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ASX Release

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QUARTERLY ACTIVITIES REPORT

Highlights

- Due Diligence of Xped Holdings Limited completed
- \$2m equity placement to strategic and institutional investors
- KTM Capital appointed as lead manager for Prospectus Offer up to \$8m
- EAS Advisors appointed to assist future opportunities in North America
- Sale of Pryme Energy shares paves way for new direction
- Xped granted patents in Singapore and China
- Technical Expert Review on Xped
- Xped and UniSA make energy research study possible

Completion of Due Diligence on Xped Holdings Limited

As announced on 26th October Raya entered into a binding Heads of Agreement (**HOA**) with the key shareholders of Xped Holdings Ltd (**Xped**) to acquire all of the issued capital in Xped.

On the 4th November Raya received the rights to acquire 100% of Xped following the agreement from all minority shareholders in Xped who accepted the terms.

An announcement was made on 1st December indicating that Raya and the Xped Vendors have formally and satisfactorily completed their Due Diligence, and Raya would proceed in acquiring 100% of the shares in Xped.

The Company is of the view that the acquisition of Xped will create a significant opportunity for both Raya Group and Xped stakeholders, enabling Xped to become a major force in the lucrative "INTERNET OF THINGS" (**IoT**) market.

Raya spent considerable time and effort on ensuring the Xped transaction continued to progress as quickly as possible with the intention for completion of the acquisition by March 2016.

\$2m equity placement to strategic and institutional investors

Raya advised to the market on 10th November it had completed a placement of \$600,000 to a strategic investor under Section 708A at a price of 2c per share. The strategic investor was to originally receive additional 10,000,000 shares pending shareholder approval but this was subsequently cancelled following a revised capital structure as per Prospectus lodged on 18th January 2016.

On the 20th November the Company announced it had completed a further private placement to a select group of institutional funds and sophisticated investors raising a total of \$1,400,000 to progress the proposed acquisition of Xped. The funds were raised at a price of 3.5c per share.

The 70,000,000 shares issued in the two equity placements were put in a holding lock subject to ASX's escrow treatment until after completion of the Xped transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules, expected to be in March.

The \$2m in funds raised will be utilised for working capital and ongoing costs to progress the Xped acquisition.

Xped granted patents in Singapore and China

The company announced on 23rd November that Xped had received a granted patent for its flagship Auto-Discovery Remote Control (ADRC) platform. The award of the "ADRC Multicontroller Patent", an extended version of the original ADRC patent already awarded in many other jurisdictions, paves the way for mass adoption of ADRC in the region with Singapore well positioned as the technology hub of Asia. Singapore is the first country this patent has been granted and there are many others including the USA and EU where it is still pending examination.

On 1st December, the Company announced that Xped has been awarded a key patent in China for its technology that can create and transfer eCoupons using its unique "tap-to-connect" Internet-of-Things (IoT) solution.

The patent award allows Xped to extend the application of its one-tap process to advanced eCommerce, whereby consumers can receive eCoupons when they use their mobile phones for purchases (such as using Apple Pay) at retailers. The downloaded information may relate to future specials, points of interest, and discounts that have some relevance to the consumer; with the information remaining dormant in the device until a future point in time.

Xped continued to grow its portfolio of patents during the quarter and continues to seek further expansion of its patent portfolio during 2016.

KTM Capital appointed as lead manager for Prospectus raising

Raya announced on 8th December it had appointed leading Sydney based investment bank KTM Capital Pty Ltd (KTM) as lead manager for the proposed Prospectus Offering (**Offering**).

KTM assisted Raya with the roadshow presentations during month of December with leading institutions and funds located in Asia, North America and Australia.

Initially KTM was preparing to raise up to \$6.8m but with overwhelming feedback from the institutions and funds visited this figure was revised to \$8m under the terms of the Prospectus lodged on 18th January 2016.

A supplementary prospectus was subsequently lodged with ASIC on the 28th of January which is to be read in conjunction with the Prospectus for any investor considering applying for share allocation.

