



REAL ENERGY

Sept 2017 Quarterly Report

HIGHLIGHTS

- **Flow back operations continued on the Tamarama-1 well during the quarter**
- **Variable estimated flow rates – during flow cycles - averaged at around 1.2 mmscfd with a high flow of over 2 mmscfd through a 1 inch choke**
- **Post quarter end, Real Energy raised \$2.34 million (before costs) through the issue of approximately 26 million new fully paid ordinary shares**
- **MOU signed with Weston Energy. Weston Energy becoming Real Energy's foundation customer**
- **\$6.78 million cash at the end of Sept 2017 not including the capital raising of \$2.34 Million post quarter.**
- **Planning has commenced for two additional appraisal wells - Tamarama-2 and 3**

Real Energy Corporation Limited **ASX: RLE**

Real Energy is an oil and gas exploration and development company with a focus on the Cooper basin, Australia's most prolific conventional onshore petroleum producing basin. Real Energy has 100% ownership in permits in Queensland being ATP 927P and ATP1194PA.

Real Energy is focusing initially on the Toolachee and Patchawarra formations. These formations are well known throughout the basin as holding and producing gas. Seismic has identified that the Toolachee and Patchawarra formations are significant in part of our acreage. Subsequent to successful drilling & testing of 2 exploration wells in 2014, the Company has Independently Certified 3C Contingent Gas Resources of 672 BCF and a Mean Prospective Gas Resources of 5,483 BCF in the Toolachee and Patchawarra formations within ATP 927P.

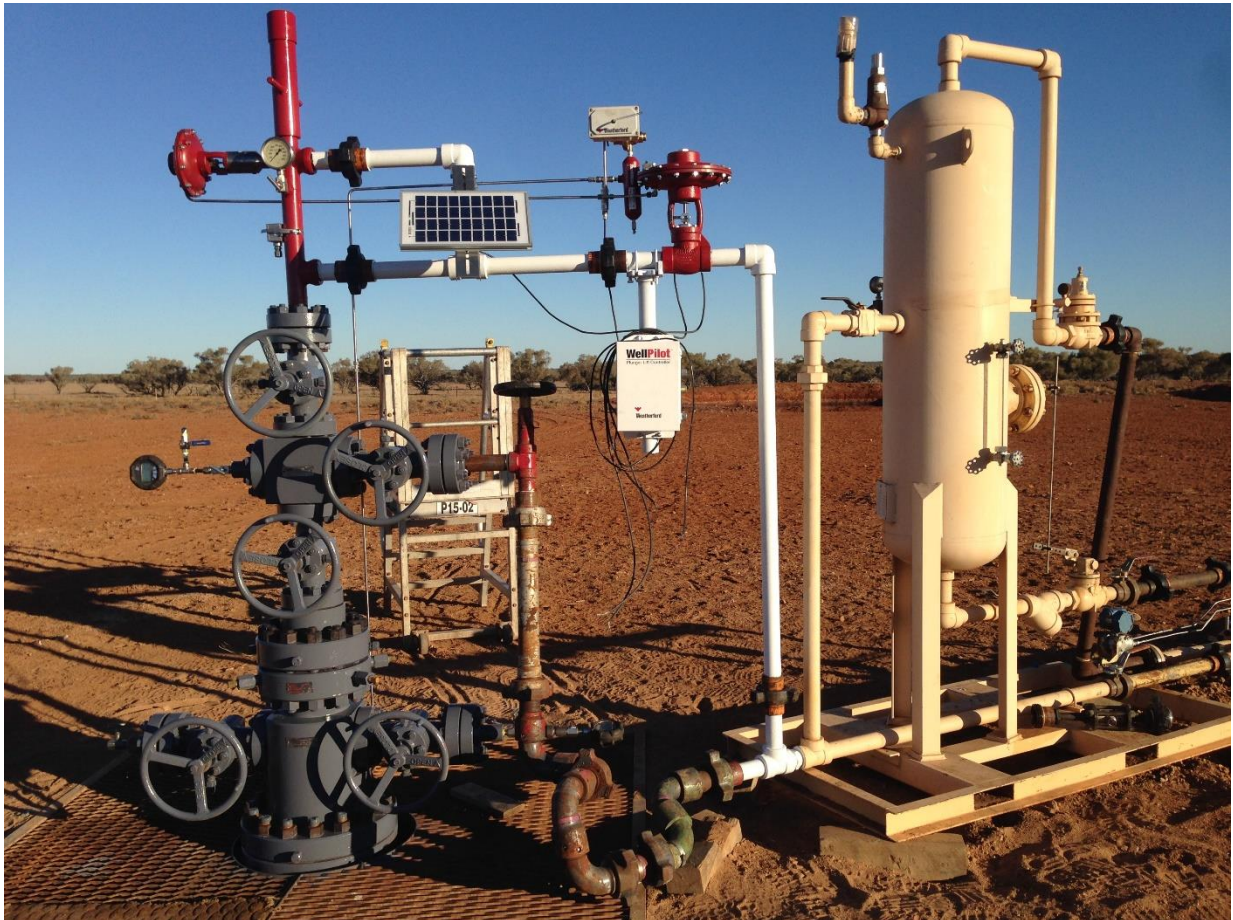
Directors

Lan Nguyen – Non Executive Chairman
Scott Brown – Managing Director
Norm Zillman – Non Executive Director

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Real Energy Corporation Limited (ASX: RLE and Real Energy) is pleased to provide an update to shareholders for the quarter ended 30 September 2017. The Company continued to progress exploration and development activities at the Windorah Gas Project in the Cooper Basin.



