



Raya Group Limited

ABN 89 122 203 196

**Annual Financial Report
for the financial year ended
30 June 2015**

For personal use only

Raya Group Limited

ABN 89 122 203 196

Annual Financial Report – 30 June 2015

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Corporate Directory

Directors

Mr Athan Lekkas, Chairman
Mr Michael Clarke, Non-Executive Director
Mr Brendan de Kauwe, Non-Executive Director
Mr Daniel Lanskey, Non-Executive Director

Company Secretary

Ms Julie Edwards

Notice of Annual General Meeting

The annual general meeting of Raya Group Limited will be held at:

The Watson
33 Warwick Street
Walkerville SA 5081

Time: 10.30am

Date: 25 November 2015

Principal Registered Office in Australia

Level 6, 412 Collins Street
Melbourne, Victoria. 3000

Share Registry

Automatic Registry Services
PO Box 223
West Perth
WA 6005

Phone: 1300 288 664
Overseas Callers: 61 8 9324 2099
Facsimile: 61 8 9321 2337

Auditor

Pitcher Partners
Chartered Accountants
Central Plaza One
345 Queen Street
Brisbane 4000

Stock Exchange Listing

Australian Securities Exchange Ltd
RYG – Listed Ordinary Shares
RYGO - Listed Options Over Ordinary Shares
RYGOA – Listed Options Over Ordinary Shares
RYGOB – Listed Options Over Ordinary Shares

Website Address

www.rayagroup.com.au

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group" or "Raya") consisting of Raya Group Limited and its controlled entities for the financial year ended 30 June 2015.

Directors

The following persons were directors of Raya Group Limited during the financial year and up to the date of this report unless otherwise stated:

Mr Athan Lekkas	Chairman
Mr Daniel Lanskey	Managing Director (appointed 14 Jan 2015)
Mr Michael Clarke	Non-Executive Director
Mr Brendan de Kauwe	Non-Executive Director (appointed 22 May 2015)
Mr Geoff Barnes	Executive Director (non-executive director up until 7 October 2014, resigned 2 March 2015)
Mr Russell Langusch	Non-Executive Director (resigned 1 Dec 2014)

Company Secretary

Ms Julie Edwards

Principal Activities

The principal activity of the group during the course of the financial year was the exploration of geothermal opportunities in Australia, India, Indonesia and United States of America.

Dividends

The directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the year.

Review of Operations

The following provides a summary of Raya's activities and achievements during the course of the financial year:

Raya is an Australian-based exploration and development company that has seen further progress in its Sokoria geothermal JV project with PT Bakrie Power, including an executed PPA and transmission line study completed during the year.

During the December Quarter of 2014, the Company acquired oil and gas leases in northern Oklahoma with the support and guidance of ASC Resources Pty Ltd, who had previous success in the Mississippi Lime play. Daniel Lanskey from ASC Resources, joined the board of Raya in January 2015 and continued to oversee the USA project.

Raya and Empire Energy Limited (ASX:EEG) entered into a Joint Operating Agreement to undertake a low cost vertical well development program on an area of mutual interest in Kay and Noble Counties, Oklahoma. However, during the June Quarter 2015, following the downturn of the oil price and no near term certainty of recovering the Company decided to forego continuing the investment and successfully entered a sale agreement with Pryme Energy Limited (ASX:PYM).

On July 1, 2015, the Purchase and Sale Agreement with Pryme was completed and Raya received 100 million fully paid PYM shares and \$250,000. Under the agreement, Raya stands to receive further cash payments upon the success of the first two wells.

Raya implemented further cost cutting exercises across its operations and subsequently terminated consulting agreements with numerous parties to help preserve cash in the Company whilst uncertainty increased in the global market outlook.

As noted in recent ASX announcements, Raya appointed Otsana Capital as strategic adviser to identify new project opportunities and assist with funding requirements.

Raya has reviewed a number of potential investment opportunities during the June Quarter and continues to examine new business alternatives including some outside of energy with the main emphasis on improving shareholder wealth.

HIGHLIGHTS OF THE YEAR

Board Restructure / Funding / Corporate

- On the 23rd July the Company announced it had secured the services of ASC Resources Pty Ltd ("ASC") to assist in acquiring onshore oil and gas development projects in the USA. As part of this agreement, ASC's remuneration was by way of monthly fees and issued shares (10,000,000 shares) of RYG. Additionally, if certain milestones are met over the engagement period, ASC will receive further share parcels in RYG. The management team at ASC Resources includes Dr Peter Power, Dr Victor Wan and Mr Daniel Lanskey. Dr Power and Mr Lanskey were previously founding Directors of Austex Oil Limited (ASX: AOK).

- On the 30th July, Tranche 1 of the Capital Raising for \$250,000 was completed via a placement to sophisticated investors. The placement consisted of 16,666,667 fully paid ordinary shares at an issue price of \$0.015 per share along with a free attaching option exercisable on the same terms as the existing option series at 1.5 cents on or before the 21st of July 2016.

Directors' Report (continued)

- On the 18th August, Raya announced that 2,500,000 shares were issued to Peloton Capital Pty Ltd ("Peloton") as part of the services agreement entered into in May 2014.
- On the 8th October, Raya held its Extraordinary General Meeting (EGM) with all 14 resolutions passed in favour. The EGM allowed the Company approval to complete its issue of Shares under the previously announced Capital Raising and future approvals of milestone targets.
- On the 22nd October, Tranche 2 of the Capital Raising for \$500,000 was completed following approval of Resolution 3 at the recent EGM. ASC Resources subscribed for a further 33,333,333 fully paid ordinary shares at \$0.015 per share with free attaching option.
- Raya lodged and received its claim for the R and D Tax Rebate of \$196,650 in the December quarter.
- On 19th November, the Company announced that acquisition of oil and gas leases within an identified Area of Interest (AOI), in Oklahoma, USA, was underway. The new leases are being acquired with a 100% Working Interest and an 81.25% Net Revenue Interest with a 3 year primary term and a 2 year bonus term. Raya is focused on acquiring acreage with near term revenue possibilities and plans to undertake a low cost vertical well development program in the future.
- As per announcement on 23rd December, the Company had completed a placement of \$200,000 to sophisticated investors under Section 708A. ASC Resources as a significant shareholder in Raya continued its support by further subscribing for some of the shares.
- Raya announced on 2nd February it had executed a joint venture arrangement with Empire Energy Group Limited to jointly identify, acquire and develop oil and gas leases in an exclusive Area of Mutual Interest (AMI) in Northern Oklahoma. Empire will be the designated Operator of the joint venture activities.
- Raya advised to the market on 26th February it had completed a placement of \$401,500 to sophisticated investors. The funds were raised under additional placement capacity (Resolution 4) as approved by shareholders at the Annual General Meeting held on 27th November 2014.
- The company successfully agreed by mutual consent to terminate existing agreements with ASC Resources and Peloton Capital, and without any penalties whilst removing all future obligations on the Company.
- Raya advised to the market on 25th May it had completed a placement of \$540,500 to sophisticated investors and issued 108,100,304 fully paid ordinary shares in the Company. The placement was led by Otsana Capital Pty Ltd who become the company advisers following the raise.
- Dr Brendan de Kauwe was appointed as a Non-Executive Director on 22nd May 2015.
- As announced on 29th June. Raya had executed a Purchase and Sale Agreement with (PSA) with Pryme Energy Limited for the sale of US acreage and interests (Acreage) held by Raya's subsidiary OP1 Corp (OP1).

The consolidated entity realised a loss after tax for the full-year of \$2,923,589 (30 June 2014: loss of \$881,401).

Directors' Report (continued)

Indonesian Projects:

- On 2nd October 2014, Raya announced that together with its Joint Venture Partner "PT Bakrie Power", a final "Power Purchase Agreement" ("PPA") has been agreed between PT PLN (Persero) and PT Sokoria Geothermal Indonesia ("SGI"). SGI also obtained a "Temporary Electricity Business License" (IUPTLS) from the Indonesian Directorate General of Electricity.
- On 8th October 2014, Raya announced the "Power Purchase Agreement" ("PPA") for Sokoria had been executed between PT PLN (Persero) and PT Sokoria Geothermal Indonesia ("SGI").
- On 23rd January 2015, Raya and its JV partner Bakrie Power announced they have entered into a Heads of Agreement ("HoA") with Space Con Pty Ltd ("SpaceCon") for the sale and purchase of 85% of the Sokoria Geothermal Project.
- Subsequently on 20th March, the Heads of Agreement ("HoA") between Raya Group, PT Bakrie Power and Space Con Pty Ltd ("SpaceCon") was terminated. The agreement ended following failure of purchaser to remit USD \$250,000 deposit and provide requested materials needed to support change of shareholders with the Indonesian authorities.
- At the end of January the Sokoria project team submitted its initial transmission study proposal. Discussions continue with PLN regarding the transmission tariff and further engagement with various EPC and Funding Groups continues.
- The company has spent little time and cash towards Dairi Prima and Ngebel projects during the financial year. A review has taken place at year end and both projects will be fully impaired with the focus to remain on Sokoria geothermal project.

Other Projects – Australia and USA

- A new work program was submitted to Department of State Development (DSD) and subsequently approved, outlining future spending and also the removal of an \$8m future well expenditure.
- Little time or cash was expended on Australian projects during the year other than required care and maintenance.
- Acquisition of oil and gas leases began in Northern Oklahoma, USA with intent on near term revenue possibilities and plans to undertake a low cost vertical well development program. Market sentiment led to difficulty in raising of capital and Raya subsequently entered an agreement with Pryme Energy Limited (Pryme) in June 2015 for it to acquire the leases for a cash consideration of \$250,000 and 100,000,000 fully paid ordinary shares in Pryme. The consideration payment was made on 1st July to Raya and the company awaits the drilling results of the first 2 wells where it stands to receive a further \$350,000 pending a successful outcome.

Health, Safety, Environment and Community

- During the year under review, there were no reportable incidents relating to health, safety, or community related matters.
- No business objective will take priority over the Occupational Health and Safety Policy and the Company's record of achievement in this important area of its activities will form an essential part of the measure of its overall success.

Significant changes in the nature of activities

Other than as disclosed in this report, there were no other changes in the nature of activities that occurred during the course of the financial year.

Matters Subsequent to the End of the Financial Year

The following events have occurred subsequent to the end of the financial year but prior to the date of this report, the financial effects of which have not been reflected in this financial report for the year ended 30th June 2015:

On the 29th June 2015 Raya entered into a Purchase and Sale Agreement with Pryme Energy Limited for the sale of US acreage and interests (Acreage) held by Raya's subsidiary OP1 Corp. This agreement was executed on 1 July 2015 with Raya receiving 100,000,000 fully paid ordinary shares in Pryme and \$250,000 AUD cash.

On 20th July Raya changed its Share Registry provider to Automic Registry Services for shareholders.

On 29th July 2015 Raya purchased an additional 35,014,214 shares in Pryme Energy Limited for \$162,500. This brings the total number of shares held to 135,014,214 with a voting power of 13.4%.

An Extraordinary General Meeting was held on 24 September 2015 to approve the issues of shares, Directors' Fee Plan and amendments to the Constitution. All resolutions were approved.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's affairs, in subsequent financial years other than as disclosed above and in Note 29 in the accompanying financial report.

