Real Energy Corporation Limited

ASX: RLE

Good Oil Conference Sept 2017

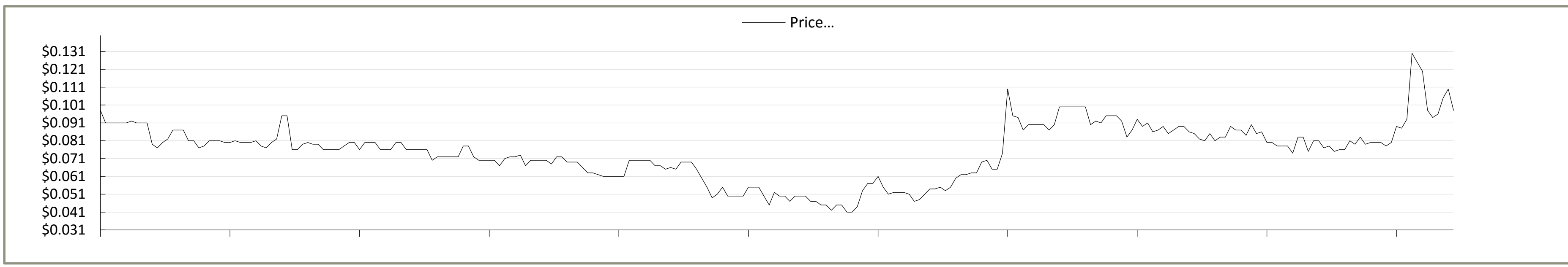
Real Energy's Windorah Gas Project has Estimated Total Mean Gas in place 13.76 TCF

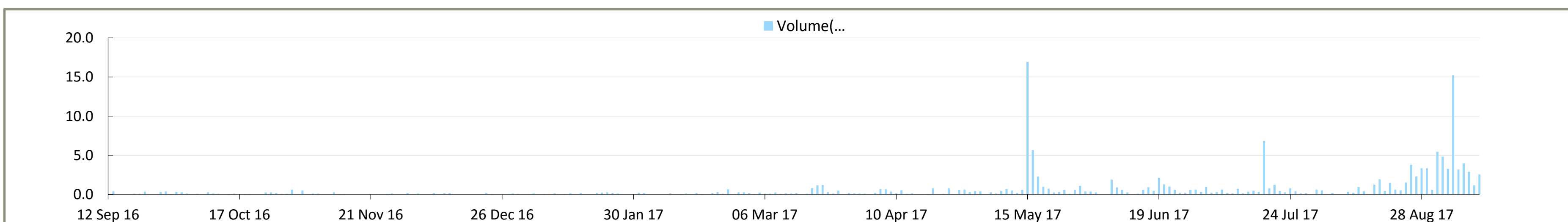
Corporate snapshot

	Number of shares
Existing shares on issue	229.3m
Market capitalisation @ 0.10	$22.9m
Options on issue	5.0m
Cash position (as at June 17)	$7.5m

Major shareholders	% held
Scott Brown	11.30
Lan Nguyen	8.94
Sino Portfolio	7.38
Total:	**27.62**

The Top 20 own 56.57%





Company overview

A quality gas portfolio:

- RLE controls 2,761km^2 in the Cooper Basin – Australia's premier onshore gas field
- Independent Estimated Total Mean Gas in place of **13.76 TCF** in APT927P
- **Maiden 3C gas resource of 672 BCF** from two discoveries – Tamarama-1 & Queenscliff-1
- Pursuing a basin-centred gas play, a lower-risk and higher return prospect than shale
- Windorah is shallower than the Nappamerri Trough which will result in lower costs
- All acreage close to infrastructure

Solid commercial progress:

- RLE current resource is yet to be contracted – MOU for gas sales with Weston Energy and very strong interest from gas buyers – key value driver
- The Company have entered into an MOU with Santos for gas processing

Significant optionality across Windorah with multi-well development potential

Experienced Board & Management

Scott Brown, B. Bus, M. Com
Managing Director and Founder

Extensive background in finance and management of public companies and an experienced company director. Formerly CFO of **Mosaic Oil NL**, Director of Objective Corporation, Executive **with Allegiance Mining, Turnbull and Partners** and has also worked for **Ernst Young and KPMG**. Scott was instrumental in putting together a Scheme of Arrangement for AGL Energy Ltd to acquire Mosaic Oil for a consideration of $142 Million. Currently Scott is a Non Executive Director of Kairiki Energy Ltd.

Lan Nguyen, B. Sc M. Sc
Non Executive Chairman and Founder

A geologist & engineer with an extensive technical & commercial background in the oil & gas sector and the management of public companies. Lan currently provides consulting services to energy & resources companies in Australia & Asia-Pacific region. Formerly an Executive Director & Managing Director of **Mosaic Oil N.L**., and has also worked for **PetroVietnam**.

Norman Zillman, B. Sc, B. Sc Hons
Non Executive Director

Professional geologist with more than 40 years experience in minerals, petroleum, coal, coal bed methane and geothermal exploration and production in Australia and internationally. Has held senior executive positions with **Crusader Limited, Beach Petroleum, Claremont Petroleum Limited** and was a founder and CEO of **Queensland Gas Company** Limited. He also founded Blue Energy Limited, Hot Rock Limited, Planet Gas Limited and Bandanna Energy Limited.

Highly experienced Board with a track record of success discovering and developing large natural gas fields in Australia

Technical Team

Terry Russell, B.Sc PhD
Exploration Manager

Petroleum geologist with over 30 years industry experience that has included technical and management positions with successful operating and non-operating companies involved in petroleum exploration, development and production projects both within Australia and internationally. From May 2007 he held the position of Exploration Manager for Mosaic Oil NL, until the takeover by AGL in late 2010, during which period the company was actively involved in successful drilling and seismic acquisition projects in Queensland.

