule 6 has been prepared for illustrative purposes and has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies of the Company and Xped, as if the Xped Acquisition occurred on 30 June 2015.

The accounting policies comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. They also comply with International Financial Reporting Standards. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, comparative information and notes required in annual general purpose financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The Company's financial statements as at and for the years ended 30 June 2013, 2014 and 2015 have been audited by Pitcher Partners. An audit opinion was issued by Pitcher Partners for the Company which included an emphasis of matter in relation to the Company's ability to continue as a going concern without raising additional working capital. Xped's financial statements as at and for the years ended 30 June 2013, 2014 and 2015 have been audited by Bentleys (SA) Partnership. An audit opinion was issued by Bentleys (SA) Partnership for Xped, which included a qualification in relation to Bentleys (SA) Partnership's inability to obtain sufficient and appropriate audit evidence regarding costs constituting the intangible asset, in addition to an emphasis of matter in relation to Xped's ability to continue as a going concern in the absence of the acquisition by the Company.

The historical financial information of the merged group provided in Schedule 6 comprises a Pro forma consolidated statement of financial position as at 30 June 2015, which is based upon:

- (1) the Company's audited statement of financial position as at 30 June 2015;
- (2) Xped's audited statement of financial position as at 30 June 2015; and
- (3) relevant Pro forma adjustments required to present the merged group.

The information in Schedule 6 is presented on a Pro forma basis only, and as a result it is likely that this information will differ from the actual financial information for the merged group as at completion of the proposed acquisition.

(b) Issued capital

Schedule 3 sets out the current issued share capital of the Company, together with the capital structure, assuming the Transaction completes.

In summary, if the Xped Acquisition is completed and all Shares are issued in accordance with Resolutions 2, 3, 4 and 5 of this Notice, the Xped Shareholders would hold a total of 37.79% of the issued Shares, assuming that the Majority Shareholders do not subscribe for any Shares pursuant to the Capital Raising. The Majority Shareholders do not intend to subscribe for any Shares under the Capital Raising, and further, would not be able to subscribe for any Shares under the Capital Raising without additional Shareholder approval first being obtained.

The existing Shareholders of Raya would hold a total of 42.42% of the issued Shares, assuming that neither the Xped Shareholders nor any existing Shareholders subscribe for any Shares pursuant to the Capital Raising. Assuming only new investors

Explanatory Memorandum

subscribe for Shares pursuant to the Capital Raising, those new investors would hold 18.90% of the issued Shares on completion of the Transaction.

This information excludes any Management Performance Shares held and assumes such securities are not exercised into Shares.

The spread of the shareholding among the Xped Shareholders is identified in Schedule 3.

3.11 Board Composition

The Company's Board is currently comprised of three (3) directors:

- (a) Athan Lekkas;
- (b) Michael Clarke; and
- (c) Brendan de Kauwe.

Pursuant to the HOA, upon completion of the Xped Acquisition, Mr Brendan de Kauwe will resign from the Board.

On completion of the Xped Acquisition, the Company will be required to appoint two nominees of Xped as directors of the Company, one of whom will be appointed as Chairman.

It is currently proposed that Mr John Schultz and Mr Christopher Wood will join the board as Directors upon completion of the Xped Acquisition and Mr Christopher Wood will be appointed as Chairman. Relevant information regarding both Mr Schultz and Mr Wood is outlined below.

John Schultz is a serial entrepreneur founding and successfully growing several companies over the last two decades specialising in the design, manufacture and business development of electronics systems. John has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and secured significant international business exporting vehicle immobilisers to Malaysia for aftermarket distribution and direct fit to Honda. This contract saw a peak of 30 employees locally employed and managed at Technology Park. John's involvement in this project will encompass system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.

Christopher Wood has extensive experience in large telecommunications companies developing mission critical software applications. Chris has architected projects worth up to \$200 million and supported by a pool of 200 IT staff. Chris is a domain expert in the areas of GPS, inertial sensors and communications. Chris also possesses substantial technology development commercialisation experience. In 2003 Chris founded Neve Technologies Pty Ltd (**Neve Technologies**), a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the commercialisation process, Chris established a joint venture with the University of South Australia. Neve Technologies secured Commercialising Emerging Technologies (**COMET**) funding, raised capital and successfully commercialised its technology internationally.

3.12 Timetable

The timetable in Schedule 4 outlines the expected timing for completion of the Xped Acquisition and the Capital Raising, subject to compliance with all regulatory and statutory requirements.

Explanatory Memorandum

The Company notes that the dates outlined in the timetable in Schedule 4 are indicative only and subject to a number of factors which are outside the control of the Company and as such may change without notice.

3.13 Risks

The business activities of the Company are and will continue to be subject to normal business risks and uncertainties and there may be many factors that could affect the future performance of the Company. Some of these risks and uncertainties may be mitigated by the use of safeguards, appropriate systems and contingencies. However, some risks may be outside the control of the Company and not able to be mitigated. Additionally, there are also a number of risk factors that are specific to the Company.

The following is a summary of some of the key specific risks relating to the Xped Acquisition and business of the Company after completion of the Transaction.

(a) Completion Risk, and re-quotation of shares on ASX

The Xped Acquisition is subject to a number of conditions precedent. If these conditions are not satisfied or waived by the relevant due date, the Xped Acquisition may not proceed, in which case the Company will need to evaluate its future strategy.

In addition, one of the conditions precedents is that all necessary regulatory approvals pursuant to the Listing Rules are met. The acquisition of Xped constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares and Options on the ASX, which would result in the investors' funds being returned, and the Xped Acquisition not being completed. Should this occur, the Shares and Options will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

(b) Protection of IP/IT

At the core of Xped's business is its proprietary application software and the intellectual property at the core of the Xped Technology is key to its success. There is a risk that other individuals or companies may claim to have any interest in the intellectual property utilised in Xped Technology.

If Xped fails to protect its Xped Technology intellectual property rights adequately, competitors may gain access to Xped Technology or parts of it which may harm its business and following the Xped Acquisition, the Raya Group and the value of the Shares and Options.

In addition, there may well be significant value attached to the trademarks and other similar forms of intellectual property associated with the Xped brand. Failure by Xped to adequately protect against infringements of intellectual property associated with its brand may result in significant damage to that brand and ultimately the value of the Shares and Options.

Effective patent, trademark, copyright and trade secret protection may not be available to Xped in every country in which the Xped Technology may eventually be launched. Accordingly, despite its efforts, Xped may not be able to prevent third parties from infringing upon or misappropriating its intellectual property in that country.

(c) Dependence on the Internet and telecommunications infrastructure

Explanatory Memorandum

The success of Xped Technology and products will depend to some extent on:

- (1) the availability and stability of telecommunications infrastructure, and in particular the infrastructure over which devices directly communicate with each other; and
- (2) the Internet.

The utility of both connectivity and the Internet for carrying communications between devices can be adversely impacted upon as a result of the rapidly increasing demands for bandwidth, data security, reliability, cost, accessibility and quality-of-service. Delays in the development or adoption of new standards and protocols to handle these increased demands may impact on the adoption of Xped Technology and ultimately the success of its Xped's business. The performance of the Internet has been harmed by "viruses," "worms" and similar malicious programs, and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure.

Importantly, Xped's ADRC is agnostic of the transmission technology used. A wide range of wireless as well as wireline options can be used and would be dependent upon the application and development resources. This is a decision made by the manufacturer on what best suits the needs of their customers.

Please note that Xped's ADRC platform does not rely on access to the internet to function, however the experience may be enhanced if connection is made.

(d) Standardisation Risk

Whilst Xped is hopeful that its ADRC technology may present the opportunity for adoption as a future standard, because of the activity by others at this time in this sector using different standards, no assurance can be given that Xped's technology will be adopted as the standard in this sector.

(e) Commercialisation Risk

Commercialisation of Xped's technology will require Raya Group to identify appropriate vendors, product designers and manufacturers and negotiate agreements on commercial terms to generate royalty and licence fee based revenue income. Whilst Xped is in either collaboration arrangements or proof of concept trials with a number of international and Australian companies, it does not at this time have a licence agreement with any third parties and no assurance can be given that Xped will be successful in entering into such agreements.

(f) Hacker risk, Technology / disruption / corruption / systems failure

Security concerns and the possibility of data corruption and data manipulation are particular concerns with NFC technology. Where consumers perceive that ADRC is insecure and open to being hacked then the adoption of Xped Technology may be impacted. This may ultimately impact on the success of the Xped's business.

Whilst Xped have sought as part of the design of their ADRC technology to incorporate security aspects, at the present time this security design is still being investigated and no assurance can be given at this time that Xped's technology will be immune from the usual range of IoT technology risks.

To mitigate any risks associated with NFC security, Xped will be implementing changes to the hardware design to include an AES (Advanced Encryption Standard) encryption engine.

Explanatory Memorandum

(g) Extensive competition

There is a great deal of interest in the IoT and device connectivity. Accordingly there is huge potential future competition and there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences.

(h) Loss of key personnel

The Company will rely heavily on the experience and knowledge of John Schultz and Christopher Wood. In the event that any of these persons or any other key personnel that the Company subsequently recruits leaves the Company and the Company was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

(i) Research and Development Risks

Investments in research and development technologies such as the Xped Technology are often uncertain or unproven, and the exact value of those assets may not be known at the time that the Company acquires them.

(j) Material arrangements

Xped and its subsidiaries have entered a number of non-binding arrangements, by way of memorandums of understanding. These arrangements by their nature may be nonbinding and unenforceable. As such, in the event that the other parties to these arrangements fail to perform their obligations, the Group may have no right to enforce the provisions of these arrangements through legal action.

(k) Relationships with suppliers

The Company will rely on sourcing products from various suppliers and any material adverse change in the Company's relationships with its suppliers, its terms of trade, or the ability of key suppliers to service orders could have an adverse impact on the Company's prospects.

It is important to note, however, that the business model for Xped is licensing of IP, or firmware. As such, its business revolves largely around the supply of software and does not heavily rely upon the supply of other products.

In areas where supply of components is necessary, i.e. to provide that same IP on a module, multiple avenues of supply will be available. Xped's ADRC technology is agnostic of the chip supplier and Xped is in discussions with several semiconductor firms to ensure that problems with availability are mitigated.

(l) Growth prospects and company expansion plans

The Company's growth prospects are dependent upon a number of factors, including general acceptance by manufacturers to adopt an open application approach.

If the Company fails to execute any expansion plan, its financial performance is likely to be negatively affected.

Xped recognises that any exponential growth will be achieved through partnerships it creates. ADRC has diverse appeal and application and as such the partnerships either formed or being created are in a diverse set of industry verticals.

Explanatory Memorandum

Xped is also taking proactive steps to enter verticals where it feels significant benefits to consumers would be realised quickly. Raising the visibility of the ADRC technology through these avenues will bring further interest from other potential partners. This is known as Seeding the market and is used for similar purposes by other companies involved in IP Licensing.

(m) Regulatory risks

Currently there are few IoT-specific laws and regulations. However in Australia, IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction. In Australia, the collection, use, storage and disclosure of “personal information” is principally regulated by the *Privacy Act 1988* (Cth) (**Privacy Act**). The Privacy Act does not prohibit IoT-based technologies but it could in certain circumstances impose additional compliance obligations on businesses who use or commercialise those technologies.

The compliance obligations under the Privacy Act only extend to “personal information”. The term “personal information” is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.

If the ADRC IoT Platform Technology collects data which falls within the definition of “personal information”, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that “personal information”.

If the data collected by the ADRC IoT Platform Technology does not (by itself) constitute “information or an opinion about an identified individual” (such a device MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.

The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.

In addition there may be increased regulation and therefore increased regulatory compliance costs for Xped’s business in respect of such areas as:

- (1) spectrum management;
- (2) interoperability and open systems;
- (3) network resilience and Security;
- (4) security and data privacy;
- (5) data sharing; and
- (6) numbering.

As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology are located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increased regulatory compliance costs for Xped’s business. However, these costs may be off-set to some degree by the increased take up and adoption of IoT applications in general, and Xped’s technology in particular as consumer confidence in the security, safety and reliability of these IoT technologies increase.

Explanatory Memorandum

3.14 Other information

(a) Conditionality of Resolutions

The Conditional Resolutions are each conditional upon the passing of each other, so that each will not have effect unless and until all of the others are passed.

As such, if any of the Conditional Resolutions are not passed, then all of the Conditional Resolutions will be taken to have been not approved by Shareholders.

(b) Plans for the Company if the Resolutions are passed

In the event that all of the Conditional Resolutions are approved by Shareholders and the Xped Acquisition completes, the Company will comprise the combined business operations of Raya and Xped. As such, the Company will move forward with plans to become a leading IOT technology business through licensing its ADRC technology and extending its valuable IP portfolio. The Company will continue to seek a strategic partner for its Sokoria Geothermal Project or consider divestment.

