



Real Energy Corporation Limited  
Level 3, 32 Walker Street North Sydney NSW 2060  
Telephone 02 9955 4008

4 May 2018

ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Transmission via email

Dear Sirs

**Real Energy Corporation Limited ('RLE') Appendix 4C Query (quarter ended 31 March 2018)**

Thank you for your letter of 1 May 2018 concerning the above matter. Real Energy Corporation Limited ("Real Energy") responds to this letter as follows:

1. Does RLE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Real Energy Corporation Limited ("Real Energy") is likely to have negative cash flows in the near future as it is a gas exploration company and not yet a producer. It is hopefully that the current drilling program will be successful and therefore lead to production and potentially positive cash flow. Other relevant factors include:

- Cash on hand at 31 March 2018 was \$7.746M.
- As previously announced in the June 2018 Quarter, Real Energy is drilling 2 gas appraisal wells – Tamarama 2 and Tamarama 3. The costs of these wells will be borne in the June 2018 Quarter. Real Energy does not intend to drill further wells in the September 2018 Quarter. The forecast cash outflows for the quarter ending 30 September 2018 will be significantly lower as no wells are scheduled to be drilled. Real Energy believes that the Tamarama 2 and Tamarama 3 wells being drilled in the June 2018 quarter will be commercial and will lead to production and cash flow in the future.
- Corporate and administration costs in the quarters ended 30 June 2018 and 30 September 2018 are expected to be \$0.22M.

2. Has RLE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company does receive financing proposals from time to time and will only implement proposals that it considers in shareholders' best interests. The Company has sufficient funding for its current program and it likely to consider funding proposals once the results from the current wells Tamarama 2 and Tamarama 3 are known. If these wells are commercially successful Real Energy believes that many different financing options will be available to the Company. That may include selling down equity in permits or bring in a Joint Venture partner. The Company will consider other funding options including debt and equity raisings.

3. Does RLE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Real Energy expects to be able to continue its operations and to meet its business objectives based on:

- Real Energy's cash balance at 31 March 2018 (\$7.746M)
- Real Energy's expected net cashflows in the quarters ending 30 June 2018 and 30 September 2018
- A belief that the drilled wells become commercially viable in the near future and therefore result in production and cash flows.

4. Please provide any other information that RLE considers may be relevant to ASX forming an opinion on whether RLE is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

Real Energy have no further information to provide that it considers may be relevant to ASX forming an opinion on whether Real Energy is in compliance with Listing Rule 12.2.

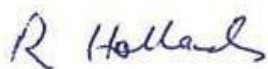
5. Please confirm that RLE is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

Real Energy confirms that it is compliance with the ASX Listing Rules, in particular Listing Rule 3.1.

6. Please confirm that RLE responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RLE with delegated authority from the board to respond to ASX on disclosure matters.

Real Energy confirms that the content of this letter is in accordance with its continuous disclosure policy and authorised and approved by all Real Energy Directors.

Yours sincerely



Ron Hollands  
Company Secretary



1 May 2018

**Mr Ron Hollands**

Company Secretary  
Real Energy Corporation Limited  
Level 3  
Suite 2, 32 Walker Street  
North Sydney NSW 2060

By email

Dear Mr Hollands

**Real Energy Corporation Limited ("RLE"):** Appendix 5B Query

I refer to RLE's Appendix 5B quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform on 30 April 2018 (the "Appendix 5B").

ASX notes that RLE has reported:

- negative net operating cash flows for the quarter of \$257,000;
- cash at the end of the quarter of \$7,746,000; and
- estimated cash outflows for the next quarter of \$4,720,000.

It is possible to conclude, based on the information in the Appendix 5B that if RLE were to continue to expend cash at the rate indicated by the Appendix 5B, RLE may not have sufficient cash to continue funding its operations. In view of that, ASX asks RLE to respond separately to each of the following questions and requests for information:

1. Does RLE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has RLE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does RLE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that RLE considers may be relevant to ASX forming an opinion on whether RLE is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that RLE is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that RLE's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RLE with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEST on 4 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in RLE's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RLE's obligation is to disclose the

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information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to RLE’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that RLE’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RLE’s securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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**Stephanie So**

Senior Adviser, Listings Compliance (Sydney)