Likely Developments and Expected Results of Operations

The Group proposes to continue exploring and developing the Sokoria Geothermal Project joint venture with Bakrie Power subject to finding a suitable investment/funding partner and to pursue a portfolio pipeline of additional non-geothermal projects with the objective of increasing shareholder value and shareholder wealth.

Further information in relation to likely developments and the impact on the operations of the Group has not been included in this report, as the directors believe it would result in unreasonable prejudice to the Group.

Environmental Regulation

The Group is required to carry out its activities in accordance with regulations determined by statute and regional entities in the areas in which it undertakes its exploration, development and production activities. The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Significant Changes in State of affairs

Other than as disclosed in this report and the accompanying financial report, there were no other significant changes in the Group's state of affairs during the course of the financial year.

Information on Directors

Athan Lekkas **Chairman**

Qualifications

AICD
Diploma Business Management

Age

39

Experience and expertise

Mr Lekkas has participated in a broad range of business and corporate advisory transactions, and has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed companies with a specific interest in the resources sector.

Most recently he was a Director of Energo Limited, and was instrumental and successful with identifying and ensuring the acquisition of a major West African Iron Ore project.

Other current directorships

First Growth Funds Limited

Former directorships in last 3 years

Nil

Special responsibilities

Chairman of the Board
Chairman of the Remuneration Committee
Member of the Audit Committee

Interests in shares and options

23,700,000 listed ordinary shares (RYG)
19,000,000 listed options over ordinary shares (RYGOB)

Daniel Lanskey **Managing Director**

Qualifications

Graduate Certificate in Entrepreneurship and Venture Development

Age

53

Experience and expertise

Mr LANSKEY has over 10 years' experience in the energy industry and from 2006 until January 2014 was a Founder and Managing Director of Austex Oil Limited (AOK:ASX - OTCQX:ATXDY), which is now a successful US operating oil and gas production company. At AOK, Mr Lanskey oversaw the Initial Public Listing on the Australian Securities Exchange and subsequent listing on the OTCQX and TSXV and was integral in all capital raising undertaken by the Company. Prior to the oil and gas industry he was involved in the Information Technology industry both in Australia, Asia and North America.

Other current directorships

ASC Resources Pty Ltd
Pryme Energy Limited

Former directorships in last 3 years

AusTex Oil Limited

Special responsibilities

Managing Director
Member of the Remuneration Committee
Member of the Audit Committee

Interests in shares and options

52,990,474 listed ordinary shares (RYG)
33,333,333 listed options over ordinary shares (RYGOB)

Information on Directors (continued)

Michael Clarke
Director – Non-Executive

Qualifications

MAICD, ACS, Diploma of Business, Diploma of Management.

Age
39

Experience and expertise

Mr Clarke has over 19 years' experience in the IT industry and has worked across both public and private enterprise during his career. He has broad experience in the development and management of enterprise and complex systems and worked at many senior levels during this time. Mr Clarke has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education.

Other current directorships

First Growth Funds Limited

Former directorships in last 3 years

Nil

Special responsibilities

Chairman of the Audit Committee
Member of the Remuneration Committee

Interests in shares and options

17,739,797 listed ordinary shares (RYG)
12,500,000 listed options over ordinary shares (RYGOB)

Brendan de Kauwe
Director – Non-Executive

Qualifications

Bachelor of Science
Bachelor of Dental Surgery
Post Graduate Diploma in Applied Finance
Diploma in Music Industry

Age
38

Experience and expertise

Dr de Kauwe is an experienced corporate advisor, specialising in information technology and life sciences. He has held numerous Board positions in ASX Listed companies and has particular expertise in corporate structures and recapitalisations with Otsana Capital.

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

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

Other current directorships

ACE Limited

Former directorships in last 3 years

Actinogen Limited – September 2013 to December 2014
Prescient Therapeutics Limited – August 2013 to November 2014
Cossack Energy Limited – February 2012 to July 2013

Information on Directors (continued)

Special responsibilities

Member of the Audit Committee
 Member of the Remuneration Committee

Interests in shares and options

NIL

Company Secretary

Julie Edwards

During her extensive career, Julie has had significant experience and involvement in management of the accounting and finance functions.

She holds a Bachelor Degree in Commerce, is a member of CPA Australia, holds a CPA Public Practice Certificate and is a registered Tax Agent.

Meetings of Directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director are as follows:

	Full meetings of directors		Meetings of Committees			
	A	B	Audit		Remuneration	
			A	B	A	B
Athan Lekkas	7	7	2	2	0	0
Daniel Lanskey	4	4	1	1	0	0
Michael Clarke	7	7	2	2	0	0
Brendan de Kauwe	1	1	0	0	0	0
Geoff Barnes	5	3	1	0	0	0
Russell Langusch	1	1	1	1	0	0

A = Number of meetings held during the time the director held office or was a member of the committee during the year
 B = Number of meetings attended

Shares under Option

Unissued ordinary shares of Raya Group Limited under option at the date of this report are as follows:

Grant Date	Vest Date	Expiry Date	Exercise Price	Number of Options	
15/12/2011	Fully Vested	15/12/2016	\$0.75	475,000	Unlisted
15/12/2011	Fully Vested	15/12/2016	\$1.25	100,000	Unlisted
15/12/2011	Fully Vested	15/12/2016	\$1.50	100,000	Unlisted
15/12/2011	Fully Vested	15/12/2016	\$1.00	425,000	Unlisted
21/07/2013	Fully Vested	21/07/2016	\$0.015	374,716,667	Listed - RYGOB
23/07/2015	Fully Vested	21/07/2016	\$0.015	15,000,000	Listed - RYGOB
				390,816,667	

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

Shares Issued on the Exercise of Options

During the year no options were exercised. Since the end of the financial year and up to the date of this report, no options have been exercised.

Remuneration Report

(a) Policy for determining the nature and amount of key management personnel remuneration

The remuneration committee of Raya Group Limited is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team. The Board's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

(i) Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Remuneration of non-executive directors is determined by the Board, within the maximum amount approved by the shareholders from time to time (currently set at an aggregate of \$300,000 per annum). The Board intends to undertake an annual review of its performance and the performance of the Board committees against goals set at the start of the year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from time to time from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Group. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

The remuneration of non-executive directors for the year ended to 30 June 2015 is detailed in this Remuneration Report.

(ii) Senior Executive Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board has had regard to market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with all senior executives.

(iii) Variable Remuneration – Short and Long Term Incentives

Objective

The objectives of the incentive arrangements are to:

- Recognise the ability and efforts of the employees of the Group who have contributed to the success of the Group and to provide them with rewards where deemed appropriate;
- Provide an incentive to the employees to achieve the long term objectives of the Group and improve the performance of the Group; and
- Attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group and its employees.

Remuneration Report (continued)

Structure

No formal plan has been implemented at this time. It is proposed that long term incentives granted to senior executives will be delivered in the form of options. At the commencement of each financial year, the Group and each senior executive will agree upon a set of financial and non-financial objectives related to the senior executive's job responsibilities. The objectives will vary but all will be targeted directly to the Group's business and financial performance and thus to shareholder value. It is proposed that short term incentives will be in the form of bonuses paid on the achievement of key performance indicators as the Group and the executives may agree from time to time.

(b) Remuneration, Group performance and shareholder wealth

The development of remuneration policies and structure are considered in relation to the effect on Group performance and shareholder wealth. They are designed by the Board to align Director and Executive behaviour with improving Group performance and ultimately shareholder wealth.

The Board considers at this stage in the Group's development, that share price growth itself is an adequate measure of total shareholder return.

Executives are currently remunerated by basis of remuneration and options. The options granted are considered by the Board to provide an alignment between employees and shareholders interests.

The table below shows for the current financial year and previous four financial years the total remuneration cost of the key management personnel, earnings per ordinary share (EPS), dividends paid or declared, and the closing price of ordinary shares on ASX at year end.

Financial Year	Total Remuneration \$	EPS (Cents)	Dividends Cents	Share Price cents
2015	201,339	(0.67)	-	0.3
2014	253,951	(0.27)	-	1.7
2013	1,131,599	(5.0)	-	1.4
2012	867,462	(6.4)	-	1
2011	997,265	(6.2)	-	2

(c) Key management personnel

Unless otherwise stated, the following persons were key management personnel of Raya Group Limited during the financial year:

<i>Name</i>	<i>Date Appointed</i>	<i>Date Resigned</i>	<i>Position Held</i>
Athan Lekkas	19/02/2013		Chairman
Daniel Lanskey	22/07/2014		Chief Operating Officer / Managing Director from 14/01/2015
Michael Clarke	19/02/2013		Non-Executive Director
Brendan de Kauwe	22/05/2015		Non-Executive Director
Russell Langusch	12/08/2013	01/12/2014	Non-Executive Director
Geoff Barnes	26/08/2013	02/03/2015	Non-Executive Director / Chief Operating Officer

(d) Details of remuneration

Compensation paid, payable or provided by the Group or on behalf of the Group, to key management personnel is set out below. Key management personnel include all directors of the Group and certain executives who, in the opinion of the Board and Managing Director, have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Remuneration Report (continued)

2015	Short-term employee benefits	Post-employment benefits	Termination benefits	Share-based payments		Total	Proportion of remuneration that is performance based %
Name	Cash salary and fees \$	Super-annuation \$	Cash \$	Shares \$	Options \$	Total \$	
<i>Non-Executive Directors</i>							
Michael Clarke	45,000	4,275	-	-	-	49,275	-
Brendan de Kauwe	2,023	-	-	-	-	2,023	-
Russel Langusch	30,000	1,781	-	-	-	31,781	-
Geoff Barnes	11,250	1,069	-	-	-	12,319	-
Total Non-Executive Directors	88,273	7,125	-	-	-	95,398	
<i>Executive Directors</i>							
Geoff Barnes	18,750	1,781	-	-	-	20,531	-
Athan Lekkas	78,000	7,410	-	-	-	85,410	-
Daniel Lanskey	-	-	-	-	-	-	-
Total Executive Directors	96,750	9,191	-	-	-	105,941	-
Total Key Management Personnel Compensation	185,023	16,316	-	-	-	201,339	-

2014	Short-term employee benefits	Post-employment benefits	Termination benefits	Share-based payments		Total	Proportion of remuneration that is performance based %
Name	Cash salary and fees \$	Super-annuation \$	Cash \$	Shares \$	Options \$	Total \$	
<i>Non-Executive Directors</i>							
Kerry Parker ⁽¹⁾	19,500	2,372	-	-	-	21,872	-
David Wildy ⁽²⁾	7,500	-	-	-	-	7,500	-
Michael Clarke	45,000	5,513	-	-	-	50,513	-
Russel Langusch	39,919	3,693	-	-	-	43,612	-
Geoff Barnes	38,226	3,536	-	-	-	41,762	-
Total Non-Executive Directors	150,145	15,114	-	-	-	165,259	
<i>Executive Directors</i>							
Athan Lekkas	78,000	10,692	-	-	-	88,692	-
Total Executive Directors	78,000	10,692	-	-	-	88,692	-
Total Key Management Personnel Compensation	228,145	25,806	-	-	-	253,951	-

(1) Resigned 28 August 2013

(2) Resigned 12 August 2013

No bonuses were paid in 2014 or 2015.

(e) Service agreements

On appointment to the Board, all non-executive directors may enter into a service agreement with Raya Limited in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Managing Director and the other key management personnel are also formalised in service agreements. Each of these agreements provides for the provision of performance-related cash bonuses.