Ray Johnson Jr. BA Chen, MSc Eng. Phd Min Eng.
Reservoir Stimulation Consultant

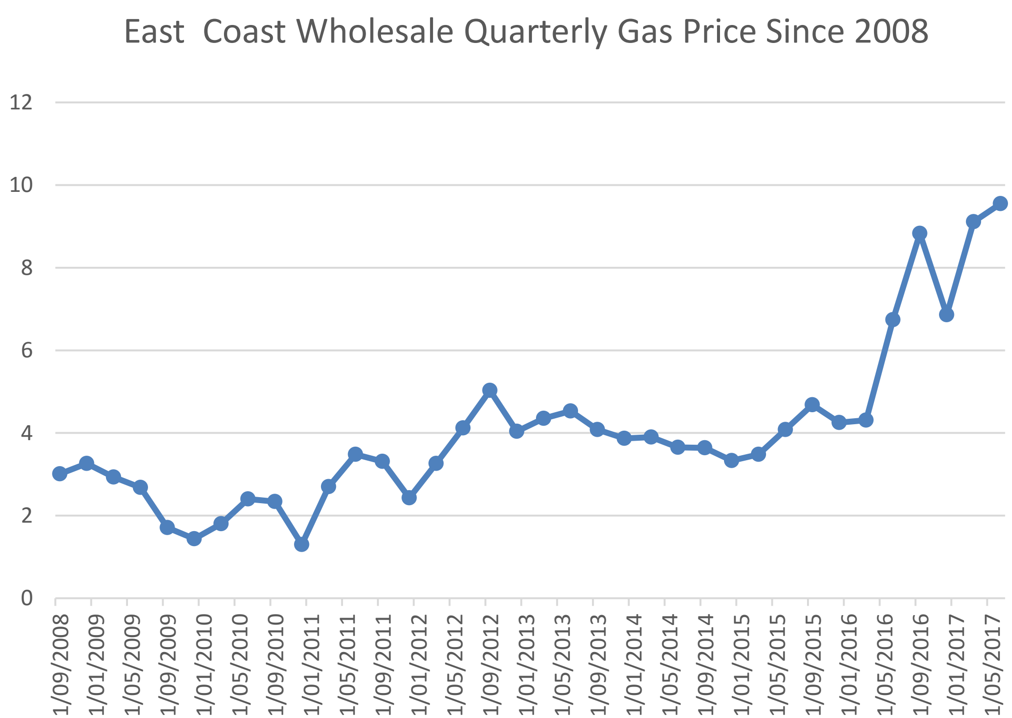
Dr Ray Johnson, Jr., Principal at Unconventional Reservoir Solutions (www.unconreservoirs.com.au), has been involved with design, execution, and evaluation of reservoir stimulation treatments since 1980 and has a PhD in Mining Engineering relating to pre-drainage of fluids (i.e., gas and water) for coal mining. Prior to moving to Australia in 1998, Ray had 17 years' experience in engineering and management positions throughout the Central US involving fracture stimulation design, execution and evaluation of coals, shales and other naturally fractured reservoirs and in areas encompassing most currently producing US unconventional basins. Ray holds a MSc in Petroleum Engineering from the University of Texas at Austin where his 2000 thesis was one of the first published there on assessing shale gas resources. Ray is currently an Adjunct Associate Professor at the ASP, University of Adelaide and Professor of Well Engineering & Production Technology at the University of Queensland, School of Chemical Engineering.

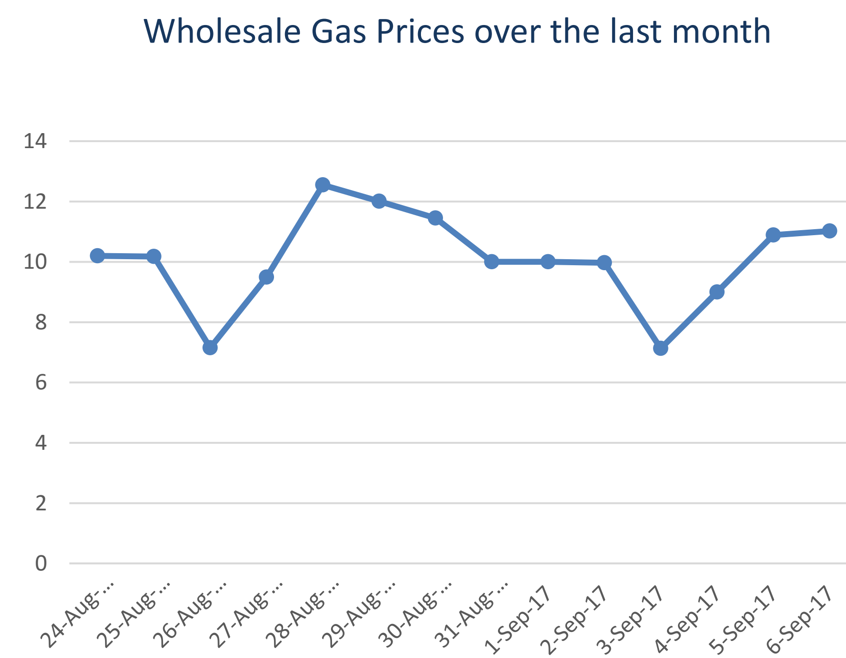
Highly experienced technical team

East Coast Gas Shortages – a key opportunity

- Predicted gas shortage is fast becoming a reality
- Strong commercial interest in obtaining gas from our Windorah Gas Project
- A shortfall of 133 petajoules of gas is expected by 2019 along Australia's east coast
- Two problems – onshore gas exploration has ceased in Victoria and NSW by Government decisions
- Oil price is reducing the CAPEX in the industry worsening the domestic problem
- RLE and its Cooper Basin assets are well placed to meet looming shortfall