Tamarama -1 – Surface equipment for the plunger lift system

Exploration

During the September 2017 Quarter, a plunger lift system was installed in the Tamarama 1 well to optimise the de-watering process. The plunger lift system was successfully operating on the automated flow and buildup cycle mode and meeting our expectations. Post Quarter, we have observed an improvement in the well performance. During longer flow cycles (approximately 6 hour flow period), the estimated gas flow rates have been fluctuating, but averaged at around 1.2 mmscfd with the high rates above 2 mmscfd through 1 inch choke.

The improvement is encouraging and meeting our expectations, however, we will continue to look at the ways to optimise the de-watering process for this well in order to progress the Windorah Gas Project to the next level. It is our view that the last stage of our fracking program, the frac spread into the coal seams in the Toolachee formation. The recovered water volume so far is interpreted to be from the frac water and from the coal seam dewatering. Over time it is expected the level of water

from the coal seam should be reduced and more gas should come from the coal seams. We believe that a stablished flow rate for Tamarama 1 would have occurred much earlier if we did not proceed with the 5th frac stage. This is a lesson learned. While the water is currently hampering our flow rates, we believe in the medium term we will get more gas from this zone.

Planning has commenced for the drilling of two additional appraisal wells - Tamarama-2 and 3. We are expecting significant improvements in wells from design, completion and fracking methods which will enhance the economics of the Windorah project.



Tamarama 1 - flare



Corporate

As at 30 September 2017, Real Energy had \$6.78 million in cash and is well funded to continue current operations at the Windorah Gas Project. Post the quarter the Company raised \$2.34 million before costs by issuing an additional 26 million shares at 9 cents per share.

During the quarter, the Company signed a non-binding Memorandum of Understanding (MOU) with Weston Energy Pty Limited ("Weston Energy") to sell gas from the Company's Windorah Gas Project in the Cooper Basin, Queensland.

The MOU represents a significant step towards signing a binding Gas Sales Agreement (GSA) between the two parties and covers the purchasing by Weston Energy of 3 petajoules ("PJ") gas per year for a period of five years. A future binding GSA is subject to a number of conditions, including Weston Energy finalising gas transportation arrangements.

The MOU also provides for Weston Energy making a prepayment of A\$6 million subject to a GSA being executed by Real Energy and Weston Energy, which will give Real Energy additional financial flexibility to execute future field development activities.

During the September Quarter, the Company spent \$236,000 on exploration and development.

At the end of the quarter the total number of ordinary fully paid shares on issue was 229,288,033.

Tenement Schedule

Permit	RLE ownership %	Location
ATP927P	100	Cooper Basin, South West Queensland
ATP1194PA	100	Cooper Basin, South West Queensland

Contingent Resources

The estimates of contingent resources are based on the area surrounding the two successful gas wells, Queenscliff-1 and Tamarama-1, located within the exploration permit ATP927P, Windorah Trough, Cooper Basin. Discovery status is based on definition under the SPE/WPC Petroleum Resource Management System (PRMS) 2007. A summary of the gross estimates of contingent gas resources for ATP927P is provided below:

Resources Category	Bcf (Billion Cubic Feet)
1C	77
2C	276
3C	672

Prospective Resources

In addition to the Contingent Resources, the mean gross prospective natural gas resources for ATP927P are:

Resources Category	Bcf (Billion Cubic Feet)
Prospective OGIP Resources	13,761
Prospective Recoverable Gas Resources	5,483

Both Contingent Resources and Unconventional Prospective Resources estimates in ATP927P have been independently certified by DeGolyer and MacNaughton, a leading international petroleum industry consulting firm.

The geological information in this report 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.

For further information, please contact:

Mr Scott Brown

Managing Director

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Or visit our website at www.realenergy.com.au

On our website you can register for email alerts.