The group entered into an agreement with Mr Daniel Lanskey as Director of ASC Resources Pty Ltd in July 2014. Mr Lanskey was appointed as the Chief Operating Officer on a monthly retainer of \$20,000 and an initial share consideration of 10,000,000 Raya shares. The agreement allowed for a further share issue of up to 70,000,000 fully paid ordinary shares in the Company on a progressive basis upon certain operational and commercial milestones being achieved by ASC Resources. The consultancy agreement was cancelled in April 2015 with no further shares issued.

No other service agreements exist as at 30 June 2015.

Remuneration Report (continued)

(f) Share-based compensation

Options are granted to attract and retain key management personnel.

The board has rules that contain restrictions on removing the 'at risk' aspect of the options granted to executives. Executives may not enter into any transactions designed to remove the 'at risk' aspect of an instrument before it vests.

There are no performance hurdles attaching to the options granted other than service vesting conditions. In the event of termination (specified circumstances) only vested options are entitled to be exercised. Unvested options are forfeited.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

For each grant of options, the percentage of the grant that vested in the financial year, and the percentage that was forfeited because the person did not meet the service performance criteria is set out below. The options usually vest after 2-3 years. No options will vest if the service conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

There are currently no options affecting remuneration in the current or a future reporting period.

During the year there were no alterations to the terms and conditions of options granted since their grant date.

No additional options were granted during the financial year, and all options that had vested were not forfeited at the date of resignation.

(g) Equity instruments disclosures relating to key management personnel

(i) Unlisted option holdings

There were no unlisted options over ordinary shares in the company held during the financial year by directors of Raya Group Limited and other key management personnel of the Group, including their personally related parties.

(ii) Share holdings

The number of shares in the company held during the financial year by each director of Raya Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2015	Balance at the start of the year	Acquired during the year	Appointed/ (Resigned)	Balance at the end of the year
Name				
Directors of Raya Group Limited				
Ordinary shares				
A Lekkas	19,511,112	4,188,888	-	23,700,000
M Clarke	16,100,000	1,639,797	-	17,739,797
D Lanskey	-	1,558,329	51,432,145	52,990,474
B de Kauwe	-	-	-	-
R Langusch	-	-	-	-
G Barnes	10,950,598	3,011,532	(13,962,130)	-

(iii) Listed option holdings (ASX: RYG and RYGOA)

Nil

(iv) Listed option holdings (ASX: RYGOB)

2015	Balance at the start of the year	Acquired During the year	Appointed/ (Resigned)	Balance at the end of the year
Name				
Directors of Raya Group Limited				
A Lekkas	19,000,000	-	-	19,000,000
M Clarke	12,500,000	-	-	12,500,000
D Lanskey	-	-	33,333,333	33,333,333
B de Kauwe	-	-	-	-
G Barnes	12,000,000	-	(12,000,000)	-
R Langusch	-	-	-	-

(h) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year.

(i) Other transactions with key management personnel

During the period, Raya Group Ltd entered into a consultancy services agreement with ASC Resources, an entity controlled by Daniel Lanskey. \$335,000 (June 2014: \$NIL) has been expensed during the year in relation to these services. This is comprised of \$185,000 of fees paid in cash and 10,000,000 (valued at \$150,000) of shares issued to ASC Resources. As part of this consultancy agreement, ASC Resources could have received a further 70,000,000 shares in Raya if certain milestones are met. The consultancy agreement was cancelled in April 2015 with no further shares issued.

Mr Athan Lekkas and Mr Michael Clarke are Directors and Shareholders of the Company "Resource Capital Finance and Advisory Pty Ltd" ("RCFA") which provided Company Secretarial and Management Services to Raya Group Limited at commercial rates. An agreed monthly charge of \$15,000 per month plus GST is charged for these services with additional fees for capital raising and accounting services. During the financial year, there was no fees charged by RCFA to Raya Group Limited (2014: \$74,813).

There were no other transactions with key management personnel other than reimbursement of expenses incurred by them in performing their respective duties.

Insurance of Officers

During or since the end of the year, the Group has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by the *Corporations Act 2001*.

During the year, the Group paid premiums in respect of directors' and officers' indemnity insurance contracts for the period ended 30 June 2015. The insurance contracts offer continuing indemnity to officers of the Group where the person is no longer an officer at the time the claim is made. The Group paid a premium of \$19,800 (2014: \$16,500) to insure the directors of the Group during the financial year. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Group

The Group is not aware that any person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2015 \$	2014 \$
Audit services		
<i>Pitcher Partners</i>		
Audit and review of financial reports	41,500	38,020
Taxation services		
<i>Pitcher Partners</i>		
Tax and other services	2,000	4,480
Total remuneration	43,500	42,500

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Athan Lekkas
Director

Brisbane
25 September 2015



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ROSS WALKER
KEN OGDEN
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JASON EVANS
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

The Directors
Raya Group Limited
Level 6, 412 Collins Street
Melbourne, Victoria. 3000

Dear Sirs

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Raya Group Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Raya Group Limited and the entities it controlled during the period.

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
25 September 2015

For personal use only

Corporate Governance Statement

The Board of Directors of Raya Group Limited (“the Company”) is responsible for the corporate governance of the Company and is committed to achieving and demonstrating the highest standards of corporate governance.

Raya Group Limited’s Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council’s “Corporate Governance Principles and Recommendations” as revised in March 2014 the Principles of which are as follows:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote Ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – Role of the Board and Management

The Board operates in accordance with the broad principles set out in this charter which is available from the investor information section of the Company website at www.rayagroup.com.au/investors.htm. The charter details the board’s composition and responsibilities.

The charter states:

- the board will comprise a suitable mix of non-executive directors and executive directors. Non-executive directors bring a fresh perspective to the board’s consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management;
- in recognition of the importance of independent views and the board’s role in supervising the activities of management, it is preferred that the Chairman should be an independent non-executive director, the board must be independent of management and all directors are required to bring independent judgement to bear in their board decision making;
- the Chairman is elected by the full board and is required to meet regularly (either formally or informally) with the Chief Executive Officer;
- the Company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience; and
- the board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the Group.

The Board delegate’s responsibility for the operation and administration of the Company, including day-to-day management of Raya Group’s affairs and the implementation of corporate strategy and policy initiatives, to the Chief Executive Officer (the “CEO”) and the Senior Executives.

The responsibilities of the board include:

- providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring :
 - organisational performance and the achievement of the Company’s strategic goals and objectives;
 - compliance with the Company’s Code of Conduct; and
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company’s auditors;
- appointment, performance assessment and, if necessary, removal of the Chief Executive Officer;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation; and
- overseeing the operation of the Company’s system for compliance and risk management reporting to shareholders.

Recommendation 1.2 – Director Checks

The Company performs checks on all potential directors and includes checks on a character, education, experience and criminal records. Directors are required to provide consent for the Company to perform such checks

Details of each Director are tabled in the Annual Report and Company website, and include their relevant qualifications and experience and the skills they bring to the Board. Any material directorships currently held are also stated in the Annual Report.

Non-Executive Directors are expected to spend an appropriate portion of time per year preparing for and attending board and committee meetings and associated activities. It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior advice to and agreement by the board.

The commitments of non-executive directors are considered by the Board prior to the directors' appointment to the board of the Company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Directors must have sufficient time to fulfil their duties as a Director of the Company and are required to table any new commitments at Board Meetings.

Recommendation 1.3 – Written Agreement with each Director and Senior Executive

Non-Executive Directors are engaged by the Company under letters of appointment and senior executives are engaged under service contracts. The roles and responsibilities of an appointee are addressed in these agreements.

Directors' remuneration and appointment and service contracts for senior executives are provided in the Remuneration Report within the Annual Report.

Recommendation 1.4 – Company Secretary

The Company Secretary reports directly to the Board, through the Chairman, on all matters to do with the functioning of the Board.

Recommendation 1.5 – Diversity of the Board

The Company recognises that diversity is a critical aspect of effective management of its people and their contributions to the success of the Company.

The Board does not consider it necessary to establish a diversity policy given the relative small size of the Company and its staff.

The Company employs less than 100 staff and is not defined a "relevant employer" under the Workplace Gender Equality Act.

Recommendation 1.6 – Performance of Board

The Board follows an informal process of self-assessment of its performance, and the performance of its committees.

During the reporting period, the Board has undertaken an assessment of individual Directors performance via informal discussions between each Director and the Chairman.

Recommendation 1.7 – Performance of Senior Executives

The Board evaluates management's performance against various criteria and requires senior executives to formally address the Board on execution of strategy and associated issues.

During the reporting period, no Senior Executives were engaged by the Company requiring any assessments to take place.

2. STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – Nomination Committee

Given the small size of the Raya Group Board, the Nomination Committee comprise of the full Board. There is currently no Nomination Committee Charter.

The board seeks to ensure that its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or “fresh” perspective.

The Board regularly reviews its composition to ensure it continues to have the appropriate balance of skills and experience necessary to carry on its duties efficient decision-making. It will make Board appointments as appropriate.

Any director appointed to fill a vacancy must stand for election by shareholders at the next Annual General Meeting. The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election, subject to attaining the age of 70 years when a director will retire, by agreement, at the next AGM and will not seek re-election.

Recommendation 2.2 – Board Skills Matrix

The Company adopts an informal process to review the Board skills at Board meetings without the need for a board skills matrix. The Board benefits from the combination of Directors' individual skills, expertise and experience in particular areas, as well as the varying perspectives and views that arise amongst the Directors and their diverse backgrounds.

The Board believes the skills base of the current Directors is appropriate and adequate for the Company's size.

Recommendation 2.3 - Directors' independence

The following principles apply in respect of the Board:

- The majority of Non-Executive Directors on the Board should ideally be comprised of independent directors, however based on the size of the Company and the Board this may not be possible.
- All Directors, whether independent or not, should bring independent judgement to bear on the board decisions. A procedure will be agreed whereby, in appropriate circumstances, directors can have access to independent professional advice at the Company's expense.
- Non-Executive directors are encouraged to confer regularly without management present, including at scheduled sessions.
- Specifically to be deemed independent, a director must be a non-executive and:
 - not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company. In relation to this, Mr Daniel Lanskey is the representative of ASC Group Pty Ltd (a major shareholder of the Company) and on the board ;
 - within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment;
 - within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
 - not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
 - must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group;
 - not have been on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and / or
 - be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. A transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The non-executive directors are encouraged to meet regularly without the presence of management or executive directors, to discuss the operation of the board and a range of other matters. Relevant matters arising from these meetings are shared with the full board.

Any and all potential conflicts of interest (whether relating to non-executive directors, or to executive directors) are to be notified by the individual director concerned, prior to the matter being formally discussed between Directors. In accordance with the board charter, the directors concerned declare their interests in those dealings to the Company and take no part in decisions relating to them or the preceding discussions. In addition, these directors do not receive any papers from the Group pertaining to those dealings.

Where the independence status of a director changes, the Company will provide immediate notification of such change to the market. Directors' independence and the length of service of each Director is disclosed within the Annual Report.

Recommendation 2.4 – Majority of the Board compose of Independent Directors

There are two non-executive directors of the Board and two executive directors, with two who are independent directors. There are two non-independent directors on the Board.

Recommendation 2.5 – Independent Chairman & Chief Executive Officer

The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the Company's senior executives.

The Chief Executive Officer is responsible for implementing Group strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

There is no Chief Executive Officer at present and the Chairman will oversee the role in times of absence.