The Opportunity - High East Coast Gas Prices



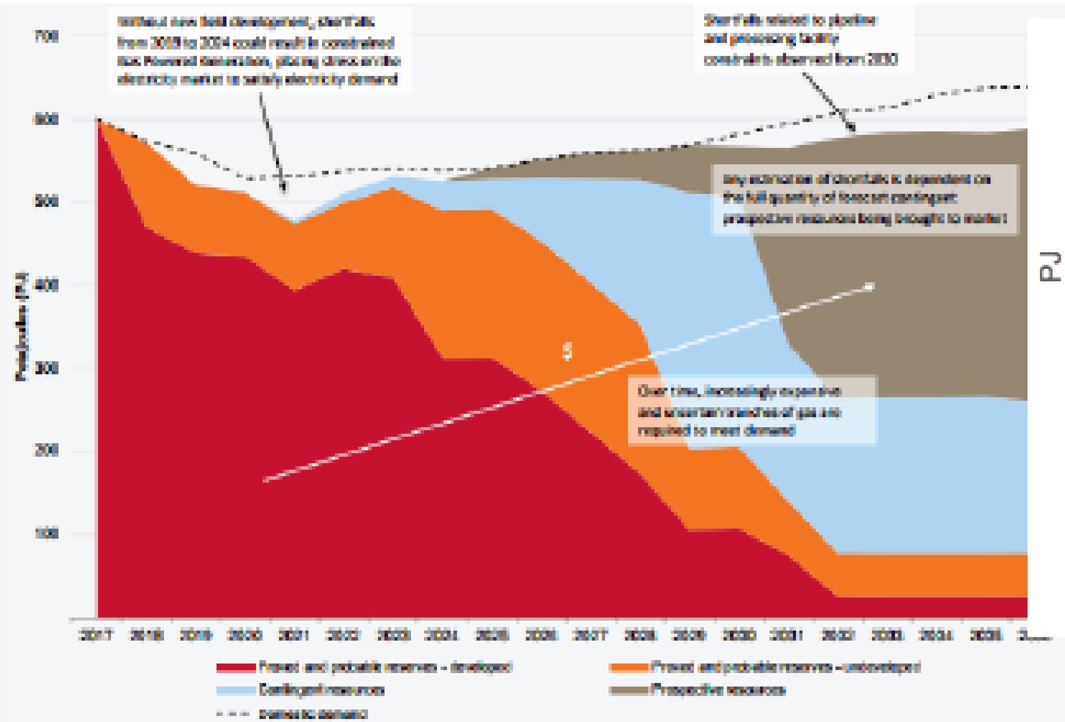


An east coast gas shortage is fast becoming a reality

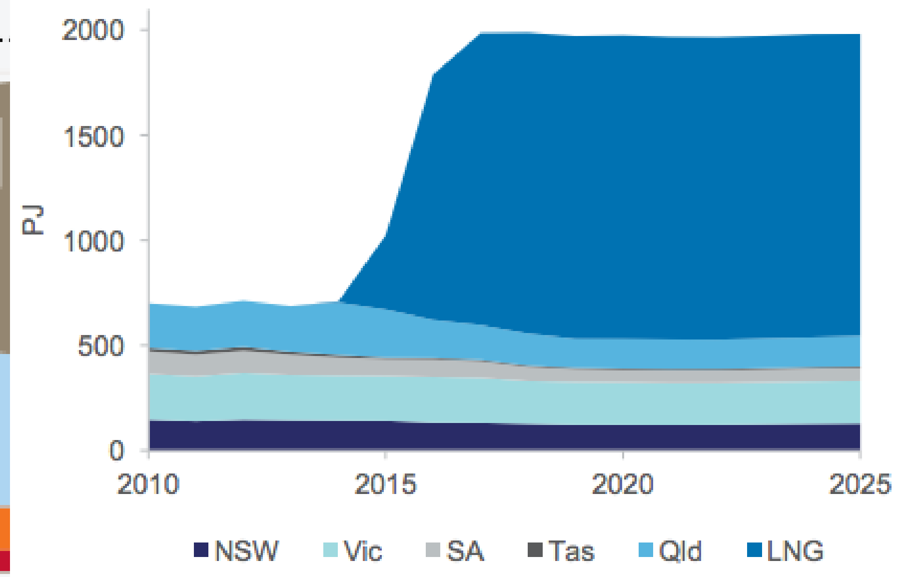
Source: AEMO (2015) National Gas Forecasting Report