(c) Plans for the Company if the Resolutions are not passed:

In the event that the Conditional Resolutions are not approved and the Xped Acquisition does not take place, the Company will continue to seek a strategic partner for its Sokoria Geothermal Project and will consider and review other opportunities that can provide and generate wealth for shareholders.

3.15 Director Recommendation

Mr Brendan de Kauwe recommends that Shareholders vote in favour of Resolution 1 for the following reasons:

- (a) the Xped Acquisition will provide Shareholders with an interest in an operating business and is consistent with the Company's previously stated intentions of acquiring a business that potentially provides the possibility of obtaining a return on capital invested;
- (b) completion of the Xped Acquisition, which is conditional on the related Capital Raising proposed under Resolution 4, is likely to result in both a larger market capitalisation for the Company and a larger number of Shareholders and therefore will potentially increase the likelihood of an active trading market in the Company's Shares that has not existed for some time; and
- (c) the Independent Expert has concluded that the Xped Acquisition is fair and reasonable to the non-associated shareholders of the Company.

Other than as a Shareholder in the Company Mr Brendan de Kauwe does not have an interest in the outcome of this Resolution.

Mr Athan Lekkas and Mr Michael Clarke do not make a recommendation in respect of this Resolution as each are interested in the outcome of this Resolution by reason of their appointment as an executive of the Company being conditional on the passing of this Resolution.

Explanatory Memorandum

4. Resolutions 2, 3 and 4: Approval of the issue of Acquisition Shares and Management Performance Shares

4.1 Introduction

As outlined in section 3.8(a), the consideration for the Xped Acquisition consists of the:

- (a) Acquisition Shares to be issued to all of the Xped Shareholders; and
- (b) Management Performance Shares to be issued to each of the Xped Key Management.

A summary of the terms of the HOA is set out in Schedule 2 of this Explanatory Memorandum.

4.2 Acquisition Shares

Resolutions 2 and 3 propose the issue and allotment of a total of 640,000,000 Acquisition Shares to Xped Shareholders pursuant to the HOA.

JK Group, a company controlled by John Schultz and Alanticx Technologies, a company controlled by Christopher Wood, are both Xped Majority Shareholders. John Schultz and Christopher Wood are both proposed directors of the Company, as outlined in paragraph 3.11 of this Explanatory Memorandum.

Resolution 2 seeks approval for the issue of 59,887,578 Acquisition Shares to the Remaining Xped Shareholders (or their nominees).

Details of the number of Acquisition Shares to be issued to each Xped Shareholder is set out in Schedule 1.

4.3 Management Performance Shares

Pursuant to the terms of the HOA, the Company will also issue 150,000,000 Management Performance Shares to Xped Key Management pursuant to Resolution 3 in this Notice.

The HOA contemplates the Management Performance Shares being issued as three classes of performance shares: Class A Management Performance Shares, Class B Management Performance Shares and Class C Management Performance Shares, the terms of which are as follows:

	Class A	Class B	Class C
Xped Key Management	50,000,000	50,000,000	50,000,000

Resolution 3 seeks approval for the issue of Management Performance Shares to JK Group and Alanticx Technologies, pursuant to Chapter 2E and section 611 (item 7) of the Corporations Act.

4.4 Listing Rule 7.1

The issue of the Acquisition Shares to the Remaining Xped Shareholders will exceed the 15% Capacity under Listing Rule 7.1. Accordingly, the Directors are seeking Shareholder approval pursuant to Resolution 2 to the issue of Acquisition Shares to the Remaining Xped Shareholders.

Explanatory Memorandum

In accordance with Listing Rule 7.3, the Company advises as follows:

- (a) the maximum number of Acquisition Shares to be issued to the Remaining Xped Shareholders (or their nominees) pursuant to Resolution 2 is 59,887,578 Acquisition Shares;
- (b) the Acquisition Shares will be allotted and issued on completion of the Xped Acquisition, but in any event will be issued to the Remaining Xped Shareholders (or their nominees) within 3 months of the date of the Meeting;
- (c) the Acquisition Shares will not be issued for cash and will not raise any funds as the Acquisition Shares are to be issued as consideration for the acquisition of the Xped Shares. That said, the deemed issue price of the Acquisition Shares is \$0.02 per Share; and
- (d) on issue, the Acquisition Shares will rank equally with all Shares on issue at that time.

In accordance with Listing Rule 7.2, as approval is being sought under section 611 (item 7) for the issue of Acquisition Shares and Management Performance Rights to Xped Key Management (and the issue of Shares to Xped Key Management on conversion of the Management Performance Shares), approval is not required under Listing Rule 7.1.

4.5 Section 611 of the Corporations Act

The issue of the Acquisition Shares to the Xped Key Management pursuant to Resolution 3 will be prohibited by section 606 of the Corporations Act unless a relevant exception applies, as the Xped Key Management currently have no voting power in the Company and will increase their voting power in the Company to more than 20%.

The initial acquisition of the Management Performance Shares pursuant to Resolution 3 will not result in the Xped Key Management (as the case may be) acquiring a relevant interest in issued voting shares in the Company. However, on issue of any Shares on conversion of the Management Performance Shares, the holder will acquire a relevant interest in those Shares. Accordingly, as the Xped Key Management will have voting power of more than 20% in the Company after completion of the Acquisition, any increase in their voting power will be prohibited by section 606 of the Corporations Act unless a relevant exception applies.

Section 611 (item 7) of the Corporations Act exempts an acquisition agreed to by a resolution passed at a general meeting on which no votes were cast in favour of the resolution by the person proposing to make the acquisition or their associates.

As a consequence of JK Group and Alanticx Technologies having the right to nominate two persons to be appointed as Directors (one of whom will be the chair) on Completion, JK Group and Alanticx Technologies are presently regarded as Associates of each other. The Company notes however that this does not necessarily mean that JK Group and Alanticx Technologies will always be regarded as Associates.

Accordingly, Resolution 3 seeks approval for the issue of Acquisition Shares to JK Group and Alanticx Technologies as well as for the issue of Shares to JK Group and Alanticx Technologies upon conversion of the Management Performance Shares into Shares for the purposes of, amongst other things, section 611 (item 7) of the Corporations Act.

This Explanatory Memorandum has been prepared to provide sufficient detail for Shareholders of the Company to appropriately consider Resolution 3 and should be read in conjunction with the Independent Expert's Report.

If Shareholders pass the Conditional Resolutions this will have the effect of, amongst other things:

Explanatory Memorandum

- (a) the Company changing its activities within the meaning of Listing Rule 11.1; and
- (b) Mr John Schultz and Mr Christopher Wood (and their associates) gaining a relevant interest in the Company in excess of 20%.

For the purposes of section 611 (item 7(b)), the Company advises that:

- (a) Section 611 (item 7(b)(i)): The identity of the person proposing to make the acquisition and their Associates

In respect of Resolution 3, the identity of the person proposing to make the acquisition is JK Group and Alanticx Technologies (or their nominees).

As noted above, JK Group and Alanticx Technologies are presently regarded as Associates of each other. John Schultz is also an Associate of JK Group. Christopher Wood is also an Associate of Alanticx Technologies.

Neither JK Group, John Schultz, Alanticx Technologies nor Christopher Wood currently hold any Equity Securities in the Company.

- (b) Section 611 (item 7(b)(ii)): The maximum extent of the increase in that person's Voting Power in the company that would result from the acquisition

Details regarding the current voting power of the Xped Key Management and the potential voting power of the Xped Key Management if the Management Performance Shares issued to them are fully converted are set out in Schedule 3.

Neither JK Group, Alanticx Technologies nor their Associates currently have a relevant interest or any voting power in the Company

In summary, in respect of JK Group and Alanticx Technologies:

- (1) the maximum extent of the increase in JK Group and Alanticx Technologies' relevant interest and voting power in the Company that would result from the issue of the Acquisition Shares to JK Group and Alanticx Technologies or their nominees (assuming the Xped Acquisition is completed and all Shares are issued in accordance with Resolutions 2, 3, 4 and 5 of this Notice, but that no other Shares are issued) is 34.26%. This assumes that the Xped Key Management do not subscribe for any Offer Shares under the Capital Raising. The Xped Key Management do not intend to subscribe for any Offer Shares, and further, would not be able to subscribe for any Offer Shares under the Capital Raising without additional Shareholder approval first being obtained; and
- (2) the maximum extent of the increase in JK Group and Alanticx Technologies' relevant interest and voting power in the Company that would result from the full conversion of all of the Management Performance Shares issued to JK Group and Alanticx Technologies (assuming the Xped Acquisition is completed and all Shares are issued in accordance with Resolutions 2, 3, 4 and 5 of this Notice, but that no other Shares are issued) is 39.61%, bringing the total relevant interest and voting power to 39.61%. This assumes that the Xped Key Management do not subscribe for any Offer Shares under the Capital Raising. The Xped Key Management do not intend to subscribe for any Offer Shares, and further, would not be able to subscribe for any Offer Shares under the Capital Raising without additional Shareholder approval first being obtained.

It is noted that under the proposed timetable, the Acquisition Shares will be issued prior to the issue of the Offer Shares. Accordingly, for a very short period of time, the

Explanatory Memorandum

maximum relevant interest and voting power in the Company that would result from the issue of the Acquisition Shares to JK Group and Alanticx Technologies (assuming the Xped Acquisition is completed, however, no other Shares are issued) would be 42.71%. This would only be the position until the Offer Shares and Advisor Shares were issued in which case the maximum relevant interest and voting power in the Company that would result from the issue of the Acquisition Shares to JK Group and Alanticx Technologies would be as set out above.

- (c) Section 611 (item 7(b)(iii)): The Voting Power that the person would have as a result of the acquisition

As provided in paragraph (b) above, JK Group and Alanticx Technologies could have a maximum Voting Power of up to approximately 34.26% as a result of the issue of the Acquisition Shares (assuming the Xped Acquisition is completed and all Shares are issued in accordance with Resolutions 2, 3, 4 and 5 of this Notice, but that no other Shares are issued). This also assumes that the Xped Key Management do not subscribe for any Offer Shares under the Capital Raising. The Xped Key Management do not intend to subscribe for any Offer Shares, and further, would not be able to subscribe for any Offer Shares under the Capital Raising without additional Shareholder approval first being obtained. In the event that there was full conversion of all of the Management Performance Shares issued to JK Group and Alanticx Technologies (assuming the Xped Acquisition is completed and all Shares are issued in accordance with Resolutions 2, 3, 4 and 5 of this Notice, but that Xped Key Management do not subscribe for any Offer Shares and no other Shares are issued), JK Group and Alanticx Technologies could have a maximum Voting Power of up to approximately 39.61%.

- (d) Section 611 (items 7(b)(iv) and 7(b)(v)): The maximum extent of the increase in the Voting Power of each of that person's Associates that would result from the acquisition and the Voting Power that each of that person's Associates would have as a result of the acquisition

In respect of Resolution 3, no associates of JK Group or Alanticx Technologies hold Shares or a relevant interest in the Company, other than a relevant interest arising from the issue of Shares to JK Group and Alanticx Technologies pursuant to the Xped Acquisition.

In accordance with ASIC RG 74.25, the Company advises that:

- (a) Reasons for the proposed acquisition

The reasons for the Transaction are set out above at sections 3.2.

- (b) When the proposed acquisition is to occur

Completion of the Xped Acquisition will occur five business days after satisfaction or waiver of the conditions precedent to the Xped Acquisition, at which time the Acquisition Shares and the Management Performance Shares will be issued.

The Management Performance Shares may convert into Shares at any time between the date of issue and up to 30 months from the Re-admission Date, in accordance with the terms set out in Schedule 5.

- (c) Material terms of the proposed acquisition

The material terms of the Management Performance are set out in Schedule 5. The material terms of the Xped Acquisition are set out in Schedule 2. The Acquisition Shares will rank equally with all Shares on issue at the time of issue.

Explanatory Memorandum

- (d) Details of any other relevant agreement between the acquirer and the Company that is conditional or depends on members' approval of the proposed acquisition

(1) Consultancy agreement – JK Group

The Company has entered into a consultancy agreement with JK Group and John Schultz dated on or about 14 January 2016 under which JK Group has agreed to provide certain executive and consultancy services to the Company and John Schultz has agreed to be appointed as an executive director and Head of Engineering of the Company (**JK Consultancy Agreement**).

The services to be provided by JK to the Company include procuring an executive director and a head of engineering and providing executive and consulting services (Services). JK Group agrees to appoint John Schultz to act as head of engineering and provide the Services to the Company. A minimum of 10 days per month of services is required to be provided by JK Group.

The initial term of the JK Consultancy Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse JK Group for all reasonable and necessary expenses incurred in the performance of the Services.

JK Group may terminate the JK Consultancy Agreement by giving 3 months written notice. The Company may terminate the JK Consultancy Agreement by giving 6 months written notice or paying JK the amount equivalent to the consultancy fee for 6 months. The Company may immediately terminate the JK Consultancy Agreement by giving written notice if JK Group breaches any term of the agreement, an insolvency event occurs in respect of JK Group, any officer of JK Group is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute or John Schultz resigns as a director of the Company (other than where he is removed as a director or is required to resign as a consequence of a change in control at the direction of the Board).