Recommendation 2.6 – Induction of Directors and Professional Development

The Company has an established program for the induction of new Directors. This induction covers all the aspects of the Company's operations including the provision of information and meetings with management to ensure that new Directors are able to fulfil their responsibilities and contribute to Board decisions.

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this is not to be unreasonably withheld.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1 – Code of Conduct

The Company supports and has adopted a Code of Conduct for its Directors and employees, which outlines the standards of ethical behaviour and is essential to maintain the trust of all stakeholders and the wider community.

The code recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics and its commitment to ensuring compliance with the insider trading laws.

The insider trading provisions of the Corporations Act have been drawn to the attention of all Directors and executives and it has been agreed that this will be a continuing policy on a regular basis. Directors have all entered into agreements to notify the Company within three days of any dealing in the Company's securities and it is an employment condition that all executives notify the Company within three days of any dealing in the Company's securities.

The Board and management of Raya Group Limited are committed to the Code of Conduct which is based on the Company's core values of acting with integrity, fairness and honesty along with legal and fiduciary obligations to all legitimate stakeholders including shareholders, customers, employees and the broader community.

Confidentiality

Information concerning Raya Group and its clients is confidential and must not be released without authorisation from a manager. Information gained through dealings with clients should only be used in the course of employment.

Privacy Act obligations

Employees must comply with the Privacy Act. Employees have an obligation and personal responsibility to respect clients', and all individuals' rights to privacy. This means doing everything the security of any personal information handled in the course of employment.

Protecting confidential information

Commercially sensitive documents, records and files should be stored securely and not left where visible. Confidential information should not be left on computer screens and computer access passwords must not be shared with others.

Securities trading policy

A copy of the Securities Trading Policy can be found on the Company website at www.rayagroup.com.au

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1 – Audit and Risk Management Committees

The Audit and Risk Committee provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the internal and external audit functions.

The Audit and Risk Committee operates in accordance with a charter which is available on the Company website.

The main responsibilities of the committee are to:

- review, assess and approve the annual report, the half-year financial report and all other financial information published by the Company or released to the market;
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting;
 - compliance with applicable laws and regulations;
- determine the scope of potential internal audit requirements;
- oversee the effective operation of the risk management framework;
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit and risk committee:

- receives regular reports from management and external auditors;
- meets with external auditors at least twice each year, or more frequently if necessary;
- reviews the processes the CEO and CFO have in place to support their certifications to the board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors as required without the presence of management; and
- provides the external auditors with a clear line of direct communication at any time to either the Chairman of the audit committee or the Chairman of the board.

The audit and risk committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. Each Committee member has access to the external auditors and the auditor has access to each Committee member and members of management.

The audit and risk committee currently consists of the following directors, and the majority are independent directors:

- Michael Clarke (Chairman)
- Athan Lekkas
- Daniel Lanskey
- Brendan de Kauwe

Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee met are detailed within the Directors' Report with the Annual Report. The Chairperson of the audit and risk committee is a non-executive director and is not the chairperson of the Board and is deemed independent.

Recommendation 4.2 – Declaration from the CEO and CFO

The Chief Executive Officer and Chief Financial Officer, at the end of each six month period, make the following certifications to the board:

1. that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards;
and
2. that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Recommendation 4.2 – External Auditors

The Company and audit and risk committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Pitcher Partners (Brisbane), were appointed as the external auditor for the financial year 2008 onwards. It is Pitcher Partners policy to rotate audit engagement partners on listed companies at least every five years.

It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – Disclosure Policy

The continuous disclosure requirements of the ASX are detailed in Chapter 3 of the ASX Listing Rules and are adopted by the Company. The Company ensures all investors have equal and timely access to information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The company secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When presentations on aspects of the Company's operations are made, the material used in the presentation is released to the ASX and posted on the Company's web site.

Where uncertainty arises as to the meeting of continuous disclosure obligations, the company secretary may seek external legal advice. The Board monitors the implementation and effectiveness of the continuous disclosure procedures and promotes the understanding of compliance.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 – Information on Website

Information about the Company and its governance to investors can be located on the "Corporate Governance" landing page on the Company website. The location is www.rayagroup.com.au/investors.htm and provides access to all relevant corporate governance information.

The Company website also contains links to copies of ASX announcements, annual reports and quarterly reports, news and alerts, shareholder services and overview of the Company's business activities in relevant sections.

Recommendation 6.2 – Investor Relations Program

The Board aims to ensure that the shareholders, on behalf of whom they act, are provided with all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- The Annual Report, which will be distributed to all shareholders (unless shareholders specifically indicate otherwise);
- Quarterly Reports to all shareholders (to be issued within four weeks of the end of the quarter);
- The Annual General Meeting, and other meetings called to obtain approval for Board action as appropriate;
- The Company's website at www.rayagroup.com.au. This web site is actively maintained and includes all market announcements, briefings to shareholders, full texts of notices of meeting and explanatory material and compliance reports such as the quarterly cash flow report and annual report.

Recommendation 6.3 – Participation at meetings of Security Holders

The Board encourages the full participation of its shareholders at the annual general meeting and welcomes questions from shareholders on relevant issues.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Recommendation 6.4 – Electronic Communication

The Company provides opportunities for shareholders to participate through electronic means including through its website, by email communications and via the share registry. Shareholders who have made an election receive communications including the Company's Annual Report on the Company's website or by email.

Electronic contact details are provided on the Company website. The Company endeavours to respond to all shareholder queries on a prompt and courteous basis. All information disclosed to the ASX is automatically posted on the Company's website as soon as it is disclosed to ASX.

7. RECOGNISE AND MANAGE RISK

Recommendation 7.1 – Risk Committee

The Audit and Risk Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. A formal delegation of authority document exists and is operational.

The main responsibilities of the audit and risk committee are:

- to establish a sound system of risk oversight and management and internal control under which Raya Group can identify, assess, monitor and manage risk;
- to inform the Board of material changes to the risk profile of Raya Group and maintain appropriate risk management practices and systems throughout the operations of the Company; These functions include but are not limited to:
 - Ensuring Raya Group senior executives adhere to any monitoring program set down by the risk committee
 - Ensuring any appropriate risk limits are set and adhered to
 - Ensuring the conditions of the Company's Australian Financial Services license holder are being adhered to

Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee met are detailed within the Directors' Report with the Annual Report. The Chairperson of the audit and risk committee is a non-executive director and is not the chairperson of the Board and is deemed independent.

Recommendation 7.2 – Annual Risk Review

The Company risk management policy and the operation of the risk management and compliance system are regularly reviewed by the management and has been reviewed for the year ended 30 June 2015. Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues.

In addition, the board requires that each major proposal submitted to the board for decision is accompanied by an appropriate review of risks and, where required, management's proposed mitigation strategies.

The Chief Executive Officer and Chief Financial Officer, at the end of the financial year, make the following certifications to the board:

1. that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards;
and
2. that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Recommendation 7.3 – Internal Audit

The Company does not have a formal internal audit function. The Company's management periodically undertakes a review of financial systems and processes and where systems are considered to require improvement these systems are developed. Authority delegations are reviewed annually by the audit and risk committee.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 – Remuneration Committee

The remuneration committee reviews and makes recommendation on Director and Senior Executive remuneration and overall staff remuneration and incentive policies. The remuneration committee currently is composed of the entire Board of Directors, the majority of whom are independent, and it is chaired by the Chairman of the Board. Details of the relevant qualifications and experience of the members of the Committee and number of times the Committee met are detailed within the Annual Report.

The main responsibilities of the Remuneration Committee are:

- Non-Executive director remuneration
- Staff incentive plans including bonus, share and option plans.
- Salary, benefits and total remuneration packages of the Chief Executive Officer and senior executives
- Review and approve the Chief Executive Officer's recommendation for annual salary for employee salary reviews
- Employee succession planning
- The company's recruitment, retention and termination policies and procedures for Chief Executive Officer and senior executives
- Report on executive remuneration, which is required pursuant to any Listing Rule or legislative requirement or which is for inclusion in the annual report

Recommendation 8.2 – Disclosure of Remuneration Policies and Practices

Raya Group remuneration policy ensures that remuneration packages properly reflect the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality

The remuneration committee reviews and makes recommendation on Director and Senior Executive remuneration and overall staff remuneration and incentive policies. Committee members have regard to external remuneration sources on recent developments on remuneration and related matters as required.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent advice. There was executive remuneration paid for key management during the 2015 financial year and this is disclosed in the remuneration section of Annual Report.

All remuneration paid to directors and senior executives is measured at the cost to the Company and expensed.

Non-executive Directors are entitled to be paid fees and those fees will be as agreed or adjusted by them, from time to time. The maximum amount of fees that can be paid to non-executive directors is subject to shareholder approval at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company.

Recommendation 8.3 – Policy on Equity Based Remuneration Scheme

The Company does not have an Equity Based Remuneration Scheme at this present time.

Raya Group Limited ABN 89 122 203 196
Annual Financial Report – 30 June 2015

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These financial statements cover the consolidated entity consisting of Raya Group Limited and its subsidiaries. The financial report is presented in Australian currency.

Raya Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange. Its registered office and principal place of business is:

Level 6, 412 Collins Street
Melbourne, Victoria 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 2 to 4.

The financial statements were authorised for issue by the directors on 25 September 2015. The company has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.rayagroup.com.au.

Raya Group Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue and other income from continuing operations	6	201,678	297,730
Employee and contracting expenses		(407,745)	(341,725)
Finance costs		(4,292)	(5,246)
Consulting and advisory fees		(56,749)	(270,451)
Office running costs		(103,586)	(156,036)
Travel		(114,332)	(87,860)
Reporting expenses		(71,406)	(66,972)
Office rentals		-	-
Accounting and audit fees		(111,500)	(88,500)
Depreciation and amortisation		-	-
Legal fees		(31,892)	(19,936)
Impairment of capitalised tenement costs	12	(2,090,265)	(1,563)
Impairment of capitalised joint venture costs	13	-	(132,509)
Fair value loss on investments		(133,500)	(8,333)
Other expenses		-	-
Loss before income tax		(2,923,589)	(881,401)
Income tax expense	8	-	-
Loss for the year		(2,923,589)	(881,401)
Other comprehensive income		-	-
Total comprehensive income		(2,923,589)	(881,401)
Earnings per share for loss attributable to ordinary equity holders of the company		Cents	Cents
Basic and diluted (loss)	22	(0.67)	(0.27)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Raya Group Limited
Consolidated Statement of Financial Position
As at 30 June 2015

	Notes	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	9	414,146	528,062
Trade and other receivables	10	36,646	13,562
Other financial assets	11	3,167	91,667
Total current assets		553,959	733,291
Non-current assets			
Other financial assets	11	100,000	100,000
Exploration and evaluation expenditure	12	1,100,000	1,953,997
Investments accounted for using the equity method	13	1,880,212	1,828,704
Total non-current assets		2,980,212	3,782,701
TOTAL ASSETS		3,534,171	4,515,992
Current liabilities			
Trade and other payables	14	97,710	126,628
Borrowings	15	20,314	13,227
Provisions	16	-	81,332
Total current liabilities		118,024	221,187
Non-current liabilities			
Provisions	16	271,106	189,774
Total non-current liabilities		271,106	189,774
TOTAL LIABILITIES		389,130	410,961
NET ASSETS		3,145,041	4,105,031
EQUITY			
Contributed equity	17	46,626,523	44,662,924
Reserves	18	2,416,204	2,416,204
Accumulated losses	18	(45,897,686)	(42,974,097)
TOTAL EQUITY		3,145,041	4,105,031