East Coast gas demand continues to grow

East Coast Supply



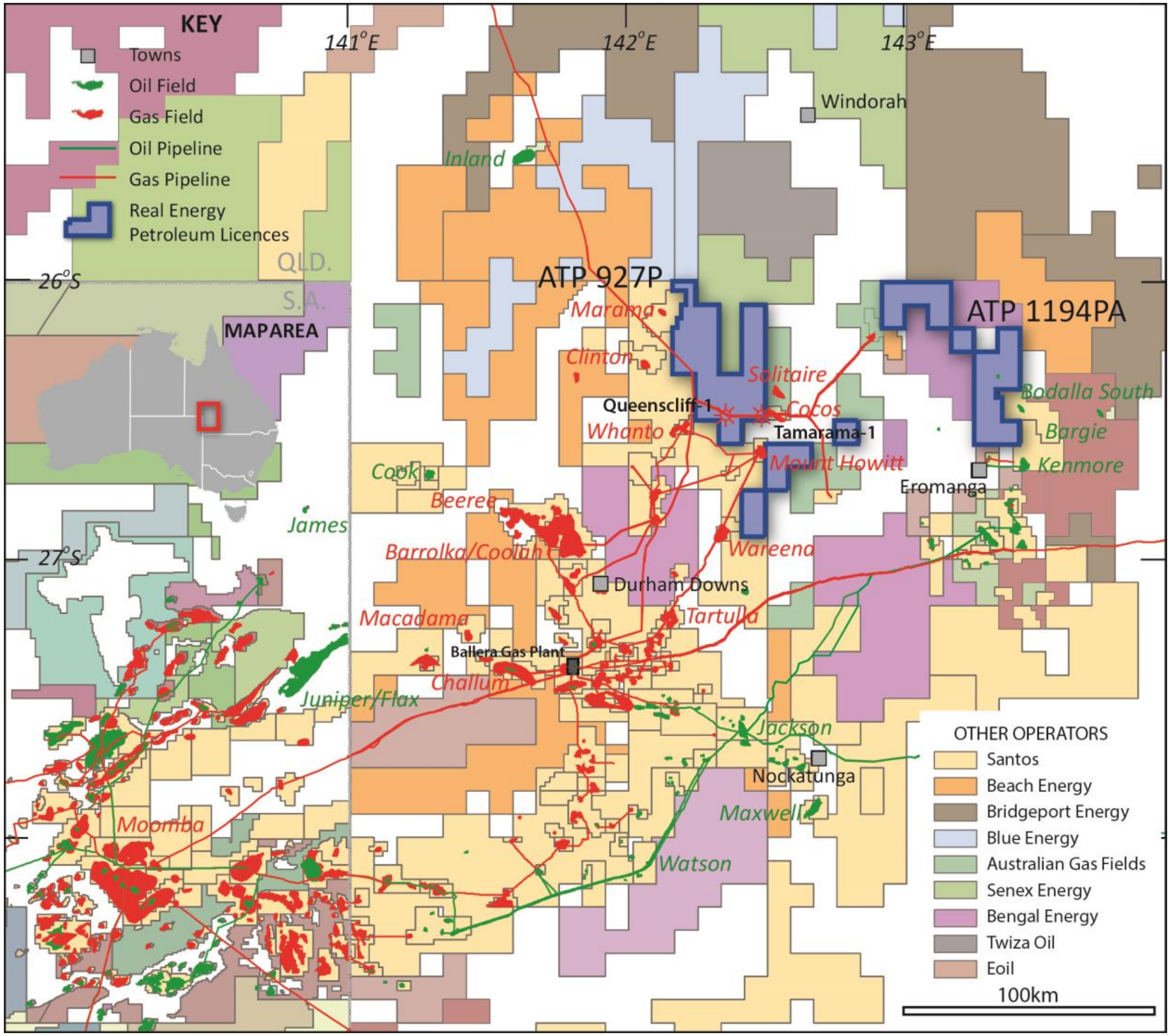
Total gas demand in the eastern market



High gas prices on the east coast to remain in place

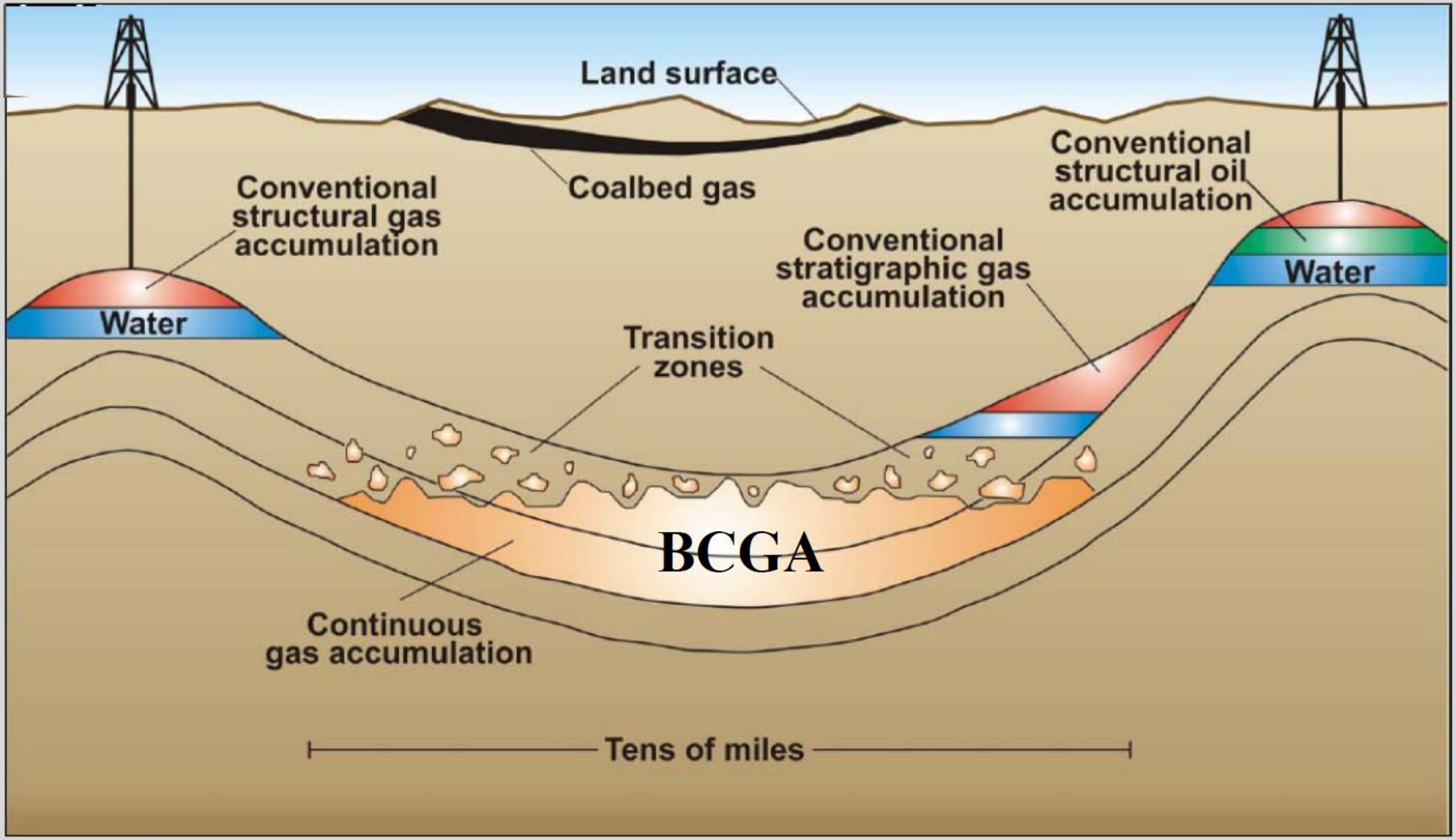
Source: AEMO (2015) National Gas Forecasting Report

Cooper-Eromanga – A World Class Location



A 682 000 acre land bank in the Cooper Eromanga Basins

What is a Basin Centred Gas Accumulation?