The Company indemnifies JK Group, its staff and John Schultz in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the JK Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by JK Group, its staff or John Schultz (which JK Group indemnifies the Company for).

(2) Consultancy agreement – Alanticx Technologies

The Company has entered into a consultancy agreement with Alanticx Technologies and Christopher Wood dated on or about 14 January 2016 under which Alanticx Technologies has agreed to provide certain executive and consultancy services to the Company and Christopher Wood has agreed to be

Explanatory Memorandum

appointed as an executive director and chief executive officer of the Company (**Alanticx Consultancy Agreement**).

The services to be provided by Alanticx Technologies to the Company include procuring an executive and chief executive officer and providing executive and consulting services (**Services**). Alanticx Technologies agrees to appoint Christopher Wood to act as chief executive officer of the Company and provide the Services to the Company. A minimum of 10 days per month of services is required to be provided by Alanticx Technologies.

The initial term of the Alanticx Consultancy Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse Alanticx Technologies for all reasonable and necessary expenses incurred in the performance of the Services.

Alanticx Technologies may terminate the Alanticx Consultancy Agreement by giving 3 months written notice. The Company may terminate the Alanticx Consultancy Agreement by giving 6 months written notice or paying Alanticx Technologies the amount equivalent to the consultancy fee for 6 months. The Company may immediately terminate the Alanticx Consultancy Agreement by giving written notice if Alanticx Technologies breaches any term of the agreement, an insolvency event occurs in respect of Alanticx Technologies, any officer of Alanticx Technologies is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute or Christopher Wood resigns as a director of the Company (other than where he is removed as a director or is required to resign as a consequence of a change in control at the direction of the Board).

The Company indemnifies Alanticx Technologies, its staff and Christopher Wood in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the Alanticx Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by Alanticx Technologies, its staff or Christopher Wood (which Alanticx Technologies indemnifies the Company for).

- (e) Acquirer's intentions regarding the future of the target entity if members approve the acquisition

Each of the Xped Key Management has advised the Company that it:

- (1) has no current intention to make any significant change to the existing business of the Company;
- (2) has no current intention to inject further capital into the Company;
- (3) intends that the Board and management changes will be in accordance with that detailed in section 3.11;

Explanatory Memorandum

- (4) has no current intention to change the employment of any existing employees of Xped and the Company;
 - (5) does not intend for any property be transferred between the Company and either the Xped Key Management or any person Associated with either of them; and
 - (6) has no current intention to redeploy any of the Company's fixed assets.
- (f) Intention of the acquirer to significantly change the financial or dividend distribution policies of the entity

Each of the Xped Key Management has advised the Company that it has no current intention to change the Company's financial or dividend policies.

- (g) The interests that any Director has in the acquisition or any relevant agreement disclosed above.

Other than as Shareholders in the Company, neither Mr Athan Lekkas, Mr Michael Clarke nor Mr Brendan de Kauwe have an interest in the outcome of the Transaction. Details of the Shares and Options of the Directors and their associates as at the date of this Notice are as follows:

Director	Number of Shares	Number of Options
Athan Lekkas	38,700,000	19,000,000
Michael Clarke	25,321,703	12,500,000
Dr Brendan De Kauwe	1,750,000	Nil

- (h) Intended Directors if members approve the acquisition

On completion of the Xped Acquisition, the board of the Company will be as set out in section 3.11.

4.6 Independent Expert Report

The Directors of the Company have commissioned the Independent Expert to prepare a report on the question of whether the Xped Acquisition is fair and reasonable to the Shareholders not associated with the proposal. That report accompanies the Notice.

Shareholders are asked to note that that the Independent Expert's Report has been prepared by the Independent Expert and the Company does not accept or assume any responsibility for the accuracy or completeness of the Independent Expert's Report, other than factual information provided by the Company to the Independent Expert for the purposes of the Independent Expert's Report.

The Independent Expert has concluded that the terms of the Xped Acquisition are fair and reasonable to the Non-Associated Shareholders of the Company. Summaries of the findings are contained below and further details are contained in the Independent Expert's Report.

- (a) Fairness

The Independent Expert concluded the following in respect of the valuation of a Share in Raya prior to the proposed Xped Acquisition and of a Share in the Company (comprising Raya and Xped) immediately following completion of the Xped Acquisition for the purpose of assessing the fairness of the Xped Acquisition:

Explanatory Memorandum

	Low Value (\$)	Mid Value (\$)	High Value (\$)
Value of Raya prior to the proposed Xped Acquisition – (controlling interest)	0.0065	0.0098	0.0130
Value of the Company (comprising Raya and Xped) post completion of the Xped Acquisition – (minority interest)	0.0200	0.0250	0.0300

After considering the information summarised above and set out in more detail in Section 10.0 of the Independent Expert's Report, the Independent Expert formed the view that the proposed Xped Acquisition is fair to Shareholders as at the date of the Independent Expert's Report.

(b) Reasonableness: Key Advantages and Disadvantages of Proposed Transaction

The table below summarises the advantages and disadvantages of the Xped Acquisition, as identified by the Independent Expert.

Advantage	Disadvantage
The proposed Xped Acquisition is fair	There is a change in the nature and scale of the Company's business
The potential for near term revenue generation relative to the Company's geothermal assets	The Company (comprising Raya and Xped) has no track record of generating sustainable revenues and earnings
The principal business activity will be clearly focussed on development of the Xped business	Investment in the Company (comprising Raya and Xped) is speculative and high risk
The Company (comprising Raya and Xped) will be better placed, relative to Raya, to pursue growth opportunities as a result of funding	Limited ability to receive dividends in short term
Larger market capitalisation and potentially higher liquidity on the ASX	Practical level of control of controlling Shareholders
	Reduced chance of receiving a future takeover offer due to controlling Shareholders
	Dilutionary impact on the existing Shareholders

After considering the advantages and disadvantages of the Xped Acquisition summarised above and set out in more detail in Section 11.0 of the Independent Expert's Report, the Independent Expert formed the view that the Xped Acquisition is reasonable to Shareholders as at the date of the Independent Expert's Report.

Shareholders are urged to read and consider the Independent Expert's Report which accompanies the Notice, prior to making a decision as to how to vote on Resolution 3.

The above is a summary only, for further details of the assessment made by the Independent Expert in determining the fairness and reasonableness of the Xped Acquisition please refer to the Independent Expert's Report accompanying the Notice.

Explanatory Memorandum

4.7 Chapter 2E of the Corporations Act

The Xped Key Management, being JK Group and Alanticx, companies controlled by John Schultz and Christopher Wood respectively, are Related Parties of the Company within the definition set out in Chapter 2E of the Corporations Act. The issue of Shares to the Xped Key Management is providing a financial benefit to a Related Party.

Whilst there is an exception to the requirement to obtain shareholder approval if the benefit is on arms length terms, given the other approvals that are required to issue the Xped Acquisition Shares and Management Performance Shares to the Xped Key Management and that the Xped Key Management hold 90.6% of all Xped Shares, the Directors have determined that it is appropriate to seek Shareholder approval to the issue of Acquisition Shares and Management Performance Shares to Xped Key Management for the purposes of Chapter 2E Corporations Act.

4.8 Regulatory Requirements for Chapter 2E of the Corporations Act

The proposed Resolution 3 (if passed) will confer financial benefits to Xped Key Management, being JK Group and Alanticx Technologies, entities controlled by Mr John Schultz and Mr Christopher Wood, respectively. The Company therefore seeks Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act. For this reason and for all other purposes the following information is provided to Shareholders.

(a) The Related Parties to whom the financial benefits are to be given

The proposed financial benefit to be given is to JK Group, an entity controlled by Mr John Schultz and Alanticx Technologies, an entity controlled by Mr Christopher Wood (or their nominees).

(b) The nature of the financial benefit to be given

The issue of a total of:

- (1) 580,112,422 Acquisition Shares; and
 - (2) 150,000,000 Management Performance Shares,
- to JK Group and Alanticx Technologies (or their nominees).

(c) Interest of Directors

Mr Brendan de Kauwe does not have a material personal interest in the outcome of Resolution 3 save for any interest he may have solely in his capacity as a Shareholder which interest he holds in common with the other Non-Associated Shareholders.

Mr Athan Lekkas and Mr Michael Clarke also hold Shares. To the extent that the Directors hold any Shares, their respective percentage holding of Shares may decrease upon completion of the Transaction, in the same proportion as the holding of all other Shareholders. Details regarding the current direct Share interests of each of the Directors, together with details of their holding on completion of the Transaction are set out in Schedule 3.

Mr Athan Lekkas and Mr Michael Clarke have an interest in the outcome of Resolution 3 by reason of their appointment as an executive of the Company being conditional on the passing of the Conditional Resolutions key details of which are set out below:

Explanatory Memorandum

(1) Athan Lekkas

The Company has entered into a consultancy agreement with Dalext Pty Ltd and Athan Lekkas dated on or about 14 January 2016 under which Dalext Pty Ltd has agreed to provide certain executive and consultancy services to the Company and Athan Lekkas has agreed to be appointed as an executive director and chief operating officer of the Company (**Dalext Consultancy Agreement**). This agreement will commence on completion of the Xped Acquisition and is for an initial term 2 years with an ability for either party to extend the term for a further 2 years.

A fee of \$220,000 per annum is payable on account of the provision of the services pursuant to the Dalext Consultancy Agreement. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

(2) Michael Clarke

The Company has entered into a consultancy agreement with Malvern Corporation Pty Ltd and Michael Clarke dated on or about 14 January 2016 under which Malvern Corporation Pty Ltd has agreed to provide certain executive and consultancy services to the Company and Michael Clarke has agreed to be appointed as an executive director and Head of IT of the Company (**Malvern Consultancy Agreement**). This agreement will commence on completion of the Xped Acquisition and is for an initial term 2 years with an ability for either party to extend the term for a further 2 years.

A fee of \$150,000 per annum is payable on account of the provision of the services under the Malvern Consultancy Agreement. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

(d) Recipients interest and other remuneration

(1) Christopher Wood

The Company has entered into a consultancy agreement with Alanticx Technologies and Christopher Wood dated on or about 14 January 2016 under which Alanticx Technologies has agreed to provide certain executive and consultancy services to the Company and Christopher Wood has agreed to be appointed as an executive director and chief executive officer of the Company (**Alanticx Consultancy Agreement**). This agreement will commence on completion of the Xped Acquisition. Further information regarding the Alanticx Consultancy Agreement is outlined in paragraph 4.5 of this Explanatory Memorandum.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

(2) John Schultz

The Company has entered into a consultancy agreement with JK Group and John Schultz dated on or about 14 January 2016 under which JK Group has agreed to provide certain executive and consultancy services to the Company and John Schultz has agreed to be appointed as an executive director and Head of Engineering of the Company (**JK Consultancy Agreement**). This agreement will commence on completion of the Xped Acquisition. Further

Explanatory Memorandum

information regarding the JK Consultancy Agreement is outlined in paragraph 4.5 of this Explanatory Memorandum.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

(e) Valuation

In assessing the fairness of the Xped Acquisition, the Independent Expert has provided a valuation of a Share in the Company (representing the combined Company and Xped groups) post Completion on a minority basis as between \$0.02 and \$0.03 per Share.

The Acquisition Shares to be issued to the Xped Key Management are in a class of securities that are quoted on ASX and the Management Performance Shares will convert into Shares (being in a class of securities that are quoted on ASX) if the various milestones are met.

Assuming all Management Performance Shares are converted into Shares, the XPed Key Management would hold 730,112,422 Shares in the Company. If the Share valuation range on a post Completion minority basis as determined by the Independent Expert were applied, this would result in these Shares having a theoretical value of between \$14,602,248 and \$21,903,372.

Details regarding the trading history of the Company's Shares during the past 12 months are set out below in paragraph (f). If the last trading price of the Shares prior to 15 January 2016 (\$0.034) was applied, the 730,112,422 Shares would have a theoretical value of \$24,823,822.

(f) Trading history

In the 12 months prior to 15 January 2016, the Company's trading history is as follows:

Description	Date	Share Price
High	30 November 2015	0.058
Low	20 June 2015	0.003
Last	14 January 2016	0.034

(g) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Acquisition Shares and Management Performance Shares to the Xped Key Management is the potentially dilutionary impact on the issued share capital of the Company. These are outlined in paragraphs 3.3.

Schedule 3 highlights the dilutionary effect on the Company's capital following the issue of Acquisition Shares and the Management Performance Shares to the Xped Key Management.

(h) Taxation Consequences

The Company is responsible for the payment of any stamp duty on the HOA. The Company presently estimates that there will be nil stamp duty on the HOA.

Explanatory Memorandum

No further stamp duty should be payable in respect of the issue of the Acquisition Shares or Management Performance Shares. No GST should be payable by the Company in respect of the issue of the Acquisition Shares or Management Performance Shares (or if it is then it will be recoverable as an input credit).

