



Level 6, 412 Collins Street
MELBOURNE VIC 3000
Ph (03) 9642 0655 Fax (03) 9642 5177
www.rayagroup.com.au

29 April 2014

Quarterly Activities Report

Highlights

- Salamander-1 well site removal of liquids from ponds and sumps;
- Progress towards execution of Sokoria PPA for full 30MW
- New project opportunities under review

Update On Current Projects

Indonesian Geothermal Projects

The company previously announced a Heads of Agreement (“HOA”) with international project developer Space Con Pty Ltd (“Space Con”) and subsequent extension until 28th March 2014.

Space Con are financing the development with the backing of large Korean Institutional banks and they have the strong support of Korean based EPCM contractors for the development and management aspects of the projects.

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All parties including Space Con met recently in Indonesia for further discussion on proposed terms and funding requirements for the projects. Space Con provided their continual commitment to the development of the projects once PPA is approved.

Raya has been consulting with Bakrie and the relevant Indonesian authorities on obtaining the Sokoria PPA to allow us to move forward with a funding party. Sokoria PPA discussions have been progressing for the full 30MW required with PLN and they have expressed approval on certain conditions. Discussions with PLN and parties continue and Raya looks forward to reaching this PPA milestone.

All other in-country works have been put on hold until the execution of the PPA's is achieved.

Australian Geothermal Projects

Raya has completed the site works involving the removal of mud and other contents in the sumps and the pond liners at the Salamander-1 well site.

Raya continues to liaise with Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) for ongoing restoration work.

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

New Project Opportunities

Raya is currently reviewing a number of potential project opportunities (comprising both energy and precious metals projects) within Indonesia and other countries, with the main emphasis on improving shareholder wealth.

Recent review of a number of potential projects identified a Heavy Oil opportunity in North America with Raya engaging consultants to investigate further.

Raya is also in early discussions with another party for an energy related opportunity and further details will be advised should agreements be reached.

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Corporate

HY Financial Accounts

The company recently engaged Pitcher Partners as independent auditor for the financial report of Raya Group Limited for the half year ended 31 December 2013.

The auditor was satisfied with the current financial state of the company.

Cost Reduction Initiatives

Significant cost reductions continue to be implemented in all areas of the business, and the Directors are satisfied expenses are well maintained putting relief on any cash burn. The company wishes to preserve its cash holdings for the present time whilst it seeks new opportunities.

Directors are mindful of the financial environment that small companies are currently operating in, and will continue to preserve capital as a matter of focus.

Mining tenements held at the end of the quarter:

Australia

Penola Trough: Areas GEL 223 and GEL 484 in the south-east of South Australia. These tenements are 100% owned by the Raya group.

Limestone Coast: Areas GEL's 170, 171, 172, 173, 184, and 212 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.

India

Puga Geothermal Project: a joint venture between Raya and Geosyndicate Power Private, in the Himalayan Geothermal Province of Northern India, under which Raya is earning into a 49% interest. Raya is the Operator of this Project

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Mining tenements disposed of during the quarter:

Australia

Cooper Basin: Areas GEL's 220, 221 in the Cooper Basin region of South Australia. These tenements were 100% owned by the Raya group.

Finance and Administration

Cash Holdings

At the end of the quarter, the Company's cash position stood at approximately \$884,000

HSEC

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

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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>	342,483,029
Listed Options	<u>ASX : RYGOB</u> Strike Price of \$0.015 Expiry 21 July 2016	257,800,000
Listed Options	<u>ASX : RYGO</u> Strike Price of \$0.10 Expiry 31 December 2014	15,755,160
Listed Options	<u>ASX : RYGOA</u> Strike Price of \$0.40 Expiry 8 July 2014	7,223,617
Unlisted Options	Strike Price of \$0.015 Expiry 8 April 2016	15,000,000
Unlisted Options	Strike Prices from \$0.40 to \$3.00 Expiring between 4/12/13 to 14/12/16	1,535,000

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Raya Group Limited

ABN

ABN 89 122 203 196

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(107) (194)	(170) (883)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	3	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Rand D Rebate received)		285
Net Operating Cash Flows	(298)	(758)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	298	(758)

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(298)	(758)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		1,547
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(18)	(25)
1.18	Dividends paid		
1.19	Other (Share issue costs)	(7)	(168)
	Net financing cash flows	(25)	1,354
	Net increase (decrease) in cash held	(323)	596
1.20	Cash at beginning of quarter/year to date	1207	288
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	884	884

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	69
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

Nil such

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Mining exploration entity and oil and gas exploration entity quarterly report

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

Nil such

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	150
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	884	1,207
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	884	1,207

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	342,483,029	342,483,029	All fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)			

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Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	15,755,160 7,223,617 257,800,000 15,000,000 60,000 20,000 40,000 157,500 157,500 475,000 150,000 100,000 100,000 275,000	15,755,160 7,223,617 257,800,000	Strike Price of \$0.10 Strike Price of \$0.40 Strike Price of \$0.015 Strike Price of \$0.015 Strike Price of \$3.00 Strike Price of \$3.00 Strike Price of \$1.80 Strike Price of \$0.40 Strike Price of \$0.60 Strike Price of \$0.75 Strike Price of \$1.00 Strike Price of \$1.25 Strike Price of \$1.50 Strike Price of \$1.00	Expiry 31/12/14 Expiry 08/07/14 Expiry 21/07/16 Expiry 08/04/16 Expiry 04/12/13 Expiry 30/06/13 Expiry 30/07/14 Expiry 29/07/14 Expiry 29/07/14 Expiry 14/12/16 Expiry 14/12/16 Expiry 14/12/16 Expiry 14/12/16 Expiry 14/12/16
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				


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Compliance statement

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

Sign here:

 Date: 29.4.2014
(Director/Company secretary)

Print name:

JULIE HALSTED

Notes

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

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