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Raya Group Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Contributed Equity \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
2015				
Balance at 1 July 2014	44,662,924	2,416,204	(42,974,097)	4,105,031
Loss for the year	-	-	(2,923,589)	(2,923,589)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,923,589)	(2,923,589)
Transactions with owners in their capacity as owners				
Shares issued during the year	2,079,500	-	-	2,079,500
Cost of share issue	(115,901)	-	-	(115,901)
Balance at 30 June 2015	46,626,523	2,416,204	(45,897,686)	3,145,041
2014				
Balance at 1 July 2013	43,288,755	2,330,204	(42,092,696)	3,526,263
Loss for the year	-	-	(881,401)	(881,401)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(881,401)	(881,401)
Transactions with owners in their capacity as owners				
Shares issued during the year	1,760,000	-	-	1,760,000
Cost of share issue	(385,831)	-	-	(385,831)
Share based payments	-	86,000	-	86,000
Balance at 30 June 2014	44,662,924	2,416,204	(42,974,097)	4,105,031

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Raya Group Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2015

Notes	2015 \$	2014 \$
Cash flows from operating activities		
Interest received	5,020	12,918
Interest paid	(4,292)	(5,246)
R&D tax concession received	196,658	284,812
Payments to suppliers and employees	(768,918)	(1,011,357)
Net cash outflow from operating activities	(571,532)	(718,873)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(1,280,569)	(191,011)
Proceeds from term deposits and others	-	-
Payments for other financial assets	(45,000)	(100,000)
Net cash outflow from investing activities	(1,325,569)	(291,011)
Cash flows from financing activities		
Proceeds from borrowings	7,086	-
Repayment of borrowings	-	(23,896)
Proceeds from share issues	1,892,000	1,474,000
Share issue costs	(115,901)	(99,830)
Net cash inflow / (outflow) from financing activities	1,783,185	1,350,274
Net increase / (decrease) in cash and cash equivalents	(113,916)	340,390
Cash and cash equivalents at the beginning of the year	528,062	187,672
Cash and cash equivalents at the end of the year*	414,146	528,062

* The Group classifies term deposits with maturity dates greater than three months and term deposits which are held as securities for bank guarantees as other financial assets. As at 30 June 2015 the Group held, in addition to cash and cash equivalents above, \$100,000 (2014: \$100,000) in term deposits.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements relate to the consolidated entity consisting of Raya Group Limited and its subsidiaries. Separate financial statements of Raya Group Limited as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. Limited financial information for the parent entity, however, is disclosed in Note 24. It has been prepared on the same basis as the consolidated financial statements, as set out below.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. Raya Group Limited is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS

This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

New and amended standards adopted by the group

There are a number of new and amended accounting standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2014. All the mandatory new and amended accounting standards issued that are relevant to our operations and effective for the current reporting period have been adopted. There was no material impact on the financial report as a result of the mandatory new and amended accounting standards adopted.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Raya Group Limited ("company" or "parent entity") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Raya Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Raya Group Limited.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(ii) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Raya Group Limited has both joint operations and joint ventures.

Joint operations

Raya Group Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 28.

Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(d) Revenue and other income recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue

Interest is recognised on a time proportion basis using the effective interest method.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are accounted for by deducting the grant in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of the asset as a reduced amortisation expense. In the absence of amortisation, no benefit from the government grant is recognised in profit or loss.

1. Summary of significant accounting policies (continued)

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amounts and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

Raya Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements.

1. Summary of significant accounting policies (continued)

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

(h) Cash and cash equivalents

For cash-flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- (ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the geothermal activity in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to property and development assets within property, plant and equipment.

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration and evaluation phases that give rise to the need for restoration. Accordingly, these costs will be recognised gradually over the life of the project as the phases occur.

1. Summary of significant accounting policies (continued)

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days.

(k) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets were acquired. At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of comprehensive income in the period in which they occur.

The Group has no financial assets designated as available-for-sale.

Held-to-maturity investments

Held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Fair value through profit and loss

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit and loss are presented in the statement of changes in comprehensive income with other income or other expenses in the period in which they arise. Dividend income from financial assets through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the group's right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method. The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(n) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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1. Summary of significant accounting policies (continued)

(o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated on the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

<i>Classification</i>	<i>Rate</i>	<i>Depreciation Basis</i>
Plant and equipment	10 – 33%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(i) Superannuation

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

(ii) Share-based payments

Share-based compensation benefits are provided to employees.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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1. Summary of significant accounting policies (continued)

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(t) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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1. Summary of significant accounting policies (continued)

(u) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
<i>AASB 9 Financial Instruments</i>	1 Jan 2018	1 Jul 2018
<i>AASB 2014 – 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 Jan 2016	1 Jul 2016
<i>AASB 2014 – 3 Accounting for Acquisitions of Interests in Joint Operations</i>	1 Jan 2016	1 Jul 2016
<i>AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 Jan 2016	1 Jul 2016
<i>AASB 2014-9 Equity Method in Separate Financial Statements</i>	1 Jan 2016	1 Jul 2016
<i>AASB 2015 – 1 Annual improvements</i>	1 Jan 2016	1 Jul 2016
<i>AASB 15 Revenue from contracts with customers</i>	1 Jan 2018	1 Jul 2018

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in the profit or loss. The Group is yet to assess the impact of the new standard. In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. There will be no impact on the Group's accounting for financial liabilities, as the Group does not have any liabilities at fair value through profit or loss. Recent amendments as part of the project introduced a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities. There will be no impact on the Group's accounting, as the Group does not utilise hedge accounting.

AASB 2014-10- The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group is yet to assess the impact of the new standard, if any.

AASB 2014-3 – This amendment sets out the business combination accounting required to be applied to acquisitions of interests in a joint operation that meets the definition of a business. The Group is yet to assess the impact of the new standard, if any.

AASB 2015-1- The following amendments / clarifications are made:

- AASB 5 – reclassification from held for sale to held for distribution to owners or from held for distribution to owners to held for sale is considered to the continuation of the original plan of disposal;
- AASB 7 – adds basis of conclusion to clarify disclosure requirements for transferred financial assets and offsetting arrangements;
- AASB 119 – confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to the employee;
- AASB 134 – clarifies information about cross references in the interim financial report.

The Group is yet to assess the impact of the amendments, if any.

1. Summary of significant accounting policies (continued)

(u) New accounting standards and interpretations (continued)

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017). When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-4 – These amendments introduce a rebuttable presumption that the use of revenue-based depreciation/amortisation methods for intangible assets is inappropriate and for property, plant and equipment it cannot be used. There will be no impact on the Group's accounting as it does not use revenue-based depreciation/amortisation methods.

AASB 2014-9 – These amendments to AASB 127, AASB 1 and AASB 128 allow entities to use the equity method of accounting for investments in subsidiaries joint ventures and associates in their separate financial statements. The Group is yet to assess the impact of the amendments, if any.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations and IFRSs on issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

(v) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Raya Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

1. Summary of significant accounting policies (continued)

(v) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(w) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(x) General

Raya Group Limited is a publicly listed company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX: RYG). Its registered office is:

Level 6, 412 Collins Street
Melbourne
Victoria 3000

2. Ongoing operations

During the year the consolidated entity incurred a loss after tax of \$2,923,589 (2014: loss of \$881,401).

The Directors are of the view that the Company will be able to maintain the funding requirements for the Company on a minimal operating basis. Supplemented by the realisation of liquid financial assets and/or further money raised through shares issued there is sufficient cash reserves to be able to meet administration and corporate costs, and to maintain a minimal exploration program. Given this, these financial statements have been prepared on a going concern basis, which assumes that the Group will realise its assets and extinguish its liabilities in the normal course of business.

Ongoing operations are dependent upon the matters described above. Should Raya not obtain sufficient funding through the realisation of liquid financial assets or through the issuance of share capital, there is significant uncertainty that it will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary, should Raya not continue as a going concern.

3. Financial risk management

The Group's principal financial instruments comprise cash, term deposits and investments. The main purpose of these financial instruments is to manage the finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables and short term borrowings, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in speculative financial instruments shall be undertaken. This does not prevent the Group from holding financial assets for strategic purposes. The main risks arising from the Group's financial instruments are cash flow interest rate risk and foreign currency risk.

During the year the Group has had some transactional currency exposures, principally to the US dollar. The Group has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Primary responsibility for identification and control of financial risk rests with the board of directors. However, the day-to-day management of these risks is under the control of the Managing Director and Chief Executive Officer. The board agrees the strategy for managing future cash flow requirements and projections.

3. Financial risk management (continued)

(a) Financial instruments

The Group holds the following financial instruments:

	2015 \$	2014 \$
Financial Assets		
Cash and cash equivalents *	414,146	528,062
Trade and other receivables *	36,646	13,562
Other financial assets **	100,000	100,000
Financial assets at fair value through profit or loss	3,167	91,667
	553,959	733,291
Financial Liabilities		
Trade and other payables ***	97,710	126,628
Borrowings ***	20,314	13,227
	118,024	139,855

* Loans and receivables category

** Held-to-maturity category

*** Financial liabilities at amortised cost category

(b) Market risk

(i) Foreign exchange risk

The Group operates internationally and are exposed to foreign exchange risk arising from various currency exposures. The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign exchange risk arises from future commercial transactions and recognised financial liabilities denominated in a currency that is not the Group's functional currency (which is the Australian dollar).

The Group manages foreign exchange risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting.

The Group's exposure to foreign currency risk at the reporting date was \$nil (2014: \$nil):

(ii) Price risk

The Group is not exposed to any significant equity security or commodity price risk.

(iii) Interest rate risk

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates, as the Group intends to hold any fixed rate financial assets to maturity. At the end of the reporting period the Group maintained the following variable rate accounts:

	30 June 2015		30 June 2014	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	0.30%	414,146	2.00%	528,062

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity would have been affected as follows:

	After-tax profit higher / (lower)		Equity higher / (lower)	
	2015 \$	2014 \$	2015 \$	2014 \$
+1% (100bp)	4,141	5,281	4,141	5,281
-1% (100bp)	(4,141)	(5,281)	(4,141)	(5,281)

3. Financial risk management (continued)

(c) Credit risk

Credit risk primarily arises from cash and cash equivalents and term deposits deposited with banks. Cash and cash equivalents and term deposits are currently placed with Westpac Banking Corporation and Commonwealth Banking Corporation, which has an independently rated credit rating of AA. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table above.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At reporting date, the Group did not have access to any undrawn borrowing facilities.

Maturity of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

30 June 2015	Less than 12 months \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	97,710	97,710	97,710
Borrowings	20,314	20,314	20,314
	\$	\$	\$
30 June 2014	Less than 12 months \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	126,628	126,628	126,628
Borrowings	13,227	13,227	13,227

(e) Fair value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using calculation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The group has only one financial instrument held at fair value – financial assets at fair value through the profit or loss. This asset is considered Level 1 as it consists of an investment in a listed entity and quoted market prices are used to determine the fair value.

The carrying amount of financial assets (net of any provision for impairment) and financial liabilities as disclosed above is assumed to approximate their fair values primarily due to their short maturities.