(i) **Dilutionary Effect**

If all of the Acquisition Shares and Management Performance Shares are issued to the Xped Shareholders, the effect on the current issued capital of the Company will be as shown in Schedule 3. Schedule 3 also outlines the potential dilutionary effect if all Management Performance Shares are converted into Shares.

(j) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors.**

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 3.

4.9 **Directors' Recommendation**

Based on the information available, including the information contained in this Explanatory Memorandum and the Independent Expert's Report and the advantages and disadvantages outlined in this Explanatory Memorandum and the Independent Expert's Report, Mr Brendan de Kauwe recommends that Shareholders vote in favour of the following resolutions:

- (a) Resolution 2 - Approval of the issue of Acquisition Shares to Xped Shareholders; and
- (b) Resolution 3 - Approval of the issue of Acquisition Shares and Management Performance Shares to JK Group and Alanticx Technologies,

for the following reasons:

- (a) he considers that the Xped Acquisition is in the best interests of the Company. A detailed explanation of the rationale for the Xped Acquisition is set out in section 3.2 and the advantages and disadvantages of the Xped Acquisition are set out in section 3.3;
- (b) completion of the Xped Acquisition is conditional upon the passing of all of the Conditional Resolutions;
- (c) the issue of Acquisition Shares and Management Performance Shares is the consideration for the Company acquiring all of the Xped Shares; and
- (d) BDO Corporate Finance (QLD) Ltd, in the Independent Expert's Report, has concluded that the Xped Acquisition is fair and reasonable to the Non-Associated Shareholders.

In summary, Mr de Kauwe considers that the rationale for and benefits of the Xped Acquisition outweigh any disadvantages of the Xped Acquisition, and other reasons why they would consider voting against Resolutions 2 and 3.

Mr Athan Lekkas and Mr Michael Clarke do not make a recommendation in respect of these Resolutions as each are interested in the outcome of these Resolutions by reason of their appointment as an executive of the Company being conditional on the passing of these Resolutions.

Explanatory Memorandum

5. Resolution 4 - Approval to issue Offer Shares under the Prospectus

5.1 General

Resolution 4 seeks Shareholder approval for the Company to undertake the Capital Raising by way of an offer to the public of 320,000,000 Shares at an issue price of \$0.025 each to raise \$8 million. Shareholder approval is required pursuant to Listing Rule 7.1 before the Company can issue the Offer Shares, which is the subject of Resolution 4.

The specific details of the Capital Raising will be described in the Prospectus. However, it is noted that the Capital Raising will not be undertaken if the Conditional Resolutions are not all passed and that no Offer Shares will be issued if the Xped Acquisition does not complete.

5.2 Re-Compliance with Chapters 1 and 2

As previously identified, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, pending approval of the Resolutions by Shareholders. In re-complying with Chapters 1 and 2 of the ASX Listing Rules, Listing Rule 1.1 Condition 3 requires a company to issue and lodge a prospectus with ASIC. The Prospectus issued by the Company is therefore a re-compliance Prospectus for the purposes of Chapters 1 and 2 of the Listing Rules.

Listing Rule 2.1 outlines the conditions that must be satisfied for quotation of the main class of securities of an entity seeking admission to the Official List. Condition 2 specifies that the issue or sale price of the securities be at least 20 cents (**20 Cent Rule**). Similarly, Condition 11 of Listing Rule 1.1 provides that any options on issue must be exercisable for at least 20 cents.

5.3 Listing Rule 7.1

In accordance with Listing Rule 7.3, the following additional information is provided for the purposes of Resolution 4:

- (a) 320,000,000 Offer Shares will be issued and allotted pursuant to the Prospectus;
- (b) the Offer Shares will be issued and allotted on completion of the Capital Raising but in any event no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price of each Offer Share is \$0.025. The Capital Raising will raise \$8 million;
- (d) the allottees will be subscribers to the Capital Raising and the identity of the allottees is not known at this point in time;
- (e) the Offer Shares are fully paid ordinary shares;
- (f) on issue, the Offer Shares will rank equally with all Shares then on issue; and
- (g) the funds raised pursuant to the Capital Raising, together with current cash reserves of the Company of approximately \$2.4 million are intended to be applied as follows:

Item	Proposed use of Funds		
	Year 1	Year 2	Total \$
Sales and Business development costs ¹	\$800,000	\$970,000	\$1,770,000
Engineering development costs	\$1,800,000	\$980,000	\$2,780,000

Explanatory Memorandum

Item	Proposed use of Funds		
	Year 1	Year 2	Total \$
Research and development costs	\$400,000	\$480,000	\$880,000
Administration costs and other expenses	\$760,000	\$1,100,000	\$1,860,000
Employment costs ²	\$700,000	\$850,000	\$1,550,000
Offer and Acquisition costs ³	\$1,550,000		\$1,550,000
Total Expenditure	\$6,010,000	\$4,380,000	\$10,390,000

Notes:

- ¹ Sales and business development costs includes sales and business development salaries.
- ² Employment costs includes executive and administration salaries
- ³ Balance of expected costs remaining at lodgement of Prospectus

On completion of the Capital Raising and the Acquisition the Company has budgeted a program to expend up to \$10.4 million over the next two years. Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. Further details on the use of funds are set out in the Prospectus issued in relation to the Capital Raising.

5.4 Directors Recommendation

Mr Brendan de Kauwe recommends that Shareholders vote in favour of Resolution 4.

Mr Athan Lekkas and Mr Michael Clarke do not make a recommendation in respect of this Resolution as each are interested in the outcome of this Resolution by reason of their appointment as an executive of the Company being conditional on the passing of this Resolution.

6. Resolution 5 - Approval to issue Shares to Advisors

6.1 Background

Resolution 5 seeks Shareholder approval to issue up to 15,000,000 Advisor Shares to any corporate advisors, brokers or underwriters to the Capital Raising in full or part consideration for services provided to the Company in respect of the Capital Raising or prior capital raisings. The ability to issue Advisor Shares in full or part payment for such services provides the Company with flexibility to ensure its cash resources are being deployed in the best possible way.

6.2 Listing Rule 7.1

For the purposes of Listing Rule 7.3, the Company advises that:

- (a) the maximum number of securities to be issued is 15,000,000 Advisor Shares;
- (b) the Advisor Shares will be issued within three months of the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules);

Explanatory Memorandum

- (c) the Advisor Shares will be issued in full or part consideration for services provided to the Company in respect of the Capital Raising or prior capital raisings and as such, there will not be any funds raised from the issue of the Advisor Shares;
- (d) on issue, the Advisor Shares will rank equally with all Shares on issue at that time; and
- (e) the Advisor Shares will be issued to corporate advisors, brokers or underwriters to the Capital Raising or to prior capital raisings undertaken by the Company and will not be issued to any Related Parties of the Company.

6.3 Directors Recommendation

Mr Brendan de Kauwe recommends that Shareholders vote in favour of Resolution 5.

Mr Athan Lekkas and Mr Michael Clarke do not make a recommendation in respect of this Resolution as each are interested in the outcome of this Resolution by reason of their appointment as an executive of the Company being conditional on the passing of this Resolution.

7. Resolution 6 – Approve Issue of EAS Options

7.1 Background

On 13 January 2016 the Company entered into an agreement with EAS Advisors LLC (**EAS**), where it was agreed that as part of remuneration to EAS, the Company was to issue 30,000,000 options to purchase ordinary shares in the Company (**EAS Options**) subject to performance hurdles being met, each exercisable on or before 24 months from the allotment date (**Engagement**).

The EAS Options are to be issued in four (4) separate tranches.

- (a) EAS will be issued 7,500,000 of the EAS Options, each exercisable at \$0.07 but subject to the 10 day volume weighted average price of the Shares on ASX being not less than \$0.07 at the time of exercise.
- (b) EAS will be issued 7,500,000 of the EAS Options, each exercisable at \$0.09 but subject to the 10 day volume weighted average price of the Shares on ASX being not less than \$0.09 at the time of exercise.
- (c) EAS will be issued 7,500,000 of the EAS Options, each exercisable at \$0.11 but subject to the 10 day volume weighted average price of the Shares on ASX being not less than \$0.11 at the time of exercise.
- (d) EAS will be issued 7,500,000 of the EAS Options, each exercisable at \$0.13 but subject to the 10 day volume weighted average price of the Shares on ASX being not less than \$0.13 at the time of exercise.
- (e) The performance triggers on the EAS Options must be met within 2 years from the date of this agreement otherwise the EAS Options lapse.
- (f) The EAS Options will be non-transferable in whole or in part.
- (g) The EAS Options may only be exercised when the performance hurdle which is share price based is met.
- (h) Upon the valid exercise of the EAS Options and payment of the exercise price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares of the Company.

Explanatory Memorandum

- (i) The Option holder will be permitted to participate in new issues of securities of the Company to Shareholders only on the prior exercise of the EAS Options, in which case the holders of the EAS Options will be afforded the minimum period of notice prescribed under the Listing Rules prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the EAS Options.
- (j) In all other respects the EAS Options shall have the same terms as Listed Options.

7.2 Listing Rule 7.1

For the purposes of Listing Rule 7.3, the Company advises that:

- (a) a total of 30,000,000 Options will be issued;
- (b) the EAS Options will be issued to EAS within three months of the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules);
- (c) the EAS Options will be issued to EAS Advisors LLC (or its nominees).
- (d) there will be no funds raised by the issue of the EAS Options; and
- (e) it is intended that the EAS Options will be allotted on one date.

7.3 Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

8. Resolution 7 - Adoption of Constitution

Resolution 7 is a Special Resolution and seeks Shareholder approval to repeal the current constitution of the Company (**Existing Constitution**) and replace it with a new constitution for the Company (**New Constitution**). The Existing Constitution has not been comprehensively updated since 21 June 2007. In light of various changes to the applicable regulatory requirements (including the Corporations Act and ASX Listing Rules), as well as developments in corporate governance practices for ASX listed companies, your directors believe that it is appropriate to revise and update the Constitution in various ways. The proposed changes affect a range of provisions in the Constitution. Your directors therefore consider it more efficient to adopt the New Constitution rather than approving numerous amendments to the Existing Constitution.

Section 136(2) of the Corporations Act provides that a company can only modify its constitution by a special resolution. Resolution 7 is a Special Resolution and as such must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

A copy of the New Constitution is available for review by Shareholders at the Company's website www.rayagroup.com.au and at the office of the Company. A copy of the New Constitution can also be sent to Shareholders upon request to the Company Secretary on 03 9642 0655. Shareholders are invited to contact the Company if they have any queries or concerns.

In accordance with the Corporations Act and the Listing Rules, the Company provides the following information to Shareholders when considering the approval of the New Constitution.

There are a number of key practical differences between the Existing Constitution and the New Constitution to be adopted. Capitalised terms that are not defined within this Explanatory Memorandum are as defined in the New Constitution. These key practical differences are outlined in Schedule 7.

Explanatory Memorandum

The Board recommends that Shareholders vote in favour of this Resolution 7 because it considers the changes to the Company's constitution are appropriate in the context of the change in the nature of the Company's business activities as part of the Transaction.

9. Resolution 8 - Change of Company Name

Section 157 of the Corporations Act requires the Company to pass a Special Resolution in order to adopt a new name. The Directors have recommended to the Shareholders that, subject to their approval, the passing of the Conditional Resolutions and completing the Xped Acquisition, the name of the Company be changed to "Xped Limited". As a Special Resolution, this Resolution must be passed by at least 75% of the votes cast by Shareholders entitled to vote on this Resolution.

The Directors believe that the name of the Company needs to change as a result of the Company's proposed change in business activities as a result of completing the Xped Acquisition.

Mr Brendan de Kauwe recommends that Shareholders vote in favour of the name change to reflect the proposed future direction of the business of the Company.

Mr Athan Lekkas and Mr Michael Clarke do not make a recommendation in respect of this Resolution as each are interested in the outcome of this Resolution by reason of their appointment as an executive of the Company being conditional on the passing of this Resolution.

10. Resolution 9 - Approval of ESOP

10.1 Introduction

The Company proposes to adopt an employee share and option plan (**ESOP**) pursuant to which issued capital of the Company may be made available to directors, senior management and staff as a form of longer term equity incentive.

Pursuant to Resolution 9, the Company is seeking Shareholder approval to adopt the ESOP and approval for any potential future issue of securities under the Company's ESOP as an exception under Listing Rule 7.2, Exception 9(b) to Listing Rules 7.1 and 7.1A.

While the Company does not have a formal employee share and option plan, the Company has previously issued Shares and Options to directors and employees. The number of Options issued, the strike price of Options issued and all other relevant terms have been set having regard to the person's position in the Company and level of experience.

Over the past three years, the Company has issued to directors and employees:

- (a) 35,000,000 listed Options; and
- (b) 65,750,000 Shares.

Approval of the ESOP is therefore sought under exception 9 to Listing Rule 7.2 so that any issue of securities under the ESOP over the next 3 years is disregarded when determining the 15% threshold of the Company.