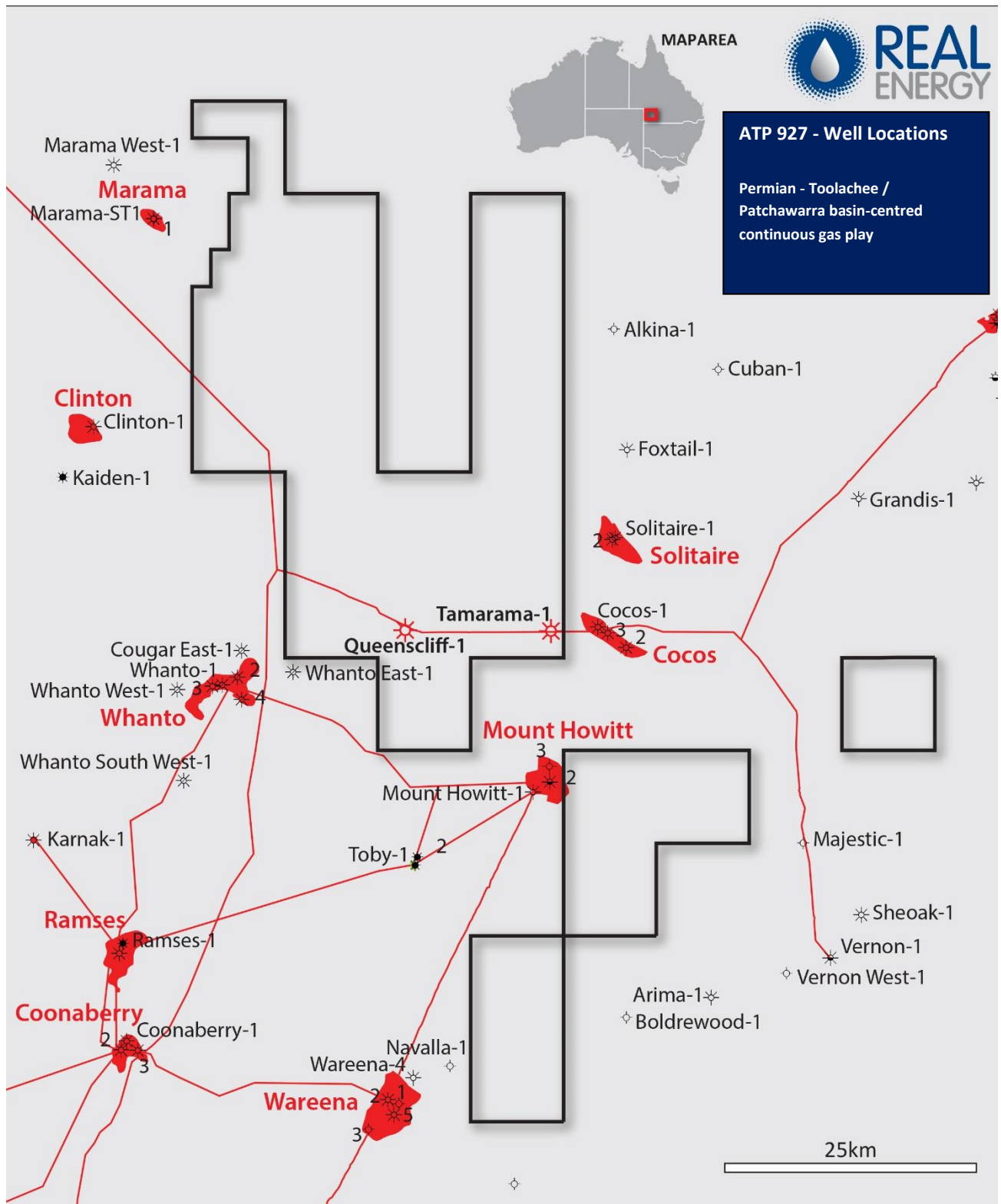
Appendix 1

Well Result

Tamarama 1 Well

- 1 Type of well
Petroleum, Gas Well
- 2 Location
13Kms North of Mt Howitt in South West Queensland, Australia
see map
- 3 Working Interest
100%
- 4 Gross and Net Pay
Gross pay interval is 119 metres.
Total net pay ranges from 12 m to 44 m for Category 1 sands and from 41 m to 46.5 m for Category 2 sands.
- 5 Rock Type
Toolachee and Patchawarra
Sandstone and Coal formations
- 6 Depth
Top Toolachee Formation 2358.0 mRT / 2210.5 mSS Thickness 41.5 mMD
Top Patchawarra Formation 2399.5 mRT / 2252.0 mSS Thickness 126.5mMD
- 7 Tests
Observations from dewatering the well
- 8 Recoveries
Water
- 9 Choke and Flow Rates
1 inch choke - variable rates - during longer flow cycles (approximately 6 hour flow period), the estimated gas flow rates have been fluctuating, but averaged at around 1.2 mmscfd with the high rates above 2 mmscfd
- 10 Fracture Stimulation stages
5 Stage Fracture Stimulation
- 11 Volumes of Non Hydrocarbon gases
N/A
- 12 Other
N/A

Real Energy Petroleum Permits Map



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Real Energy Corporation Limited

ABN

92 139 792 420

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(135)	(135)
(e) administration and corporate costs	(200)	(200)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (DD costs)	(200)	(200)
1.9 Net cash from / (used in) operating activities	(492)	(492)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other exploration assets	(236)	(236)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(236)	(236)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,508	7,508
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(492)	(492)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(236)	(236)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,780	6,780

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	565	214
5.2	Call deposits	6,215	7,294
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,780	7,508

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

130

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment of Director fees/Salaries and consultant fees

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available
Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.


9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	250
9.2	Development	-
9.3	Production	-
9.4	Staff costs	105
9.5	Administration and corporate costs	90
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	445

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 23/10/2017
Director/~~Company secretary~~
Print name: Scott Brown

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.