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4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation expenditure

Exploration and evaluation assets relating to Australian areas of interest have been fully impaired during the year (refer note 12). The Newkirk project in the USA has been written down to a carrying value of \$1,100,000 based on the fair value of proceeds received from the sale of the investment being \$250,000 cash, Pryme Energy shares valued at \$500,000 and \$350,000 in contingent consideration pending successful drilling of the first two wells (refer note 12). Exploration and evaluation activities in all other areas of interest have not reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. Accordingly, these exploration and evaluation assets may be subject to impairment in the future.

Rehabilitation

The Group assesses rehabilitation requirements at each reporting date by evaluating costs both for close down and restoration and for environmental cleanup costs. Provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

Tax Losses

As detailed in Note 8, the Group has unrecognised deferred tax assets relating to temporary differences and tax losses, of \$9,094,657 as at 30 June 2015 (2014: \$8,037,010). The Group has determined that the unrecognised deferred tax assets are available to offset future taxable profits.

Classification of joint arrangements

Sokoria Indonesia

The entity's joint venture, P.T Sokoria Geothermal Indonesia, makes up the investments accounted for using the equity method (refer note 13). The reporting entity holds 45% of the interest in the arrangement and 50% voting power. Under the joint arrangement agreement unanimous consent is required from all parties to the agreement for all relevant activities. The reporting entity and the parties to the agreement only have rights to the net assets of the company through the terms of the contractual arrangements. Other facts and circumstances however have also been considered to determine the classification of this arrangement.

The level of output taken by the parties to the joint arrangement is not considered substantial to indicate that the arrangement has been set up primarily for the provision of output to the parties and that they have direct rights to substantially all of the economic benefits of the arrangement. Similarly, the parties are not considered to be substantially the only source of cash flows contributing to the continuity of the arrangement, indicating that the parties do not have a direct obligation for the liabilities relating to the arrangement.

This arrangement is therefore classified as a joint venture of the reporting entity.

Dairi Prima and Ngebel

The reporting entity currently recognises the joint arrangements referred to as Dairi Prima and Ngebel as joint operations (refer note 12). All parties that have joint control within the arrangements have rights to their share of the assets, and obligation for the liabilities incurred in relation to the joint arrangements.

These arrangements are therefore classified as joint operations of the reporting entity.

5. Operating segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements). Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Activity by segment

Penola Trough

The activities in this area focus on the company's activities in the GEL 223 area in the south-east of South Australia.

These tenements are all 100% owned by the Raya group.

Limestone Coast

The activities in this area focus on the company's activities in the GEL 611 area in the south-east of South Australia.

These tenements are all 100% owned by the Raya group.

Indonesia

Raya held interests in three geothermal projects in Indonesia – comprising:

- Sokoria Geothermal Project, under 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. The Company has been successful in advancing the project through an executed PPA and continues to advance with a Transmission Line Study completed and negotiations for additional tariff ongoing.
- Ngebel Geothermal Project, under 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. The Company will not seek to further invest in the Ngebel project and an impairment charge was recorded against the full carrying value of the asset at 30 June 2015, and has no further commitment to development of the project.
- Dairi Prima Geothermal Project, under 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. An impairment charge was recorded against the full carrying value of the asset at 30 June 2015, and the Company will consider development of the project should a path forward materialize regarding the mining operation at a future date.

India

Puga Geothermal Project in the Himalayan Geothermal Province of Northern India, in a joint venture between Raya and Geosyndicate Power Private, under which Raya is earning in to a 49% interest. Raya is the Operator of this Project. An impairment charge has been recorded against the full carrying value of the asset as at 30 June 2015, however the Company remains committed to the development of the project and its involvement in the project.

United States of America

In November 2014, the Company acquired an oil and gas leases within an identified Area of Interest (AOI), in Oklahoma, USA. The leases were acquired with a 100% Working Interest and an 81.25% Net Revenue Interest with a 3 year primary term and a 2 year bonus term. These leases were sold on 1st July 2015.

5. Operating segments (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

As at 30 June all operating activities of the Group relate to the exploration and evaluation of its geothermal exploration tenements, including investments in joint ventures. Except for impairment losses in relation to exploration and evaluation expenditure, income and expenditure as per the statement of comprehensive income consist of incidental revenue including interest and corporate overhead expenditure which are not allocated to the Group's operating segments.

Accordingly only exploration and evaluation expenditure assets and investments in joint ventures are allocated to the Group's operating segments. All other assets and liabilities relate to corporate activities and are not allocated to operating segments.

(i) Segment performance

	Penola Trough \$	Other Limestone Coast \$	Indonesia \$	USA Newkirk \$	Total \$
30 June 2015					
Total segment revenue	-	-	-	-	-
Impairment of capitalised tenement and joint venture costs	(24,372)	(4,920)	(1,953,997)	(106,976)	(2,090,265)
Segment result	(24,372)	(4,920)	(1,953,997)	(106,976)	(2,090,265)
<i>Reconciliation of segment result to Group loss before tax</i>					
Interest and R & D tax concession					201,678
Total group revenue					201,678
Employee & contracting expenses					(407,745)
Finance costs					(4,292)
Corporate advisory fees					(56,749)
Office running costs					(103,586)
Travel					(114,332)
Reporting expenses					(71,406)
Accounting and audit fees					(111,500)
Fair value loss on investments					(133,500)
Legal fees					(31,892)
Group loss before tax					(2,923,589)

5. Operating segments (continued)

(i) Segment performance (continued)

	Penola Trough \$	Other Limestone Coast \$	Indonesia \$	USA Newkirk \$	Total \$
30 June 2014					
Total segment revenue	-	-	-	-	
Impairment of capitalised tenement costs	-	-	(134,072)	-	(134,072)
Segment result	-	-	(134,072)	-	(134,072)
<i>Reconciliation of segment result to Group loss before tax</i>					
Interest and R & D tax concession					297,730
Total group revenue					297,730
Employee & contracting expenses					(341,725)
Finance costs					(5,246)
Corporate advisory fees					(270,451)
Office running costs					(156,036)
Travel					(87,860)
Reporting expenses					(66,972)
Accounting and audit fees					(88,500)
Fair value loss on investments					(8,333)
Legal fees					(19,936)
Group loss before tax					(881,401)

	Penola Trough \$	Other Limestone Coast \$	Indonesia \$	USA Newkirk \$	Total \$
30 June 2015					
Segment assets	-	-	1,880,212	1,100,000	2,980,212
<i>Reconciliations of segment assets to Group assets</i>					
Unallocated assets					
Cash and cash equivalents					414,146
Trade and other receivables					36,646
Other financial assets					100,000
Financial assets at fair value through profit and loss					3,167
Total Group assets					3,534,171
Segment asset movements for the year:					
Capital expenditure (refunds)	24,372	4,920	51,506	1,206,976	1,287,774
Impairments	(24,372)	(4,920)	(1,953,997)	(106,976)	(2,090,265)
	-	-	1,902,491	1,100,000	802,491

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5. Operating segments (continued)

(ii) Segment assets and liabilities

	Penola Trough \$	Other Limestone Coast \$	Indonesia \$	Other International \$	Total \$
30 June 2014					
Segment assets	-	-	3,782,703	-	3,782,703
<i>Reconciliations of segment assets to Group assets</i>					
Unallocated assets					
Cash and cash equivalents					528,062
Trade and other receivables					13,560
Other financial assets					100,000
Financial assets at fair value through profit and loss					91,667
Total Group assets					<u>4,515,992</u>
Segment asset movements for the year:					
Capital expenditure (refunds)	-	-	56,939	-	56,939
	-	-	56,939	-	56,939

6. Revenue and other income

	2015 \$	2014 \$
Interest revenue	5,020	12,918
R and D tax concession	196,658	284,812
	<u>201,678</u>	<u>297,730</u>

7. Expenses

Loss before income tax includes the following specific expenses:

Rental expenses relating to operating leases – minimum lease rentals	-	-
Defined contribution superannuation expense	9,840	25,806

	2015	2014
	\$	\$
8. Income tax		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
	-	-
(b) Reconciliation of income tax expense to prima facie income tax		
Loss before income tax	(2,923,589)	(881,401)
	(2,923,589)	(881,401)
Tax at the Australian tax rate of 30% (2014: 30%)	(877,077)	(264,420)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	7,648	85,820
	(869,429)	(178,601)
Deferred tax asset not recognised	(869,429)	178,601
Income tax expense	-	-
	-	-
(c) Deferred tax assets / liabilities comprise		
Exploration & evaluation – geothermal	5,084,618	5,322,975
Property, plant and equipment	-	4,310
S 40-880 capital raising expenses and legal fees	145,521	84,094
S 40-880 geothermal resources	-	6,978
Tax losses available for offset against future taxable income ⁽¹⁾	9,094,657	8,037,010
Net deferred tax assets	14,324,796	13,455,367
Deferred tax assets not recognised	(14,324,796)	(13,455,367)
	-	-

¹⁾ Includes capital losses of \$483,539 (2014: \$483,539).

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8. Income tax (continued)

	2015	2014
	\$	\$
(d) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences and tax losses at 30% (2014: 30%)	14,324,796	13,455,367

Tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from the deferred tax assets.

(e) Tax consolidation legislation

Raya Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(e).

No amounts were recognised during the year (2014: \$nil) as tax consolidation contributions by, or distributions to, equity participants.

9. Cash and cash equivalents

Cash at bank and on hand	414,146	528,062
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10. Trade and other receivables

Current		
Other receivables and prepayments	36,646	13,562

Other receivables and prepayments as at 30 June 2015 mainly represent GST amounts awaiting reimbursement from Australian Taxation Office (in the ordinary course of business) and prepaid expenditure (2014: GST and prepaid expenditure). None of the balances within other receivables are past due or contain impaired assets.

11. Other financial assets

Current		
Investments in listed entities	3,167	91,667

Investments in listed entities are designated at Fair Value through Profit or Loss.

Non-Current		
Term deposits	100,000	100,000

Term deposits as at 30 June 2015 and 30 June 2014 are held as security in favour of the South Australian Government (PIRSA) for the Limestone Coast tenements. The term deposits are recognised and measured as Held-to-maturity financial assets.

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12. Exploration and evaluation expenditure

(a) Tenements and information – geothermal energy

	2015	2014
	\$	\$
At cost	30,680,047	30,650,755
Less: Provision for impairment	(30,680,047)	(28,696,758)
	-	1,953,997
Carrying amount at beginning of year	1,953,997	1,955,560
Additions	29,292	-
Impairment of Exploration and evaluation expenditure ⁽¹⁾	(1,983,289)	(1,563)
Carrying amount at end of year	-	1,953,997

(b) Tenements and information – oil and gas

At cost	1,206,976	-
Less: provision for impairment	(106,976)	-
	1,100,000	-
Carrying amount at beginning of period	-	-
Additions (refunds)	1,206,976	-
Impairment of Exploration and evaluation expenditure	(106,976)	-
Carrying amount at end of period	1,100,000	-

Reconciliation

Geothermal energy tenements	-	1,953,997
Oil and gas tenements	1,100,000	-
Total Exploration and evaluation expenditure ⁽²⁾	1,100,000	1,953,997

⁽¹⁾ During the 2015 year an impairment charge of \$1,983,289 was recorded in the statement of comprehensive income in relation to exploration and evaluation expenditure relating to Dairi Prima and Ngebel interests in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. As management does not plan and have not budgeted to fund these projects and there is no external interest to acquire them, management elected to write the carrying value down to nil.