A summary of the ESOP is set out in Schedule 8 to this Notice of Meeting.

10.2 Directors Recommendation

The Board recommends that Shareholders vote in favour of this Resolution 9 because it considers the issue of securities under the ESOP will constitute an effective incentive to

Explanatory Memorandum

eligible participants to improve the performance of the Company. Additionally, the Company believes it to be in the best interests of the Company to preserve the maximum commercial flexibility to issue Shares that is afforded to it by Listing Rule 7.1.

11. Resolution 10 - Ratification of Placement Shares

11.1 Background

On or about 10 November 2015, the Company entered into the Placement Agreement pursuant to which the Company issued and allotted 30,000,000 Shares at an issue price of \$0.02 to JAY-V Inc, an unrelated sophisticated investor on 11 November 2015 (**Placement Agreement**). As announced by the Company on 30 November 2015, the Placement Shares are subject to voluntary escrow restrictions until the Re-admission Date and are in a holding lock subject to ASX's escrow treatment until the Re-admission Date. Under the terms of the Placement Agreement, a further 10,000,000 Shares for no further cash consideration were required to be issued to JAY-V Inc, subject to Shareholder approval, however, the Company has agreed with JAY-V Inc that these Shares will no longer be issued.

11.2 Ratification of Placement Shares

The Company issued the Placement Shares to JAY-V Inc, an unrelated sophisticated investor to raise \$600,000 at an issue price of \$0.02 per Share on 11 November 2015.

In accordance with Listing Rule 7.4, Shareholder approval is sought pursuant to Resolution 10 to ratify the issue and allotment of the Placement Shares, being issues of securities made by the Company on 11 November 2015 for which shareholder approval has not already been obtained.

If Resolution 10 is approved it will have the effect of refreshing the Company's ability, to the extent of the Placement Shares, to issue further capital during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 10 is not passed, the Placement Shares will be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

11.3 Listing Rule 7.4

For the purposes of Listing Rule 7.5 the Company provides the following information:

- (a) the number of Placement Shares issued was 30,000,000 Shares;
- (b) the Placement Shares were issued at \$0.02 per Share;
- (c) the Placement Shares are fully paid ordinary shares and rank equally with all Shares on issue at the time of issue;
- (d) the Placement Shares were issued to JAY-V Inc, an unrelated sophisticated investor, being a strategic Asian based technology investor; and
- (e) the funds raised from the issue of the Placement Shares have been and will be applied in meeting usual due diligence, transaction and other costs associated with completion of the Xped Acquisition.

11.4 Directors Recommendation

The Board recommends that Shareholders vote in favour of Resolution 10.

Explanatory Memorandum

12. 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 (Perth Time) on 2 March 2016.

Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Explanatory Memorandum

13. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

15% Capacity has the meaning given to that term in section 2.2.

Accession Deeds means the deeds of accession entered into by each of the Xped Minority Shareholders pursuant to which each Xped Minority Shareholder agreed to be bound by the terms of the Heads of Agreement.

Acquisition Shares means the issue and allotment to the Xped Shareholders of a total of 640,000,000 Shares at a deemed issue price of \$0.02 each in the proportions set out in Schedule 1.

ADRC technology means Auto Discovery Remote Control technology, a technology platform that allows anyone using their NFC enabled smartphone to connect and control electronic devices found in our everyday environment.

Advisors means any corporate advisors, brokers or underwriters to the Capital Raising.

Advisor Shares means up to 15,000,000 Shares to be issued to Advisors for services provided to the Company in respect of the Capital Raising.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited.

Alanticx Technologies means Alanticx Technologies Pty Ltd ACN 008 290 131.

Baldmonk Pty Ltd means Baldmonk Pty Ltd ACN 603 362 849.

Board means the board of Directors of the Company from time to time.

Capital Raising means the public offer under the Prospectus to raise \$8,000,000 through the issue of 320,000,000 Offer Shares at an issue price of \$0.025 per Share.

Class A Management Performance Shares means Management Performance Shares to be issued pursuant to the HOA to the Xped Key Management on the terms set out in Schedule 5.

Class B Management Performance Shares means Management Performance Shares to be issued pursuant to the HOA to the Xped Key Management on the terms set out in Schedule 5.

Class C Management Performance Shares means Management Performance Shares to be issued pursuant to the HOA to the Xped Key Management on the terms set out in Schedule 5.

Closely Related Party or **CRP** (as defined in section 9 of 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;

Explanatory Memorandum

- (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 the definition of closely related party.

Company means Raya Group Limited ACN 122 203 196.

Completion means completion of the Xped Acquisition.

Conditional Approval means a conditional approval letter from the ASX to the Company confirming that, subject to completion of the Xped Acquisition, the equity securities of the Company will be re-admitted to quotation on the Official List of ASX.

Conditional Resolutions means each of Resolutions 1 to 5 (inclusive) and 8.

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time.

Directors means the directors of the Company from time to time.

EAS Options means 30,000,000 Options to be issued to EAS in tranches upon certain milestones being achieved, further information of which is outlined in paragraph 7 of the Explanatory Memorandum.

EAS means EAS Advisors LLC.

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

Existing Constitution means the constitution of the Company as at the date of this Notice.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

HOA or Heads of Agreement means the heads of agreement entered into between the Company and the Majority Shareholders on or about 26 October 2015 (as varied), which the Xped Minority Shareholders agreed to be bound by pursuant to the Deeds of Accession.

Independent Expert means BDO Corporate Finance (QLD) Ltd ABN 54 010 185 725.

Independent Expert's Report or IER means the report prepared by the Independent Expert and dated 15 January 2016 accompanying this Notice.

IoT means "Internet of Things", further information of which is outlined in paragraph 3.6 of the Explanatory Memorandum.

IP means intellectual property.

JK Group means JK Group Australia Pty Ltd ACN 132 382 597.

Key Management Personnel or KMP has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* 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 Rules means the official listing rules of the ASX as amended from time to time.

Explanatory Memorandum

Listed Options means the existing listed Options on issue by the Company, exercisable at \$0.015 each and expiring on 21 July 2016.

Management Performance Shares means the Class A Management Performance Shares, Class B Management Performance Shares, and the Class C Management Performance Shares.

Market Price means the closing market price as that term is defined in the Listing Rules.

Meeting means the Extraordinary General Meeting of Shareholders to be held on Friday, 4 March 2016 as convened by the accompanying Notice of Meeting.

New Constitution means the new constitution proposed to be adopted by the Company pursuant to Resolution 7.

Non-Associated Shareholders means the holders of the Company's Shares whose votes are not to be disregarded on Resolution 3.

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

Offer Shares means the new Shares being offered under the Prospectus (being 320,000,000 Shares) at a subscription price of \$0.025 per Share.

Option means an option to subscribe for a Share.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

Placement Agreement means the agreement entered into on or about 10 November 2015 between the Company and an unrelated sophisticated investor for the issue and allotment of the Placement Shares to the unrelated sophisticated investor (as varied).

Placement Shares means 30,000,000 Shares:

Prospectus means a full form prospectus in accordance with section 710 of the Corporations Act with respect to the Capital Raising.

Raya or the **Company** means Raya Group Ltd ACN 122 203 196.

Re-admission Date means the date on which the Company's Equity Securities are re-admitted to quotation on the Official List of ASX.

Related Party has the meaning given to that term in section 228 of the Corporations Act.

Remaining Xped Shareholders means the Xped Shareholders other than the Xped Key Management.

Resolutions means the resolutions set out in the Notice of Meeting.

securities has the meaning in section 92(1) of the Corporations Act.

Shares means fully paid ordinary shares in the Company from time to time.

Shareholder means a shareholder of the Company.

Explanatory Memorandum

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.

Subsidiary has the meaning given to that term in the Corporations Act.

Trading Day has the meaning given to that term in the Listing Rules.

Transaction has the meaning set out in Section 1 of the Explanatory Memorandum.

Unlisted Options means the existing unlisted Options on issue by the Company, exercisable at between \$0.75 and \$1.50 each and expiring on 15 December 2016.

Voting Power has the meaning given to that term in the Corporations Act.

Xped means Xped Holdings Limited ACN 132 435 342.

Xped Acquisition means the acquisition of all of the Xped Shares from the Xped Shareholders as contemplated by the HOA.

Xped Group means Xped and its Subsidiaries.

Xped Key Management means each of JK Group, a company associated with Mr. John Schultz, and Alanticx, a company associated with Mr. Christopher Wood.

Xped Majority Shareholders means each of JK Group, Alanticx Technologies and Baldmonk Pty Ltd, who hold Xped Shares in the proportions set out in Schedule 1.

Xped Minority Shareholders means the holders of Xped Shares who are not Xped Majority Shareholders and who hold Xped Shares in the proportions set out in Schedule 1.

Xped Shareholders means the Xped Majority Shareholders and the Xped Minority Shareholders.

Xped Share means a share in the issued capital of Xped.

Xped Technology means all technology to which Xped hold Patents awarded or pending, including its proprietary application software such as its ADRC which utilises Near Field Communications technology and Near Field Ping, as well as Xped's Device Browser.

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

Level 6, 142 Collins Street, Melbourne Victoria 3000

Telephone: +61 3 9642 0655

Facsimile No: +61 3 9642 5177

Schedule 1 - Xped Shareholders

Majority Shareholders of Xped

Xped Shareholder	Xped Shares	Acquisition Shares	Management Performance Shares
JK Group Australia Pty Ltd ACN 132 382 597	55,628,470	319,061,831	Management Performance Shares to be allocated between JK Group and Alanticx Technologies
Alanticx Technologies Pty Ltd ACN 008 290 131	45,514,203	261,050,591	Management Performance Shares to be allocated between JK Group and Alanticx Technologies
Baldmonk Pty Ltd ACN 603 362 849	5,182,134	29,722,572	0
Total	106,324,807	609,834,994	150,000,000

Minority Shareholders of Xped

Xped Shareholder	Xped Shares	Acquisition Shares
David Moray Pringle	187,500	1,075,422
Kim Thye Toh	375,000	2,150,844
Carol Ivy Michalicek	375,000	2,150,844
Leon Bianco Holdings Pty Ltd ACN 116 117 867	120,000	688,270
Fred Tat Fu Chang	62,500	358,474
Raymond Mark Wu	62,500	358,474
William Tat-Nin Chang	250,840	1,438,714
Chong Che Wong	2,500,000	14,338,963
Ciaron Daniel Murphy	325,933	1,869,416
RDLK Pty Ltd ACN 141 986 030 (ATF The Red Lake S/F)	1,000,000	5,735,585
Total	5,259,273	30,165,006

Schedule 2 - Material Terms of Xped Acquisition

1. Parties

Each of Raya, Xped and the Xped Majority Shareholders are a party to the Heads of Agreement (**Parties**). Each of the Xped Minority Shareholders have subsequently executed Deeds of Accession with respect to the Heads of Agreement and are now bound by the Heads of Agreement.

2. Acquisition

On or about 26 October 2015, the Parties executed the Heads of Agreement to facilitate, upon satisfaction of the Conditions Precedent outlined in paragraph 3 below, Raya acquiring all of issued capital in Xped.

Completion will occur on a date that is 5 business days after the satisfaction of all of the Conditions Precedent, or some other date agreed to by Xped and Raya.