EAS Advisors appointed for North America

On the 18th January 2016, the Company announced the appointment of EAS Advisors, LLC (“EAS”) as North American corporate advisors to the Company.

EAS is a New York based investment advisory firm founded in 2008, with a strong and successful track record in exposing ASX listed companies to US investors and industry partners

In addition to exposure to US investors, EAS provides public and private companies with access to local industry contacts to enhance their growth and expansion.

Technical Expert Review on Xped

As part of the transaction with Xped, the Company sought an independent technology expert to review and produce a report on their findings regarding Xped and its technologies.

The report was completed by Flocom Consulting and announced to the market on 23 December 2015. The technical expert review was later referenced by the Independent Expert engaged to assess the Xped transaction as being “fair and reasonable”.

The company was pleased that the Independent Expert deemed the transaction as “fair and reasonable” and full details regarding the expert’s report and conclusion was released as part of the Notice of Meeting lodged on the 28 January.

Xped and UniSA make energy research study possible

The company announced on 22 December 2015, that Xped and UniSA are working together to build an energy monitoring system that will encompass the “revolutionary” and “patented” ADRC (Auto Discovery Remote Control).

The equipment based on Xped’s ADRC technology makes it very easy to install and configure as well as providing a very high level of data security. Appliances are connected to Smart Plugs that accurately measure the real power consumed as well as usage patterns. Data is collected via a secure hub, compressed and then uploaded to the cloud form where it can be conveniently accessed for detailed analysis. It is expected that field trials of the new energy monitoring system will begin in January 2016.

Sale of Pryme Energy Shares

On 12th October the Company sold its entire holding in Pryme Energy via on market trades and received funds totalling \$667,000 after brokerage. The timing and disposal of the Pryme investment followed an opportunity to progress with the acquisition opportunity of Xped Holdings.

Update on Current Projects

Sokoria Geothermal Project

The Company currently is awaiting approval from PLN on the Transmission Line Study tariff proposal for the Sokoria Geothermal Project with negotiations still ongoing.

During the quarter Raya and Bakrie continued informal discussions with a large European Power group to discuss potential involvement with the Sokoria Project. Whilst the discussions remain early, this party hold all the capabilities to develop and fund the project should they wish to participate. They will continue to review Sokoria and other projects in the region and will advise their intentions when ready.

Ngebel and Dairi Prima Geothermal Projects

These projects were fully impaired at 30th June and the company will seek to divest its interest following the Xped acquisition and becoming an IoT technology company.

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

Australian Geothermal Projects

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

As noted in the Prospectus lodged on 18th January 2016, the Company will look to divest its impaired geothermal assets as it seeks to become an IoT company following the Xped acquisition.

Corporate

R & D Tax Rebate

Raya completed its claim for the R and D Tax Rebate credit of \$64,500

Director Resignation

The Company advised on 22nd October that Daniel Lanskey has retired from the board.

Annual General Meeting held

On the 25th November an Annual General Meeting (“AGM”) was held to put forward the Company’s Financial Reports and consider a number of resolutions to shareholders.

All resolutions were passed in favour.

Mining Tenements held at the end of the Quarter:

Australia

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

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

Indonesia

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

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

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

Mining Tenements disposed of during the Quarter:

Nil

Finance and Administration

Cash Holdings

At the end of the quarter, the Company's cash position stood at approximately \$2,577,000

Equity Holdings

The company disposed of its equity investment in Pryme Energy (ASX:PYM) and currently does not hold any shares.

HSEC

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

Shareholdings

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

Equity Category	Details	Number on Issue
Listed Ordinary Shares	<u>ASX : RYG</u>	648,664,310
Unlisted Ordinary Shares		70,000,001
Listed Options	<u>ASX : RYGOB</u> Strike Price of \$0.015 Expiry 21 July 2016	381,052,357
Unlisted Options	Strike Prices from \$0.75 to \$1.50 Expiring 15/12/16	1,100,000