From Schenk and Pollastro, 2002

ATP 927 Basin centred gas accumulation

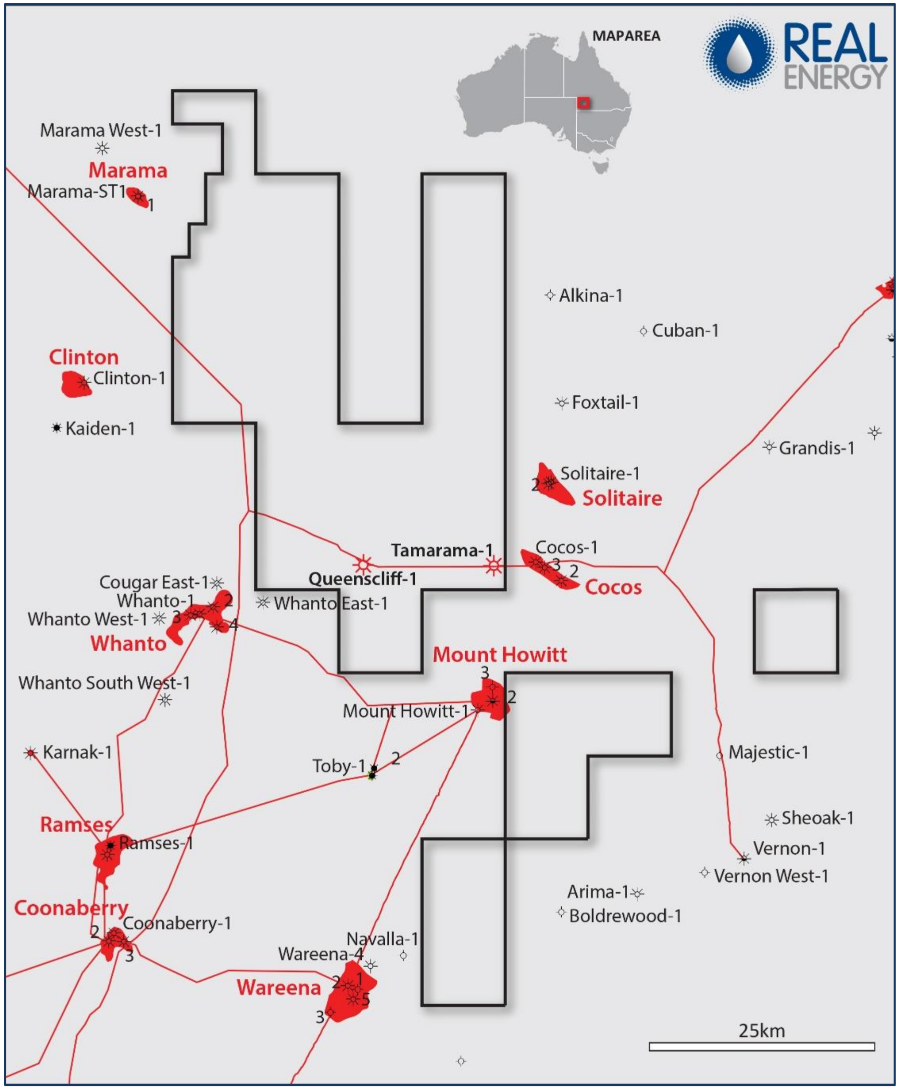
"Basin-centred gas (BCG) accumulations are regionally pervasive accumulations that are gas saturated, abnormally pressured (high or low), commonly lack a down-dip water contact, and have low-permeability reservoirs "(Law 2002).

A direct basin-centred gas system is characterised by:

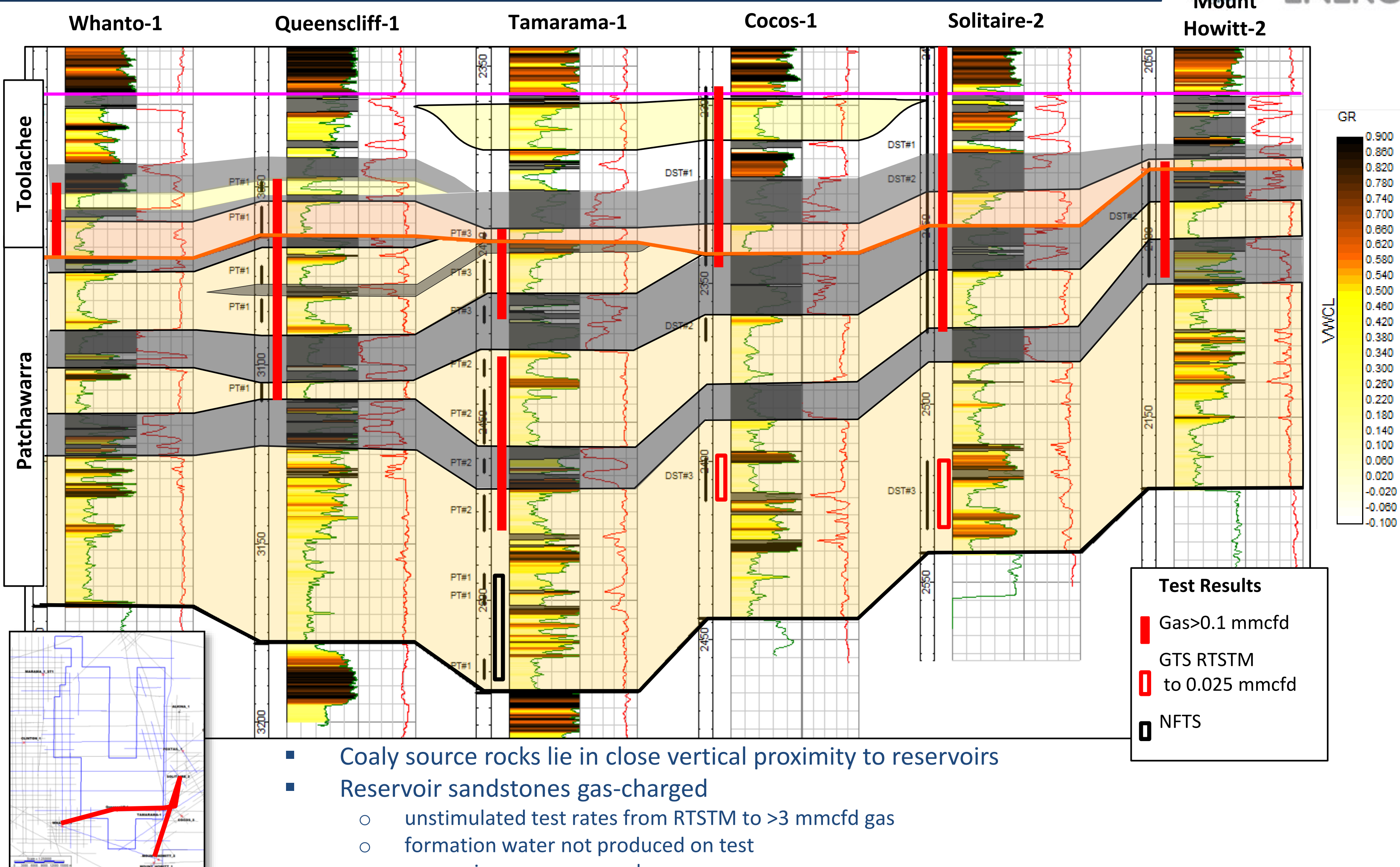
1. Closely juxtaposed, gas-prone, typically coaly source rocks and generally fluvial sandstone reservoirs, allowing short distance gas migration:
   - ✓ **Patchawarra/Toolachee Fms of Windorah Trough comprise interbedded coals/coaly source rocks and fluvial sandstones**
2. Gas-mature source rocks:
   - ✓ **Patchawarra/Toolachee coaly source rocks in Windorah Trough are in the peak - late gas generation window**
3. An over-pressured, gas-saturated reservoir with little or no free water:
   - ✓ **Wells adjacent to ATP 927 contain gas-saturated Permian sandstones**
   - ✓ **Log analysis / test results indicate a lack of free water in reservoir sands**
   - ✓ **Over-pressure evident in adjacent wells**
4. Gas-saturated reservoirs grade vertically across stratigraphic boundaries, as well as up-dip into transitional, water- and gas-bearing reservoirs:
   - ✓ **Conventional structural gas fields are present up-dip from ATP 927 (e.g. Vernon trend, Wareena), flanking the Windorah Trough**

Exploration confirms Basin Centred Gas Play

- Two wells drilled - Tamarama-1 & Queenscliff 1 both gas discoveries with gas flows to surface on tests
- 5 stage frac completed in Tamarama -1 well with gas flowing to surface
- Successfully installed plunger lift into the Tamarama -1 well.
- Improved well performance post work over – variable rates up 1 mmcf/d.
- Water recovered appears to still be from original frac fluid and from Toolachee zone coal seams. The dewatering is not allowing us to complete a proper flow test program.
- Seeking to contract resource offtake to large commercial gas users



ATP 927 Permian Stratigraphy - log correlation



- Coaly source rocks lie in close vertical proximity to reservoirs
- Reservoir sandstones gas-charged
  - unstimulated test rates from RTSTM to >3 mmcfd gas
  - formation water not produced on test
  - reservoirs over-pressured
- Reservoirs at structurally shallower depths on flank of Windorah Trough contain gas on water in conventional structural traps (e.g., Wareena)