3. Conditions Precedent

Completion is conditional upon the satisfaction (or waiver, to the extent permitted by law) of the following conditions precedent:

- (a) completion of due diligence by Raya of Xped's business, assets, operations, financial position, financial performance and any further matters relevant to Xped in each case to the satisfaction of Raya on or before 30 November 2015, or such other later date as may be agreed by the parties in writing. This condition has been satisfied;
- (b) completion of due diligence by the Majority Shareholders on Raya's business, assets, operations, financial position, financial performance and any further matters relevant to Raya, in each case to the satisfaction of the Majority Shareholders on or before 30 November 2015, or such other later date as may be agreed by the parties in writing. This condition has been satisfied;
- (c) if ASX requires, Xped preparing audited accounts for the shorter period of three years or from the date of incorporation of Xped, and delivering those accounts to Raya;
- (d) the Xped Majority Shareholders transferring a portion of their shares in Xped to such employees, advisors and contractors of Xped as determined by the Majority Shareholders but so as to not result in Xped having more than 49 shareholders;
- (e) Raya having commissioned and received an Independent Expert's Report required pursuant to item 7 of section 611 of the Corporations Act;
- (f) Raya obtaining all necessary Shareholder approvals at the EGM required pursuant to item 7 of section 611 of the Corporations Act and Listing Rule 7.1, and Chapters 10 and 11 of the ASX Listing Rules in relation to the Xped Acquisition and the transactions contemplated under this Heads of Agreement, including, without limitation approval for the issue of the Acquisition Shares to the Xped Shareholders and the issue of the Management Performance Shares to Xped Key Management;
- (g) Raya obtaining a waiver of any and all relevant Listing Rules, as required, so to permit the transactions contemplated under the Heads of Agreement, including but not limited to carrying out the Public Offer, and the issue of the Acquisition Shares and the Adviser Shares;
- (h) Raya obtaining Shareholder approval at the EGM for the alteration of the constitution:

- (1) to permit the issue of the Management Performance Shares;
- (2) if permitted by ASX, to give the chairman of the board a casting vote on all decisions of the board where there is an equality of votes; and
- (3) to change the name of Raya to "Xped Limited";
- (i) the Xped Majority Shareholders providing to Raya a certificate stating that there has been no material adverse effect in respect of Xped from the date of executing the HOA to the date of Completion, and Raya providing to the Xped Majority Shareholders a certificate stating that there has been no material adverse effect in respect of Raya from the date of executing the HOA to the date of Completion;
- (j) Raya undertaking a capital raising under a prospectus to raise \$8,000,000 through the issue of 320,000,000 Shares at a price of not less than \$0.025 each or such other terms as agreed to by the Company and the Majority Shareholders;
- (k) the Parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the Parties as are required to allow the Parties to lawfully complete the matters set out in the Heads of Agreement (including, but not limited to, re-compliance by Raya with Chapters 1 and 2 of the Listing Rules and Raya receiving conditional approval from ASX to reinstate Raya's quoted securities to trading on ASX following completion of the Acquisition on conditions satisfactory to Raya, acting reasonably);
- (l) if required, each of the Xped Shareholders waiving all pre-emptive and other rights over any of the Xped Shares conferred by the constituent documents of Xped, any shareholders' agreement relating to Xped or in any other way (if any);
- (m) to the extent required by the ASX, Raya or the ASX Listing Rules, each Xped Shareholder entering into a restriction agreement as required by ASX;
- (n) all the Xped Minority Shareholders having signed an Accession Deed agreeing to be bound by the terms of these Heads of Agreement within 14 days of the Execution Date. This condition has been satisfied; and
- (o) Global Funding Partners having signed a deed of release and termination in a form reasonably acceptable to Xped, terminating the arrangements between Global Funding Partners and Xped. This condition has been satisfied. In accordance with the terms of the deed of release and termination entered with Global Funding Partners, the Company will pay Global Funding Partners, at the direction of Xped, \$260,000 on or before the Re-admission Date,

(together the **Conditions Precedent**). If the Conditions Precedent are not satisfied or waived by 26 March 2016 or such later date agreed by the Parties (**End Date**), either Party may by notice terminate this agreement.

4. Accession Deeds

On or about 4 November 2015 each of the Xped Minority Shareholders entered into an Accession Deed, by which each Xped Minority Shareholder agreed to be bound to the terms of the Heads of Agreement. Together, the Heads of Agreement and the Accession Deeds facilitate the sale of all of the issued capital in Xped to Raya.

5. Consideration

(a) Initial Non-Refundable Payment

Upon execution of the Heads of Agreement, Raya paid to Xped an initial amount of \$50,000, which is non-refundable.

(b) Acquisition Shares

A total of 640,000,000 Shares in Raya will be issued to the Xped Shareholders in consideration for the sale of all of the Xped Shares, in the proportions as set out in Schedule 1.

6. Management Performance Shares

On Completion, JK Group and Alanticx Technologies will also be issued a total of 150,000,000 Management Performance Shares. The Management Performance Shares will be issued as Class A Management Performance Shares (50,000,000), Class B Management Performance Shares (50,000,000) and Class C Management Performance Shares (50,000,000). The Management Performance Shares will be converted into Shares in the Company (and quoted on ASX) on a one for one basis upon the achievement of certain milestones as set out in Schedule 5.

7. Stamp Duty

Raya is to pay all stamp duty on the Xped Acquisition.

8. Additional Payments on Completion

At Completion, Raya is required to pay, at the direction of Xped, the following sums in order to discharge a number of loans which have been entered into by each of the Majority Shareholders respectively with Xped:

(a) the amount of \$185,000 to Electro CAD Australia Pty Ltd, an entity controlled by John Schultz; and

(b) the amount of \$75,000 to Alanticx Technologies, an entity controlled by Christopher Wood.

Upon payment of the above amounts, Xped must provide evidence of a release of Xped of all further liability in respect of the loans outlined above.

Raya must also pay an amount which does not exceed \$170,000 at the direction of Xped to its creditors at the time of Completion. Xped must provide evidence of the payment of these funds to its creditors.

9. Board Appointments

JK Group and Alanticx Technologies are able to nominate two persons to be appointed to the board of Raya, one of whom will assume the position of Chairman of the Board. Raya will subsequently cause all current directors to retire (other than Athan Lekkas and Michael Clarke).

10. Capital Raising

As outlined above, Raya must carry out a capital raising as one of the Conditions Precedent. Raya must prepare and lodge the Prospectus with ASIC on or before 29 February 2016, or such other date as may be agreed.

Raya is entitled to appoint any corporate advisors, brokers or underwriters to the capital raising as it considers appropriate, in consultation with the Xped Majority Shareholders. In consideration, or partial consideration as the case may be, for the services of the advisors, Raya is entitled to issue a maximum of 15,000,000 Advisor Shares.

11. Exclusivity

Under the Heads of Agreement, each of Xped and the Xped Majority Shareholders have agreed that:

- (a) they will not participate in any negotiations or discussions with, or provide any information to, or accept or enter into any agreement, arrangement or understanding with, any third parties in respect of a transaction that may reduce the likelihood of success of the transactions contemplated by the Heads of Agreement and will also cease any existing discussions or negotiations regarding such transactions;
- (b) they will not engage with any other third party in connection with the sale of all or any of the Xped Shares, or any of Xped's business, assets or undertaking;
- (c) they will immediately notify Raya of any approach or attempt to initiate discussions or negotiations regarding any transaction or an interest in Xped Shares, or other business, assets or undertaking of Xped and provide to Raya details of that proposal including its material terms, which shall include the proposed price or implied value, conditions and timing; and
- (d) they will not provide any third party with any information regarding Xped or its business, assets or undertakings, other than in the ordinary course of its ordinary business, other than where otherwise agreed by Raya in writing or where Xped's board determines, after receiving legal advice, that to not do so would be reasonable likely to breach their director duties.

In consideration of the grant of exclusivity, Raya agrees that if Completion does not occur for any reason, including in particular where the capital raising Condition Precedent is not met by the End Date (being 26 March 2016 or such later date as agreed by the Parties), but other than where failure of Completion is due to a default or breach by the Xped Shareholders, then Raya will provide funding of at least \$300,000 in Xped upon written notice from Xped, by subscribing for new fully paid ordinary shares in Xped at an issue price of \$0.12 per share.

To secure Raya's obligations to provide this funding, Raya has agreed to provide, and has provided, to Xped an unconditional and irrevocable bank guarantee for the benefit of Xped being for an amount of \$300,000. If Raya fails in its obligations to provide this funding, then Xped may in its discretion, and Raya authorises Xped to, appropriate and apply such bank guarantee towards subscribing for new fully paid ordinary shares in Xped on Raya's behalf for the purposes of this clause.

Further, Raya has agreed that as of the date the Heads of Agreement was executed, the Company will make available a line of credit facility of \$250,000 to Xped for working capital purposes to be drawn down by Xped upon written notice and approval from Raya. If Completion does not occur for any reason including, in particular, where the capital raising condition precedent is not met by the End Date (but other than where failure of Completion is due to a default or breach by the Xped Shareholders), then Raya agrees to convert any drawn down outstanding balance of such credit facility into equity by accepting the issue of new fully paid ordinary shares in Xped at an issue price of \$0.12 per share, in full and final settlement of any obligation to repay such drawn down outstanding credit facility balance. As at the date of this Notice of Meeting, Xped has drawn down a total of \$33,050 under this facility.

12. Warranties and Claims

Each of the Xped Majority Shareholders provides various warranties as to the business, assets and operations of Xped. Each Xped Shareholder provides warranties regarding unencumbered title to their Xped Shares. Raya has also provided warranties regarding its operations and compliance with laws. There are minimum thresholds for making claims (\$640,000 per claim and \$1,280,000 in aggregate for all claims), time limits for making claims (18 months to give notice and a further 6 months to settle or serve proceedings) and caps on liability of and to Xped Shareholders to the value of their Acquisition Shares on the Re-admission Date.

Schedule 3 - Issued Capital

Table 1 – Existing Issued Capital

Holder	Shares (Number)	Shares (%)	Performances Shares	Listed Options	Unlisted Options
Existing Shareholders	718,364,311 ¹	100%	Nil	381,352,357 ²	1,100,000 ³
Xped - JK Group and Alanticx	Nil	Nil	Nil	Nil	Nil
Xped – Other	Nil	Nil	Nil	Nil	Nil
Total	718,364,311¹	100%	Nil	381,352,357²	1,100,000³

Notes:

¹ This figure is as at 14 January 2016 and assumes that no Shares are issued in the Company and no Options are exercised.

² This figure is as at 14 January 2016 and assumes that no Listed Options are exercised.

³ This figure is as at 14 January 2016 and assumes that no Unlisted Options are exercised.

Table 2 – Issued Capital on completion of Transaction

Holder	Shares (Number)	Shares (%)	Performances Shares	Listed Options	Unlisted Options
Existing Shareholders	718,364,311 ¹	42.42%	Nil	381,352,357 ²	1,100,000 ³
Xped Key Management - JK Group and Alanticx ⁴	580,112,422 ⁵	34.26%	150,000,000	Nil	Nil
Remaining Xped Shareholders	59,887,578	3.53%	Nil	Nil	Nil
Capital Raising	320,000,000	18.90%	Nil	Nil	Nil
Advisors	15,000,000	0.89%	Nil	Nil	Nil
EAS	Nil	-	Nil	Nil	30,000,000
Total	1,693,364,311	100%	150,000,000	381,352,357	31,100,000

Notes:

¹ This figure is as at 14 January 2016 and assumes that no Shares are issued in the Company and no Existing Options are exercised.

² This figure is as at 14 January 2016 and assumes that no Listed Options are exercised.

³ This figure is as at 14 January 2016 and assumes that no Unlisted Options are exercised.

⁴ If there was a full conversion of all of the Management Performance Shares issued to JK Group and Alanticx Technologies (assuming the Transaction completes, but that no other Shares are issued) the

maximum combined interest that would be held by JK Group and Alanticx Technologies in the issued Shares of the Company would be 39.61%.

⁵ This assumes that the Xped Key Management do not subscribe for any Offer Shares under the Capital Raising. The Xped Key Management do not intend to subscribe for any Offer Shares, and further, would not be able to subscribe for any Offer Shares under the Capital Raising without additional Shareholder approval first being obtained

Schedule 4 - Timetable for Xped Acquisition and Capital Raising

Event	Date
Record Date for Priority Offer	15 January 2016
Prospectus lodged with ASIC and ASX	18 January 2016
Public Offer opens	18 January 2016
Priority Offer opens	18 January 2016
Notice of General Meeting sent to Shareholders	2 February 2016
Priority Offer closes	19 February 2016
Public Offer closes	19 February 2016
Acquisition Offer closes	19 February 2016
General Meeting to consider the Acquisition Resolutions and suspension from trading	4 March 2016
Completion of Acquisition	18 March 2016
Issue of Shares under Prospectus	23 March 2016
Dispatch of Holding Statements	24 March 2016
Expected date for re-quotation of the Company's shares on the ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules)	31 March 2016

This timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offers early or extending the close of the Offers, without notifying any recipients of the Prospectus or any Applicants subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Furthermore, dates are dependent upon Completion, and as such, satisfaction of all Conditions Precedent, which includes ASX providing the Conditional Approval. Accordingly, the proposed dates are merely indicative and subject to a number of factors outside the control of the Company.

Schedule 5 - Material Terms of Management Performance Shares

The proposed terms of the Management Performance Shares to be issued to the Xped Key Management pursuant to Resolutions 2 and 3, are as follows:

1. Terms of Conversion (referred to below as Performance Criteria):
 - (a) each Class A Management Performance Share will automatically convert into one Share upon the Company achieving the following within 18 months from the Re-admission Date:
 - (1) the market capitalisation of the Company being not less than \$75,000,000 for 20 consecutive trading days on ASX; and
 - (2) the revenue of the Company for any 18 month period being not less than \$1,000,000;
 - (b) each Class B Management Performance Share will automatically convert into one Share at a time upon the Company achieving the following within 24 months from the Re-admission Date:
 - (1) the market capitalisation of the Company is not less than \$100,000,000 for 20 consecutive trading days on ASX; and
 - (2) the revenue of the Company for any 24 month period being not less than \$2,500,000;
 - (c) each Class C Management Performance Share will automatically convert into one Share upon the Company achieving the following within 30 months from the Re-admission Date:
 - (1) the market capitalisation of the Company is not less than \$125,000,000 for 20 consecutive trading days on ASX; and
 - (2) the revenue of the Company for any 30 month period is not less than \$5,000,000.
2. The Management Performance Shares do not entitle the Xped Key Management to vote on any resolutions proposed at a general meeting of Shareholders.
3. The Management Performance Shares shall confer on the Xped Key Management the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of Shares in the capital of the Company.
4. The Xped Key Management have the right to attend general meetings of Shareholders.
5. The Management Performance Shares do not entitle the Xped Key Management to any dividends.
6. The Management Performance Shares are only capable of being disposed of by the Xped Key Management upon achievement of the Performance Criteria applying to the Management Performance Shares, detailed above.
7. The Management Performance Shares do not entitle the holder to payment of the capital paid up on it from time to time, whether in a winding up of the Company, upon a reduction of the capital of the Company or otherwise, unless and only to the extent that a Management Performance Share has converted into a Share.