⁽²⁾ This project has been written down to a carrying value of \$1,100,000 based on the fair value of proceeds received from the sale of the investment being \$250,000 cash, Pryme Energy shares valued at \$500,000 and \$350,000 in contingent consideration pending successful drilling of the first two wells.

13. Investment accounted for using the equity method

Interest in joint venture entity (refer note 28)	1,880,212	1,828,704
Carrying amount at beginning of year	1,828,704	1,770,204
Additions	51,508	191,009
Impairment ⁽¹⁾	-	(132,509)
Carrying amount at end of year	1,880,212	1,828,704

⁽¹⁾ During the 2014 year an impairment charge of \$132,509 was recorded in the statement of comprehensive income in relation to expenditure relating to Indonesian interests in the joint venture.

14. Trade and other payables

Trade payables	71,710	89,612
Accruals	26,000	37,016
Total trade and other payables	97,710	126,628

Trade payables and accruals are generally unsecured, non-interest bearing and are generally due 30 to 60 days from the date of recognition.

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	2015	2014
	\$	\$
15. Borrowings		
Current		
Insurance premium funding	20,314	13,227

Insurance premium funding has a fixed interest rate of approximately 9.55% (2014: 9.7%) and is carried at amortised cost.

16. Provisions		
Current		
Rehabilitation	-	81,332
Non-current		
Rehabilitation	271,106	189,774
	<u>271,106</u>	<u>271,106</u>

The provision for rehabilitation relates to the Group's tenement interests that the group may be required to rehabilitate land and surrounding environment to its original condition. Some work was anticipated to be in the 2015 financial year however after further analysis it was agreed to continue with regular inspections and care and maintenance with restoration work pushed back to future years. There have been no movements in the carrying value of the Provision for Rehabilitation during the last two financial years.

	2015	2014
	\$	\$
17. Contributed equity		
Ordinary shares – fully paid	46,626,523	44,662,924
(a) Movements in equity	No. of Shares	\$
Balance at 30 June 2013	166,983,029	43,288,755
Issue of shares – Share Purchase Plan, Melbourne Capital ⁽ⁱ⁾	122,000,000	1,220,000
Issue of shares – Share Purchase Plan, Directors ⁽ⁱ⁾	17,500,000	175,000
Issue of shares – Share Purchase Plan, Sophisticated Investors ⁽ⁱ⁾	16,000,000	165,000
Issue of shares – Melbourne Capital compensation ⁽ⁱ⁾	20,000,000	200,000
Share issue expenses	-	(385,831)
Balance at 30 June 2014	342,483,029	44,662,924
Issue of shares – Share Purchase Plan, Sophisticated Investors ⁽ⁱⁱⁱ⁾	16,666,667	250,000
Issue of shares – Placement, ASC Resources Pty Ltd ⁽ⁱⁱⁱ⁾	33,333,333	500,000
Issue of shares – Placement, ASC Resources Pty Ltd ^(iv)	10,000,000	150,000
Issue of shares – Placement, Peloton Capital Pty Ltd ^(v)	2,500,000	37,500
Issue of shares – Share Purchase Plan, Sophisticated Investors ^(vi)	20,000,000	200,000
Issue of shares – Share Purchase Plan, Sophisticated Investors ^(vii)	66,916,667	401,500
Issue of shares – Melbourne Capital compensation ^(viii)	108,100,304	540,500
Share issue expenses	-	(115,901)
Balance at 30 June 2015	600,000,000	46,626,523

(i) On 21 July 2013, Raya announced the completion of the placement of shortfall amounts under its completed Share Purchase Plan ("SPP"). Following the closure of the SPP, Raya was able to place an additional amount of \$1,560,000 to Sophisticated Investors and Directors. The placement of the SPP shortfall was managed by Melbourne Capital Limited ("Melbourne Capital") under a Mandate Agreement between Raya and Melbourne Capital that was signed in May 2013.

Listed options (on a one-for-one basis) were also issued as part of the placement of the SPP shortfall and these are noted below. As part of the compensation under the Mandate Agreement, Melbourne Capital received 20,000,000 ordinary shares and attaching options. The fair value of services received was determined to be \$286,000, split \$200,000 to ordinary shares and \$86,000 to options issued.

17. Contributed equity (continued)

(a) Movements in equity (continued)

(ii) On 23 July 2014, the Company announced its intention to raise up to \$750,000 through the issue of up to 50,000,000 fully paid ordinary shares at an issue price of \$0.015. The first Tranche was completed on the 30 July 2014 with a placement of 16,666,667 shares to Sophisticated Investors raising \$250,000 at an issue price of \$0.015 per share with a free attaching option exercisable on the same terms as the existing option series at 1.5 cents on or before the 21st July 2016.

(iii) The second tranche of the placement announced on the 23 July 2014 was completed on the 21 October 2014 with the issue of 33,333,333 shares to ASC Resources Pty Ltd. As with the first tranche these shares included free attaching options exercisable on the same terms as the existing option series at 1.5 cents on or before the 21st July 2016.

(iv) Issued to ASC Resources on 18 August 2014 and 21 August 2014 as consideration for strategy advisory services, valued at \$150,000 and approved by shareholders at the Extraordinary General Meeting held on 7 October 2014.

(v) Issued to Peloton Capital on 18 August 2014 as consideration for consulting services, valued at \$37,500 and approved by the shareholders at the Extraordinary General Meeting held on 7 October 2014.

(vi) On 16 January the Company issued 20,000,000 shares to sophisticated Investors to raise \$200,000 at an issue price of \$0.01 per share for development and working capital as announced to the ASX on 23 December 2014.

(vii) As resolved by shareholders at the Annual General Meeting, 66,916,667 shares were placed with sophisticated investors on the 27 February 2015 at an issue price of .06 cents and included free attaching options exercisable on the same terms as the existing option series at 1.5 cents on or before the 21st July 2016.

(viii) As outlined in the ASX announcement on 7 May 2015 the Company issued 108,100,304 shares at an issue price of .05 cents via a placement to sophisticated investors.

Effective 1 July, 1998 the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements.

In order to maintain or adjust the capital structure, the Group may seek to issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of forecast exploration and exploration expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserves. Total capital is calculated as 'equity' as shown in the statement of financial position.

17. Contributed equity (continued)

(c) Share options

At 30 June 2015, the following options for ordinary shares in Raya Group Limited were on issue:

	2015	2014
	Number	Number
Employee options (refer note 24) ⁽ⁱ⁾	1,100,000	1,455,000
Unlisted Option ⁽ⁱⁱ⁾	15,000,000	15,000,000
Listed options (ASX: RYGOA) ⁽ⁱⁱⁱ⁾	-	7,223,617
Listed options (ASX: RYGO) ^(iv)	-	15,755,160
Listed options (ASX: RYGOB) ^{(v) (vi) (vii)}	374,716,667	257,800,000
	390,816,667	297,233,777

(i) On 28 July 2014, 315,000 unlisted options issued to employees expired. The remaining unlisted options have strike prices between \$0.75 to \$1.50 and expire 15 December 2016.

(ii) On the 27 July 2015, these unlisted options were cancelled and new listed options were issued in their replacement with the same strike price of \$0.015, expiring on 21 July 2016.

(iii) On 8 July 2014, 7,223,617 listed options expired.

(iv) On 31 December 2014, 15,755,160 listed options expired.

(v) On 5 August 2014, a total of 16,666,667 listed options over ordinary shares (ASX: RYGOB) were issued, with a strike price of \$0.015 and an expiry date of 21 July 2016. These options were issued on a one-for-one basis attached to shares issued to sophisticated investors who participated in the placement of ordinary shares on 30 July 2014 for development and working capital.

(vi) On 21 October 2014, a total of 33,333,333 listed options over ordinary shares (ASX: RYGOB) were issued, with a strike price of \$0.015 and an expiry date of 21 July 2016. These options were issued on a one-for-one basis attached to shares issued as to ASC Resources as part of a share purchase agreement.

(vii) On 27 February 2015, a total of 66,916,667 listed options over ordinary shares (ASX: RYGOB) were issued, with a strike price of \$0.015 and an expiry date of 21 July 2016. These options were issued on a one-for-one basis attached to shares issued to sophisticated investors who participated in the placement of ordinary shares on 27 February 2015 for development and working capital.

18. Reserves and accumulated losses

(a) Reserves

Share-based payments reserve

	2015	2014
	\$	\$
	2,416,204	2,416,204
	2,416,204	2,416,204

Movements:

Share based payments reserve

Balance at beginning of year

Share-based payments expense

Balance at end of year

	2,416,204	2,330,204
	-	86,000
	2,416,204	2,416,204

(b) Accumulated losses

Movements:

Balance at beginning of year

Loss for the year

Balance at end of year

	(42,974,097)	(42,092,696)
	(2,923,589)	(881,401)
	(45,897,686)	(42,974,097)

(c) Nature and purpose of reserves

Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued but not exercised, and the value of any shares issued at a discount.

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19. Remuneration of auditors

	2015 \$	2014 \$
During the year the following fees were paid or payable for services provided by the auditor of the group:		
1. Audit services		
<i>Pitcher Partners:</i>		
Audit and review of financial reports	41,500	38,020
2. Non-audit services		
<i>Pitcher Partners:</i>		
Tax and other services	2,000	4,480

20. Key management personnel

	2015 \$	2014 \$
(a) Key management personnel compensation		
Salary and fees	185,023	228,145
Post-employment benefits	16,316	25,806
	201,339	253,951

(b) Other transactions with key management personnel

During the period, Raya Group Ltd entered into a consultancy services agreement with ASC Resources, an entity controlled by Daniel Lanskey. \$335,000 (June 2014: \$NIL) has been expensed during the year in relation to these services. This is comprised of \$171,000 of fees paid in cash and 10,000,000 (valued at \$150,000) of shares issued to ASC Resources. As part of this consultancy agreement, ASC Resources could have potentially receive a further 70,000,000 shares in Raya if certain milestones are met. The consultancy agreement was cancelled in April 2015 with no further shares issued.

ASC Resources also acquired 33,333,333 shares and options as part of a share purchase during the year.

There were no other transactions with key management personnel other than reimbursement of expenses incurred by them in performing their respective duties.

	2015 \$	2014 \$
21. Cash flow information		
(a) Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(2,923,589)	(881,401)
Impairment of capitalised tenement and joint venture costs	2,090,265	134,072
Non-cash – share based payments	187,500	86,000
Depreciation and amortisation	-	-
Change in fair value	133,500	8,333
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade or other receivables	(23,086)	85,800
Increase/(decrease) in trade and other payables	(36,122)	(151,677)
Increase/(decrease) in provisions	-	-
Net cash outflow from operating activities	(571,532)	(718,873)

(b) Non-cash investing and financing activities

There were 12,500,000 shares issued, valued at \$187,500, as payment services rendered during the year. In the 2014 financial year there were 20,000,000 shares issued with attaching options valued at \$286,800.

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22. Earnings per share

	2015 Cents	2014 Cents
(a) Basic and diluted earnings per share		
Loss attributable to the ordinary equity holders of the company	(0.67)	(0.27)
(b) Weighted average number of ordinary shares used as the denominator		
	2015 Number	2014 Number
Number used in calculating basic and diluted earnings per share	437,053,348	331,904,947

(c) Information concerning earnings per share:

Options granted are considered to be potential ordinary shares. Details relating to options are set out in notes 18 and 24. In 2015 and 2014 the options are anti dilutive and are therefore not included in the calculation of diluted earnings per share. The options could potentially dilute basic earnings per share in the future.