Significant Gas Resource in Place

REAL ENERGY

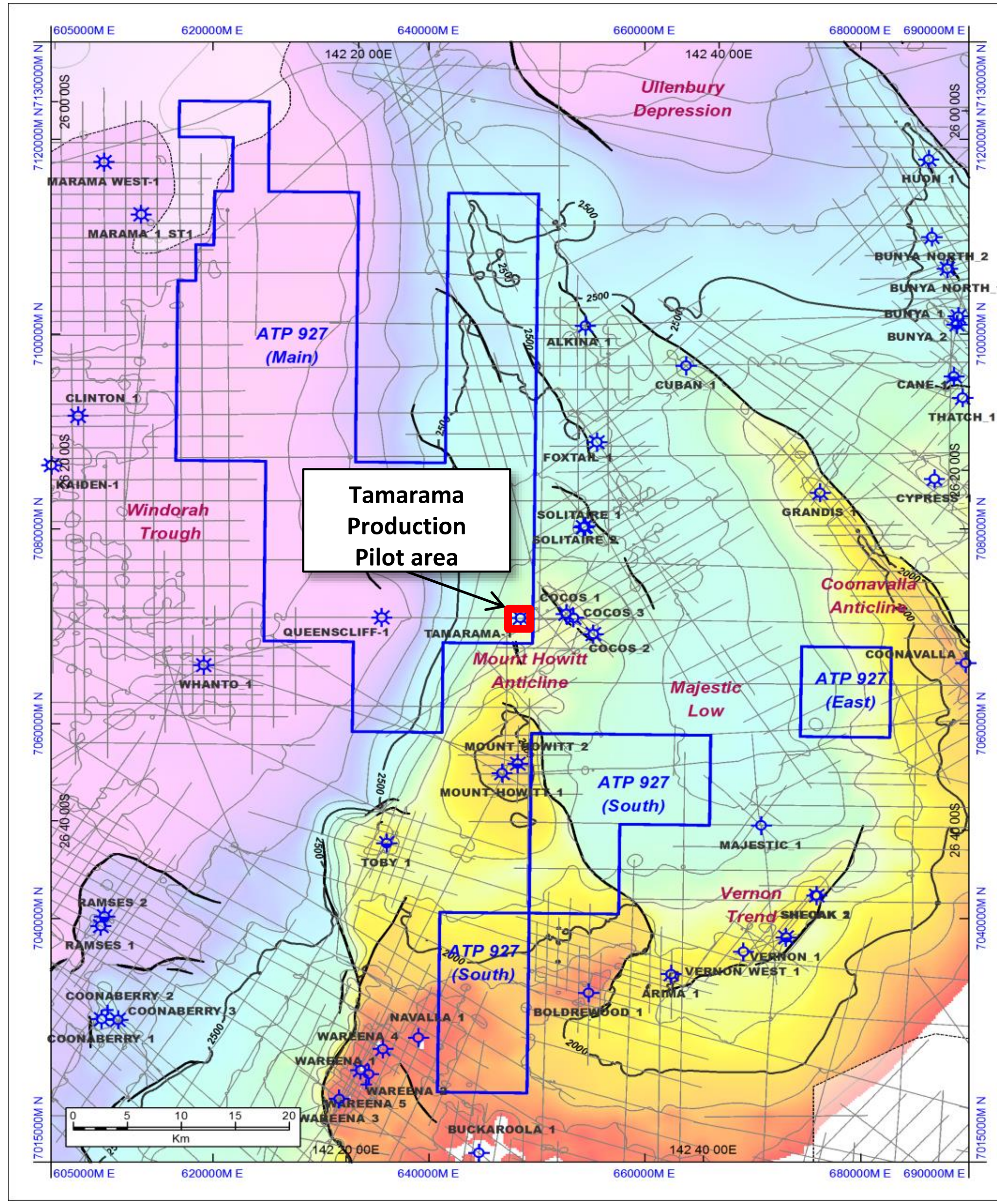
Permit	Area (Km²)	Estimated petroleum initially in place (Mean BCF)
ATP927P	1,718	13,761
ATP1194 PA	1,043	-
Total:	**2,761 (682,257 acres)**	**13,761**

Contingent Gas Resources	BCF
2C	276
3C	672

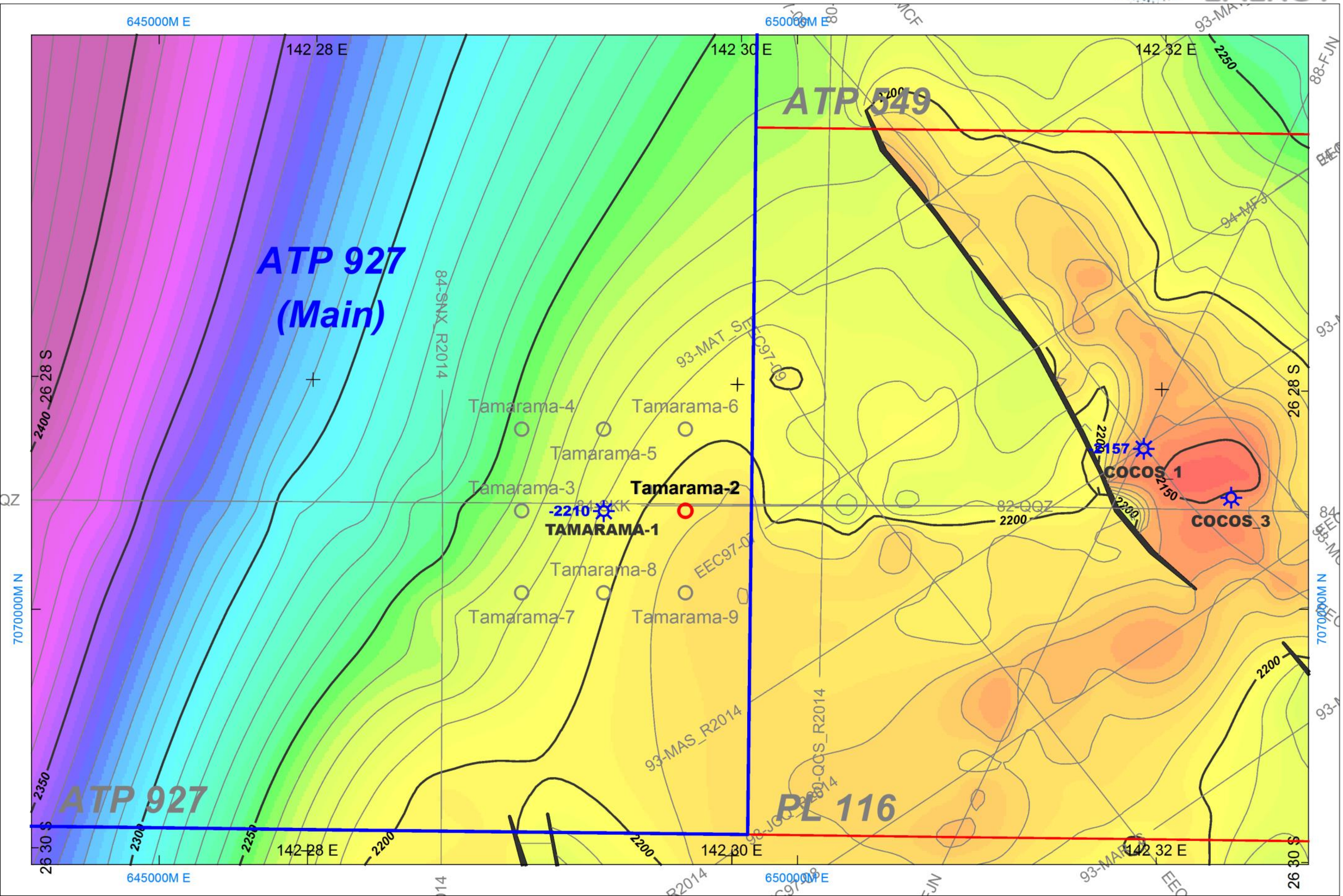
Source: DeGolyer Mac Naughton July 2015 for ATP927P