8. The Management Performance Shares do not entitle the holder to any right to participate in the surplus profits or assets of the Company on winding up of the Company, unless and only to the extent that a Management Performance Share has converted into a Share.
9. The Management Performance Shares do not entitle the holder to participate in new issues of equity securities offered to Shareholders of the Company.
10. The Management Performance Shares will not be quoted on ASX. However, upon conversion of the Management Performance Shares into Shares, the Shares will (as and from allotment) rank equally with and confer rights identical with all other Shares then on issues and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
11. Shares issued on conversion of the Management Performance Shares must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Management Performance Shares are freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
12. The Management Performance Shares will automatically convert into Shares of the Company upon satisfaction of the Performance Criteria applying to the Management Performance Shares.
13. Unless otherwise determined by the Board, a Management Performance Share shall convert into a Share on the basis of one (1) Management Performance Share for every (1) Share.
14. Unless otherwise determined by the Board, in the event that the Performance Criteria applying to any class of Management Performance Share held by Xped Key Management is not satisfied by the End Date, all of the Management Performance Shares in that class held by the Xped Key Management or its nominee shall convert into one (1) Share.
15. The terms of the Management Performance Shares may be amended as required from time to time in order to comply with the ASX Listing Rules or a direction of the ASX regarding the terms.
16. If the Company is listed on the ASX and undertakes a reconstruction or reorganisation of its issued capital, all rights of a holder of Management Performance Shares will be changed to the extent necessary to comply with the ASX Listing Rules at the time of the reconstruction or reorganisation.
17. The Management Performance Shares give the holder no other rights save for those expressly set out in these terms and any other rights provided by law which cannot be excluded by these terms.

Schedule 6 - Financial information

XPED Limited Pro Forma Statement of Financial Position 30 June 2015

\$	Note Ref	Historical Raya (audited)	Historical XPED (audited)	Pro forma (reviewed)
Current Assets				
Cash and cash equivalents	1	414,146	1,574	9,710,685
Receivables	2	9,500	397,859	757,359
Other financial assets		3,167	69	3,236
Other assets		27,146	-	27,146
		453,959	399,502	10,498,426
Non-Current Assets				
Other financial assets		100,000	-	100,000
Property, plant & equipment		-	11,926	11,926
Exploration & evaluation expenditure	3	1,100,000	-	-
Investments accounted for using the equity method		1,880,212	-	1,880,212
Intangible assets	4	-	4,394,385	1,764,994
		3,080,212	4,406,311	3,757,132
Total Assets		3,534,171	4,805,813	14,255,558
Current Liabilities				
Payables		97,710	360,788	458,498
Borrowings		20,314	26,565	46,879
Employee benefits	6	-	-	68,680
Other liabilities		-	28,686	28,686
		118,024	416,039	602,743
Non-Current Liabilities				
Related party loans payable	5	-	5,986,630	-
Employee benefits	6	-	-	78,486
Rehabilitation provision		271,106	-	271,106
		271,106	5,986,630	349,592
Total Liabilities		389,130	6,402,669	952,335
Net Assets/(Liabilities)		3,145,041	(1,596,856)	13,303,223
Equity				
Share capital	7	46,626,523	145,920	12,080,920
Reserves	8	2,416,204	499,880	2,749,038
Retained Earnings/(Accumulated Losses)	9	(45,897,686)	(2,242,656)	(1,526,735)
		3,145,041	(1,596,856)	13,303,223

The Pro forma Financial Information reflects the net impact of the following transactions as if they had occurred at 30 June 2015:

- a) Sale of Raya's exploration and evaluation holdings to Pryme Energy Limited for consideration consisting of \$250,000 cash, 100,000,000 Pryme Energy Limited shares valued at \$500,000 and contingent consideration of \$350,000. Additional purchase of 35,014,214 Pryme Energy shares for \$162,500 and then subsequent sale of the total Pryme Energy shareholding for \$667,000 (net costs);
 - b) As approved at the extraordinary general meeting on 24 September 2015, issue of 40,000,000 ordinary shares to directors valued at 0.6 cents per share, totalling \$240,000;
 - c) Placement of 30,000,000 ordinary shares at 2 cents per share and 40,000,001 ordinary shares at 3.5 cents per share to raise \$600,000 and \$1,400,000 cash respectively;
 - d) Exercise of 8,364,310 listed options for \$125,465 cash;
 - e) A capital raising of 320,000,000 Offer Shares at \$0.025 each to raise \$8,000,000, less transaction costs of \$1,480,000, including;
 - a. Advisory fees relating to the capital raise, to be settled by the issue of 30,000,000 EAS Options exercisable at prices ranging from \$0.07 to \$0.13 each subject to share price performance hurdles being met, expiring 2 years from allotment. These have been valued in accordance with AASB 2 and reflected in equity (refer to Note 11 below for valuation details and assumptions);
 - b. Advisory fees related to the capital raise, to be settled by the issue of 15,000,000 Shares to certain advisors at \$0.025 each (reflected in equity);
 - f) Issue of the following equity instruments as consideration for the Acquisition –
 - a. 640,000,000 Acquisition Shares; and
 - b. 50,000,000 each of Class A, Class B and Class C Management Performance Shares. These have been valued in accordance with AASB13 and reflected in equity (refer to note 12 below for valuation details and assumptions);
- Refer note 10 for details of deemed consideration value calculation;
- g) Recognition of costs of \$310,000 as an expense in relation to the Acquisition;
 - h) Related party loan extinguishment by way of payment of \$260,000 cash resulting in a debt forgiveness of the remaining balance of \$5,726,630; and
 - i) Alignment of accounting policies between the Company and XPED, including -
 - a. Write-off of existing XPED intangible asset which is deemed to not meet the capitalisation requirements under the accounting standards;
 - b. Recognition of XPED employee back pay totalling \$159,158 owing at 30 June 2015 to be settled by way of provision of equity; and
 - c. Recognition of XPED employee benefits totalling \$147,166 owing at 30 June 2015, including oncosts.

Note 1	
Cash and Cash Equivalents	\$
Cash and cash equivalents at 30 June 2015	415,720
Net receipt from Pryme Energy transactions	754,500
Proceeds from share placements	2,000,000
Proceeds from option exercise	125,465
Payment for related party loan extinguishment	(260,000)
Proceeds from capital raise	8,000,000
Payment of transaction costs	(1,325,000)
Total Pro Forma Cash and Cash Equivalents	9,710,685
Note 2	
Receivables	\$
Receivables at 30 June 2015	407,359
Pryme Energy contingent consideration	350,000
Total Pro Forma Receivables	757,359
Note 3	
Exploration and Evaluation Expenditure	\$
E&E expenditure at 30 June 2015	1,100,000
Sale to Pryme Energy	(1,100,000)
Total Pro Forma E&E Expenditure	-
Note 4	
Intangible Assets	\$
Intangible assets at 30 June 2015	4,394,385
Write-off of intangible assets	(4,394,385)
Recognition of goodwill upon acquisition	1,764,994
Total Pro Forma Intangible Assets	1,764,994
Note 5	
Related Party Loans Payable	\$
Related party loans payable at 30 June 2015	5,986,630
Payment for related party loan extinguishment	(260,000)
Forgiveness of remaining related party loan	(5,726,630)
Total Pro Forma Related Party Loans Payable	-
Note 6	
Employee Benefits	\$

CURRENT	
Employee benefits at 30 June 2015	-
Recognition of employee benefits	68,680
Total Pro Forma Employee Benefits - Current	68,680
NON-CURRENT	
Employee benefits at 30 June 2015	-
Recognition of employee benefits	78,486
Total Pro Forma Employee Benefits – Non-Current	78,486

Note 7		
Share Capital	No of Shares	\$
Share capital at 30 June 2015 - Raya Group Limited	600,000,000	46,626,523
Issue of shares to directors	40,000,000	240,000
Issue of shares pursuant to share placements	70,000,001	2,000,000
Issue of shares on exercise of options	8,364,310	125,465
	718,364,311	48,991,988
Fully paid ordinary shares of XPED	-	145,920
Elimination of Raya Group Limited issued capital*	-	(48,991,988)
Acquisition of XPED	640,000,000	7,040,000
Acquisition of XPED – Management Performance Shares	-	(2,000,000)
Issue of shares pursuant to offer	320,000,000	8,000,000
Issue of shares to advisors	15,000,000	375,000
Share issue costs	-	(1,480,000)
Total Pro Forma Share Capital	1,693,364,311	12,080,920

* adjusted for pre acquisition pro forma adjustments

Note 8	
Reserves	\$
Reserves at 30 June 2015	2,916,084
Elimination of Raya Group Limited reserves	(2,416,204)
Acquisition of XPED – Management Performance Shares	2,000,000
Share based payment – employee back pay	159,158
Share issue costs – EAS options issued	90,000
Total Pro Forma Reserves	2,749,038

Note 9**Accumulated Losses****\$**

Accumulated losses at 30 June 2015	(48,140,342)
Profit on sale of Pryme Energy shares	4,500
Share based payment - shares issued to directors	(240,000)
Elimination of Raya Group Limited accumulated losses*	46,133,186
Impairment of intangible asset	(4,394,385)
Forgiveness of remaining related party loan	5,726,630
Share based payment – employee back pay	(159,158)
Recognition of employee benefits	(147,166)
Transaction costs	(310,000)
Total Pro Forma Accumulated Losses	(1,526,735)

* adjusted for pre acquisition pro forma adjustments

Note 10**Deemed Consideration**

No. of Shares at announcement date	640,000,000
Price per share (last Company trade price on announcement date)	\$0.011
Deemed Consideration	\$7,040,000

Note 11**Option Valuation**

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Underlying security spot price	\$0.025	\$0.025	\$0.025	\$0.025
Exercise price	\$0.07	\$0.09	\$0.11	\$0.13
Life of the option	2 years	2 years	2 years	2 years
Dividend yield	0%	0%	0%	0%
Volatility ¹	80% ¹	80% ¹	80% ¹	80%
Interest free rate	2%	2%	2%	2%
Value per option	\$0.004	\$0.003	\$0.003	\$0.002
Number of options	7,500,000	7,500,000	7,500,000	7,500,000
Value of EAS Options	\$30,000	\$22,500	\$22,500	\$15,000

¹ The Black-Scholes pricing model was used for the EAS Options and the Black-Scholes pricing model adjusted for hurdle price to incorporate market capitalisation hurdles was used for the Management Performance Shares.

The volatility of 80% was selected having regard to a range of factors including:

- it is not possible to observe a volatility figure directly corresponding to the EAS Options and Management Performance Shares from market data;
- while share trading in Raya has been liquid since the announcement of the proposed transaction on 26 October 2015, it is not a sufficient period of time to calculate volatility for a daily volatility figure based on the stock movement;
- the company comprising Raya and Xped will have a unique IoT technology making it more difficult to identify comparable companies in which to infer a volatility figure from;

- Raya has listed Options which can be used to calculate an implied volatility. While it is difficult to get the actual implied volatility for each individual trade (which would require the underlying share value and option value at the exact moment in time), the implied volatility was calculated having regard to the closing price of the Options and underlying Shares in addition to the average high/low price of the Options and underlying Shares. The results of this analysis for Options traded from 26 October 2015 to 20 January 2016 is summarised in the tables below. In considering the data we note that there were a number of trades with a 0% volatility figure which arose as the value of an Option + exercise price was less than the value of a Share. Volatility was considered both including and excluding these values.

Closing Price

	Total	Excluding 0%
Options Traded	920,971,323	426,112,481
Low Implied Volatility	0%	55%
High Implied Volatility	162%	162%
Weighted Average Implied Volatility	48%	104%

Average High/Low

	Total	Excluding 0%
Options Traded	920,971,323	368,094,105
Low Implied Volatility	0%	63%
High Implied Volatility	137%	137%
Weighted Average Implied Volatility	41%	102%

Note 12			
Management Performance Share Valuation	Class A	Class B	Class C
Underlying security spot price	\$0.025	\$0.025	\$0.025
Exercise price	\$nil	\$nil	\$nil
Life of the right	1.5 years	2 years	2.5 years
Dividend yield	0%	0%	0%
Volatility	80%	80%	80%
Interest free rate	2%	2%	2%
Value per share	\$0.014	\$0.013	\$0.013
No. of performance shares	50,000,000	50,000,000	50,000,000
Value of Management Performance Shares	\$700,000	\$650,000	\$650,000

Note 13: As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

Schedule 7 - Key Practical Differences in the New Constitution

The key practical differences between the Existing Constitution and the New Constitution to be adopted are outlined below. Capitalised terms that are not defined within this Explanatory Memorandum are as defined in the New Constitution.