23. Share-based payments

Options have been issued to all staff who have commenced with Raya. There is no formal employee share option plan. The number of options issued, the strike price of options issued and all other relevant terms have been set having regard to the persons position in the Group and level of experience. All employee options have a maximum life of 5 years. Such options vest according to the terms that are agreed at the time of grant between Raya and the employee. However options normally vest either immediately upon grant or progressively over the life of the option. Upon termination by either by Raya or by the employee, all vested options remain the property of the employee, with no change to the life of the option. Upon termination by either Raya or the employee, all unvested options normally lapse.

Set out below are summaries of options granted as share-based payments for services provided by directors and employees.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Lapsed during the year Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
29/07/2011	28/07/2015	\$0.040	157,500	(157,500)	-	-	-
29/07/2011	28/07/2015	\$0.060	157,500	(157,500)	-	-	-
15/12/2011	15/12/2016	\$0.075	475,000	-	-	475,000	475,000
15/12/2011	15/12/2016	\$0.100	150,000	-	-	150,000	150,000
15/12/2011	15/12/2016	\$0.125	100,000	-	-	100,000	100,000
15/12/2011	15/12/2016	\$0.150	100,000	-	-	100,000	100,000
15/12/2011	15/12/2016	\$0.100	275,000	-	-	275,000	275,000
12/06/2013*	21/07/2016	\$0.015	35,000,000	-	-	35,000,000	35,000,000
			36,415,000	(315,000)	-	36,100,000	36,100,000
Weighted average exercise price			\$0.018	-	-	\$0.017	\$0.017

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Lapsed during the year Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
29/07/2011	28/07/2015	\$0.040	157,500	-	-	157,500	157,500
29/07/2011	28/07/2015	\$0.060	157,500	-	-	157,500	157,500
15/12/2011	15/12/2016	\$0.075	475,000	-	-	475,000	475,000
15/12/2011	15/12/2016	\$0.100	150,000	-	-	150,000	150,000
15/12/2011	15/12/2016	\$0.125	100,000	-	-	100,000	100,000
15/12/2011	15/12/2016	\$0.150	100,000	-	-	100,000	100,000
15/12/2011	15/12/2016	\$0.100	275,000	-	-	275,000	275,000
12/06/2013*	21/07/2016	\$0.015	35,000,000	-	-	35,000,000	35,000,000
			36,415,000	-	-	36,415,000	36,415,000
Weighted average exercise price			\$0.018	-	-	\$0.018	\$0.018

* RYGOB listed options

23. Share based payments (continued)

	2015	2014
	\$	\$
Expenses arising from share-based transactions		
Total expenses arising from share-based payment transactions recognised during the year were as follows:		
Shares issued to ASC Resources Pty Ltd	150,000	-
Shares issued to Peloton Capital Pty Ltd	37,500	-
Shares and options issued to Melbourne Capital	-	286,000
	-	286,000
	-	286,000

24. Parent entity disclosures

As at and throughout the financial year ending 30 June 2015 the parent entity of the Group was Raya Group Limited.

a) Summary financial information

The individual financial statements for the parent entity show the following aggregations.

	Raya Group Limited	
	2015	2014
	\$	\$
Results		
Loss for the year	(2,915,953)	(608,552)
Total comprehensive income/(loss) for the year	(2,915,953)	(608,552)
Financial Position		
Current assets	450,551	541,381
Non-current assets	3,081,050	3,964,406
	3,531,601	4,505,787
Current liabilities	118,024	139,856
Non-current liabilities	-	-
	118,024	139,856
Net Assets	3,413,577	4,365,931
Contributed equity	46,626,523	44,662,924
Share-based payments reserve	2,416,204	2,416,204
Accumulated losses	(45,619,150)	(42,713,197)
	3,413,577	4,365,931

b) Guarantees entered into by the parent entity

Raya Group Limited and its subsidiaries are parties to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of the group companies. Refer note 28.

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2015 (2014: \$nil)

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25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Country of incorporation	Class of shares	Equity holding ⁽¹⁾	
			2015 %	2014 %
Panax Holdings Pty Ltd	Australia	Ordinary	100	100
Scopenegy Pty Ltd	Australia	Ordinary	100	100
Scopenegy Petroleum Pty Ltd (2)	Australia	Ordinary	100	100
Osiris Energy Ltd	Australia	Ordinary	100	100
Panax Geothermal (Singapore) No.1 Pte Ltd	Singapore	Ordinary	100	100
Panax Geothermal (Singapore) No. 2 Pte Ltd	Singapore	Ordinary	100	100
Panax Geothermal (Singapore) No. 3 Pte Ltd	Singapore	Ordinary	100	100
OP1 Corp for Xavier 1 LLC (3)	USA	Ordinary	100	-

- (1) The proportion of ownership interest is equal to the proportion of voting power held.
(2) A 100% controlled entity of Scopenegy Pty Ltd.
(3) Incorporated 18 September 2014

26. Commitments

Operating leases

No operating leases existed as at 30 June 2015 (2014: Nil)

Exploration expenditure

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure and obligations of the Group are subject to the minimum expenditure requirements of the relevant regulatory bodies and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. The obligations are not provided for in the financial statements.

Commitments in relation to minimum statutory expenditures with respect to tenements:

	2015 \$	2014 \$
Within one year	33,000	33,000
Later than one year but not later than five years	165,000	8,099,000
Later than five years	-	-
	198,000	8,132,000

During the period Raya received confirmation from Department of State Development that the last drill spend of \$8m will be removed from their work commitment, thus not included as a commitment above.

Raya has no commitments to incur further costs in relation to the Newkirk project discussed above.

27. Deed of cross guarantee

Raya Group Limited, Panax Holdings Pty Ltd, Scopenergy Pty Ltd, Scopenergy Petroleum Pty Ltd and Osiris Energy Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'closed group' for the purposes of the Class Order. Panax Geothermal (Singapore) Number 1 Pte. Ltd., Panax Geothermal (Singapore) Number 2 Pte. Ltd, Panax Geothermal (Singapore) Number 3 Pte. Ltd and OP1 Corp for Xavier 1 LLC are 100% controlled subsidiaries of the company, however they are not party to the deed of cross guarantee.

All subsidiaries outside the closed group were established in the prior year except OP1 Corp for Xavier 1 LLC which was established 18 September 2014. The total combined comprehensive income for these subsidiaries was \$7,636 for the year (2014: \$272,849). Accordingly, the statement of comprehensive income for the closed group equals that of the group for the year ended 30 June 2015 and 30 June 2014.

Set out below is a consolidated statement of financial position as at 30 June 2015 of the closed group and a summary of movements in consolidated retained earnings.

	2015 \$	2014 \$
Current assets		
Cash and cash equivalents	413,905	527,821
Trade and other receivables	36,646	13,560
Total current assets	450,551	541,381
Non-current assets		
Receivables	2,980,810	3,864,166
Other financial assets	100,240	100,240
Total non-current assets	3,081,050	3,964,406
TOTAL ASSETS	3,531,601	4,505,787
Current liabilities		
Trade and other payables	97,710	126,628
Borrowings	20,314	13,228
Total current liabilities	118,024	139,856
TOTAL LIABILITIES	118,024	139,856
NET ASSETS	3,413,577	4,365,931
EQUITY		
Contributed equity	46,626,523	44,662,924
Reserves	2,416,204	2,416,204
Accumulated losses	(45,629,150)	(42,713,197)
TOTAL EQUITY	3,413,577	4,365,931
Accumulated losses		
Opening balance at 1 July	(42,713,197)	(42,104,645)
Total comprehensive income/(loss) for the year	(2,915,953)	(608,552)
Closing balance at 30 June	(45,574,012)	(42,713,197)

28. Interests in joint arrangements

The Group has the following significant interests in joint arrangements.

(a) Joint Arrangements

The Group has a 45 per cent equity shareholding in P.T. Sokoria Geothermal Indonesia with 50% voting power, a joint venture established in Indonesia with P.T. Bakrie Power, the Group's joint venture partner, to pursue the development of the Sokoria geothermal Project on the island of Flores in Indonesia.

Share of joint venture entity's assets and liabilities

	2015 \$	2014 \$
Non-current assets		
Exploration and evaluation expenditure	1,880,212	1,828,704
Net assets	1,880,212	1,828,704

Share of joint venture entity's revenue, expenses and results

Revenue	-	-
Expenses	-	-
Profit/(loss) before tax	-	-

Share of exploration expenditure commitments

	-	-
--	---	---

(b) Joint operations

Dairi Prima Geothermal Project

The Group has a 51 per cent interest in the Dairi prima Geothermal Project, a joint operation with P.T. Bakrie power to jointly develop spare capacity of the Sibayak geothermal reserves in Northern Sumatra, Indonesia, to be supplied to the Dairi Prima mine. The Group has recognized an impairment of the previous carrying value so that no assets is currently recognized for this project.

Oklahoma USA Project

The group entered into a joint venture with the USA subsidiary of Empire Energy Group Limited (ASX:EEG). The agreement allows the parties to jointly identify, acquire and develop oil and gas leases in an exclusive Area of Mutual Interest (AMI) in Northern Oklahoma. Both companies are to contribute oil and gas leases within the AMI on a 50/50 basis with +7,000 mainly contiguous net acres leased. Leases were acquired with a 3 year primary term and 2 year bonus term with 100% Working Interest and 81.25% Net Revenue Interest. The companies proposed to undertake a low cost vertical well program targeting known oil and gas producing horizons in the area including the Mississippi Lime and Wilcox formations. Funding for the proposed wells is to be shared equally on a 50/50 basis.

29. Subsequent events

The following events have occurred subsequent to the end of the financial year but prior to the date of this report, the financial effects of which have not been reflected in this financial report for the year ended 30th June 2015:

On the 1st July 2015 Raya executed a Purchase and Sale Agreement with Pryme Energy Limited for the sale of US acreage and interests (**Acreage**) held by Raya's subsidiary OP1 Corp. Raya received 100,000,000 fully paid ordinary shares in Pryme and \$250,000 AUD cash payment on this date.

On 20th July Raya changed its Share Registry provider to Automic Registry Services for shareholders.

On 29th July 2015 Raya purchased an additional 35,014,214 shares in Pryme Energy Limited for \$162,500. This brings the total number of shares held to 135,014,214 with a voting power of 13.4%.

An Extraordinary General Meeting was held on 24 September 2015 to approve the issues of shares, Directors' Fee Plan and amendments to the Constitution. All resolutions were approved.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's affairs, in subsequent financial years other than as disclosed above and in Note 29 in the accompanying financial report.

RAYA GROUP LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the group's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (d) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 28 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 28.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.



Athan Lekkas
Director

Brisbane
25 September 2015



PITCHER PARTNERS

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BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

Independent Auditor's Report to the Members of Raya Group Limited

Report on the financial report

We have audited the accompanying financial report of Raya Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

- a) the financial report of Raya Group Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

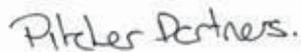
Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the deferral of discretionary expenditure and the supplementation of funding through the realisation of liquid financial assets and/or further share capital issues. In the absence of being able to defer expenditure or supplement existing cash reserves as described in note 2, a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the ability to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report contained on pages 11 to 16 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Raya Group Limited for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.



PITCHER PARTNERS



N BATTERS
Partner

Brisbane, Queensland
25 September 2015

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