Tamarama Appraisal and Development

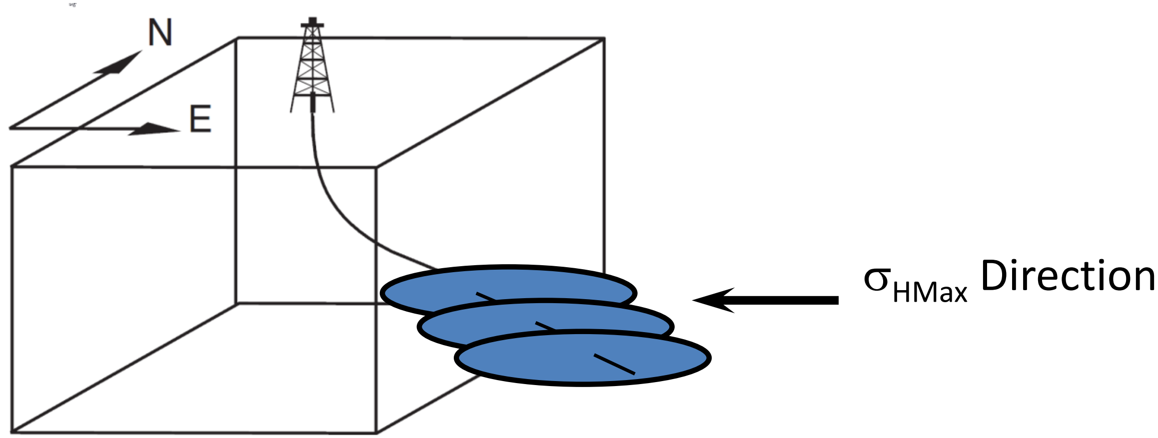
- Drill, complete & fracture stimulate eight development wells targeting 1C contingent resources
- Tamarama-2 to 9 wells are sited on 80-acre spacings centred on Tamarama-1 (refer following slide)
- Establish production – MOU with Santos for gas processing



Tamarama-2 to 9 development well locations



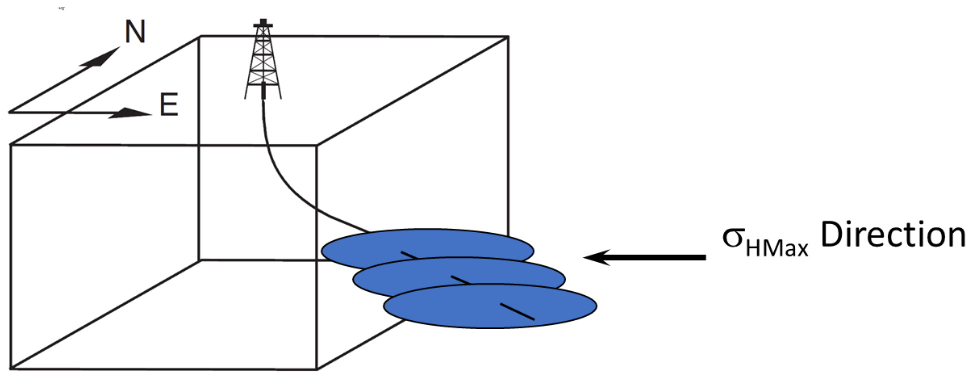
Well Design – Windorah Gas Project



Well trajectory (∡) < 60° from vertical

- Future pilot production wells will be drilled as deviated
- Well path to be oriented within 0-30° of the maximum stress direction for optimum fracture stimulation efficiency and gas production rates

Well Design – Windorah Gas Project



Well trajectory (∡) < 60° from vertical

- Poor production in Australia resulting from successful North American style of drilling in σ_{hmin} direction

- Past deviated drilling and frac operations have exhibited:
  - High intiation pressures near-wellbore tortuosity (i.e., pressure loss, frac fluid shear, proppant holdup)
  - Wellbore failures
  - Not unexpected from Australian strike-slip to reverse stress regimes

- By orienting wells within 0-30° from σ_{HMax} direction will result in:

  - Improved aspect of reservoir
  - Improve hydraulic fracture height containment
  - Reduced initiation near-wellbore tortuosity (i.e., pressure loss, frac fluid shear, proppant holdup)

Why invest in Real Energy

- ✓ One of the best exposures to the East Coast Gas thematic
- ✓ Potential near term production with MOU in place with Santos for gas processing
- ✓ Low valuation
- ✓ One of the largest gas resource <u>uncontracted</u> on the east coast - Independent Estimated Total Mean Gas in place of 13.76 TCF in APT927P
- ✓ Cash position – RLE had $7.5M as at 30 June 2017
- ✓ No Debt

Contact

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The geological information in this presentation relating to geological information and resources is based on information compiled by Mr Lan Nguyen, who is a Member of Petroleum Exploration Society of Australia, the American Association of Petroleum Geologist, and the Society of the Petroleum Engineers and has sufficient experience to qualify as a Competent Person. Mr Nguyen consents to the inclusion of the matters based on his information in the form and context in which they appear. The information related to the results of drilled petroleum wells has been sourced from the publicly available well completion reports.