1. Rule 3 provides for the Directors of the Company to determine the Registered Office of the Company at all times.
2. Rule 5 specifically provides for the issue of preference shares of the Company as well as shares with deferred or qualified rights to Dividends or in the distribution of assets of the Company. The rule goes on to provide for the rights of preference shareholders of the Company.
3. Rule 6 provides the Company with the ability to issue performance shares to any employee, director, officer or consultant of the Company (or their nominee) where the recipient of those performance shares agrees to be bound by Rule 6 and Rule 7 of the new constitution. It sets out a number of rights attaching to those performance shares and provides for amendment of those rights of performance shares as required by the ASX. The current constitution does not provide for the issue of performance shares.
4. Rule 7 provides for the conversion of performance shares into ordinary shares of the Company. The performance shares shall only convert into ordinary shares upon satisfaction of the performance criteria aligned with those performance shares. The conversion rate will be on the basis of one performance share for every one ordinary share unless specified otherwise by the Board. Once converted, the ordinary shares will rank equally with other ordinary shares and have the same rights as ordinary shares. If the performance criteria are not met by the end date for satisfaction of that criteria, all the performance shares will convert into one ordinary share.
5. Rule 10 provides that a person who becomes a Member of the Company agrees to observe and perform the provisions of the Constitution or by-laws made under the Constitution.
6. Rule 11 changes the quorum for a Class Meeting of shareholders to be persons holding or representing 25% of the issued Shares of the class whereas the previous Constitution required a quorum of 2 persons to hold or represent one-third of the issued shares of the class.
7. Rule 13 imposes additional obligations upon the Company with respect to share certificates including the issue, renewal, cancellation and replacement of share certificates.
8. Rule 14 results in any transferor of a share with a lien imposed on such share remaining liable to the Company for all money which was payable to the Company in respect of the share despite the Share being transferred.
9. Rule 15 imposes an obligation upon the holder of a share to produce the share certificate to the Directors where their shareholding, which was the subject of a lien, has been sold and that should the holder fail to produce the certificate, the Directors may cancel the share certificate.
10. Rule 16 alters the information that is to be included in a notice to members for any call made on shares by Directors. This rule also reduces the interest rate being imposed upon late payment to be limited to 1% per annum in excess of the Prime Rate. Finally, Rule 16 contemplates an action by the Company against a Member for recovery of any money payable on any allotment or Shares or due to any call or instalment in respect of any Shares.
11. Rule 17 requires a resolution of the Directors resolving to forfeit Shares the subject of any Call Notices that are not complied with by the Relevant Day. Any residue from the sale of any forfeited Shares after being appropriately applied by the Company is to be returned to the Member of the forfeited Share. The Directors are permitted to accept a surrender of any

Shares by way of compromise of any questions as to the holder being properly registered in respect of the Share.

12. Rule 18 provides a specific form for Share transfers that are not by way of ASTC Regulated Transfer.
13. Rule 20 provides for the Company to maintain transfer books and a Register of Members as well as notify the ASX of any record date fixed by the Directors.
14. Rule 21 provides that the Company may in a Meeting to increase the share capital, consolidate the share capital, subdivide the share capital or cancel Shares that have been forfeited and not taken up by any other person.
15. Rule 22 provides the Company with the power, in accordance with the Corporations Act, to reduce its share capital.
16. Rule 23 does not require the Company to state in the AGM materials that the AGM includes the declaration of a Dividend, consideration of Financial Statements and the reports of the Directors and Auditors, the election of Directors in the place of those retiring by rotation or the appointment and fixing of the remuneration of the Auditors of the Company.
17. Rule 24 alters the impact of the Company failing to achieve a quorum at a meeting of its Members by requiring an adjourned meeting to be held on the same day at the same time and place in the following week, with the current position being at the discretion of the Directors. Rule 24 further alters the consequences of failing to achieve a quorum at a meeting of its Members by allowing the adjourned meeting to proceed with those Members present if a quorum is not met within the first 30 minutes of the adjourned meeting. The current position requires the adjourned meeting to be dissolved unless at least 2 Members are present. Finally, Rule 24 reduces the time in which a quorum must be present to 15 minutes from the time appointed for the Meeting from the current position of 30 minutes.
18. Rule 26 provides the Chairman of a Meeting of the Members of the Company with additional powers and responsibility with respect to the Meeting.
19. Rule 27 alters the notice requirements for any adjourned Meeting of the Members of the Company. Any Meeting of the Members of the Company adjourned for 14 days or more requires seven days notice of the new date, time and place for the Meeting.
20. Rule 31 provides that where a Member has appointed two proxies neither proxy will be entitled to participate in a vote by a show of hands.
21. Rule 32 permits Members to appoint an attorney to attend, act and vote at any of the Meetings of the Members of the Company on behalf of that Member. The rule stipulates the requirements for the appointment, certain powers of the attorney, and the priority of a power of attorney given for value.
22. Rule 33 provides for a Corporate Representative to be appointed, and the need to deposit proxy forms and any power of attorney with the Company.
23. Rule 35 reduces the maximum number of directors of the Company to nine from ten.
24. Rule 36 removes the prohibition on a director being over 72 years of age.
25. Rule 37 provides for the removal of a Director of the Company who is also a shareholder of the Company, should that Director fail to pay any call within four weeks from the date such call is made payable.

26. Rule 38 ensures that where a person has been appointed to the position of Director to replace a removed Director, that person so appointed shall only hold office as Director until such time as the removed Director would have continued to hold office had they not been removed.
27. Rule 39 permits Directors of the Company to hold any other office or place of profit other than that of Auditor of the Company. No partner, employer or employee of the Auditor of the Company is eligible to be appointed or elected as Director or Alternate Director.
28. Rule 40 prevents a single resolution appointing two or more persons to be Directors unless a separate resolution allowing that single resolution to be made has been passed and nominations for election to the office of Director will be accepted up to 30 Business Days prior to the date of a general Meeting at which the Directors will be elected or re-elected.
29. Rule 41 contemplates the potential for the Company and any subsidiaries of the Company to pay Directors' fees. It also provides that the Directors are prohibited from fixing or paying a salary or allowance that would exceed the total amount of directors' fees payable and any provision for payment to a retiring director is to be disclosed to the Company at a meeting prior to the retirement.
30. Rule 42 allows for Directors to hold directorships in other companies except those companies in active competition with the Company.
31. Rule 43 removes Alternate Directors should the Director appointing them be removed, provides that Alternate Directors are responsible to the Company for their own acts and defaults and provides for the notice to be used for appointment of an Alternate Director.
32. Rule 44 permits Directors to appoint Associate Directors and further operative provisions with respect to the powers and obligations of any Associate Directors that are appointed.
33. Rule 46 provides for the Chairman of Directors to have a casting vote in the case of an equality of votes, when more than 2 Directors, including the Chairman, are present at the Directors meeting.
34. Rule 47 with respect to meetings of Directors provides that there is no requirement for the Directors to appoint a Chairman; this is now at the discretion of the Directors. The Rule removes the ability to appoint a deputy Chairman.
35. Rule 49 removes the requirement for a committee established by the Directors to have a Director as one of its members.
36. Rule 51 prohibits the Company from making any regulation which would have the effect of invalidating any prior act of the Directors validly made.
37. Rule 56 allows Directors to make provision for management and transaction of the Company and its affairs in any place in Australia or elsewhere and to establish local boards, managers, branches or agencies for this purpose. There are a number of operative provisions detailed in the remainder of the Rule.
38. Rule 58 details the different abilities for execution of Company documents by Directors and other authorised signatories as well as the means of mechanically affixing a signature for execution of a company document.
39. Rule 60 provides for the possibility of an assistant Company Secretary.
40. Rule 61 allows the Company to appoint a public officer, as well as removal of that person and appointment of another to the position.

41. Rule 64 requires the Company to provide Members with a copy of any Dividend Reinvestment Plan and Summary of its Terms. The rule also provides for a Notice of Election to forego any cash Dividend as part of the Dividend Reinvestment Plan. Finally, the Directors are unable to adopt a Dividend Reinvestment Plan unless the Company passes a resolution at a Meeting of its Members to approve the adoption of the Dividend Reinvestment Plan.
42. Rule 65 provides for Dividends to be made by way of an in-specie distribution of assets. This provision is consistent with the recent changes made to the Constitution of the Company at the Extraordinary General Meeting held on 24 September 2015.
43. Rule 66 in providing for employee bonuses and employee schemes removes the requirement for ordinary resolution approval of the Members of the Company.
44. Rule 67 imposes a requirement upon the Company to pass a resolution at a Meeting of its Members prior to the capitalisation of any profit. The Directors must perform the capitalisation in accordance with the resolution passed by the Members and any results of payment or distribution by the Company are binding upon the Members of the Company. The Rule also provides for a Capital redemption fund.
45. Rule 69 requires the Company to attach to every Financial Report a Directors' Report.
46. Rule 70 requires the Company to send the Financial Report and such other material that comprises the Annual Report of the Company either 21 days prior to the date of the Annual General Meeting of the Company for that year or four months after the end of the relevant financial year. It also subjects the Company to all reporting obligations found in the ASX Listing Rules.
47. Rule 71 provides for where the records and accounts must be kept by the Company and when a Member of the Company shall be entitled to inspect the records and accounts being, if they are a Director, as provided by the Corporations Act, as authorised by Directors, or by a resolution of the Company at a Meeting of its Members.
48. Rule 72 provides that every account of the Company when audited and approved by a Meeting shall be conclusive.
49. Rule 73 imposes a requirement upon the Auditor of the Company to report to the Members of the Company at a Meeting and prohibits a Director, Officer, partner, employee, employer of a Director or Officer and others from being an Auditor of the Company.
50. Rule 74 permits the Company to undertake a buy-back of the Company's securities to the extent permitted by the Corporations Act and in accordance with the ASX Listing Rules.
51. Rule 76 allows the Board to determine the manner in which fractional entitlements or any difficulties relating to distribution and adjustment of the rights of Members are to be dealt with.
52. Rule 78 allows Members of the Company to request a suspension of full notice rights and alternatively request for full notice rights in relation to notices of the Company.
53. Rule 79 prohibits any Member who is not a director from being entitled to receive any information concerning the business, trading or customers of the Company or any trade secret or secret process of the Company. The rule also contemplates the need for Directors, managers, trustee or Members to sign a declaration pledging strict secrecy with respect to any and all confidential information of the Company. The rule contains further operative provisions in this regard.
54. Rule 80 shortens the time period in which receipt of notices by Members is deemed to have occurred if posted to the day after posting from the current position of three days after posting.

55. Rule 82 permits the Company to pay insurance premiums for indemnity insurance for its Officers and Auditors.
56. Rule 84 provides operative provisions should the Company wish to distribute surplus assets of the Company in a winding up of the Company. The distribution to Members is to be made after all liabilities have been satisfied and if it is not possible to distribute all Paid Up Capital to all Members, then the surplus assets are to be distributed proportionally to all Members. The rule also provides for the ability for a distribution in specie of certain assets to Directors and liquidators.
57. Rule 88 provides that should the Company be listed in a foreign jurisdiction, the Company will comply with all rules and regulations of the foreign jurisdiction and its stock exchange, except to any extent that the foreign stock exchange rules are contrary or inconsistent with the ASX Listing Rules.

Schedule 8 Summary of the ESOP

Summary of the key terms of the Employee Share and Option Plan

1. The Plan is to extend to Eligible Persons or Eligible Associate (as the case may be) of the Company or an Associated Body Corporate of the Company as the Board may in its discretion determine.
2. The total number of Securities which may be offered by the Company under this Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
 - (a) an employee incentive scheme covered by ASIC CO 14/1000; or
 - (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
3. The Shares are to be issued at a price determined by the Board.
4. The Options are to be issued for no consideration.
5. The exercise price of an Option is to be determined by the Board at its sole discretion.
6. The Option Commencement Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.
7. The Option Period commences on the Option Commencement Date and ends on the earlier of:
 - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years;
 - (b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
 - (1) the expiry of the Option Period; or
 - (2) 6 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;
 - (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
 - (1) the expiry of the Option Period; or
 - (2) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
8. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:

- (a) subject to paragraph 2, the total number of Shares and Options to be offered in any 1 year to Eligible Persons or Eligible Associates;
 - (b) the Eligible Persons to whom offers will be made; and
 - (c) the terms and conditions of any Shares and Options granted, subject to the Plan.
9. In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.
10. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
11. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the Plan.
12. The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
13. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
14. The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
15. The Board may vary the Plan.
16. The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
17. At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it shall provide information as to:
- (a) the Current Market Price of the Shares; and
 - (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,
- to any Participant within 3 Business Days of a written request to the Company from that Participant to do so.
18. Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.
19. In this Plan:

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.