



REAL ENERGY

June 2018 Quarterly Report

HIGHLIGHTS

- **Drilling and casing of Tamarama-2 and Tamarama-3 completed in the Quarter**
- **Strong Gas shows in Tamarama-2 and Tamarama-3**
- **\$3.9 million cash at bank as at 30 June 2018**
- **Placement in September Quarter to raise \$3.7M before costs**
- **Fracture stimulation and well testing of Tamarama-2 and 3 wells to occur shortly**
- **Reservoir modelling suggests initial flow rates should exceed 3 MMscf/day in Tamarama-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 June 2018. The Company continued to progress exploration and development activities at the Windorah Gas Project in the Cooper Basin.

Exploration and Evaluation

During the June 2018 Quarter the Company drilled and cased for future fracture stimulation Tamarama-2 and Tamarama-3 which both had excellence gas shows through the reservoir sections of the wells.



Ensign 964 rig on site at Tamarama 2

Tamarama-2 was drilled to the total depth of 2,581 metres measured depth (MD) and casing was run and cemented to 25,71 metres MD. Due to hole conditions, wireline logs were run to 2,463 metres MD. Wireline log petrophysical interpretation, together with mud log gas readings and drill cuttings, have indicated the presence of gas saturated Permian Toolachee and Patchawarra formations section at the Tamarama-2 located approximately 765 metres East-Southeast from Tamarama-1 at the Patchawarra Formation top level. The petrophysical evaluation, using standard 5% porosity cut-off for pay calculation of the Basin Centred Gas Play, indicates the well has encountered combined net pay of 35m true vertical thickness, being 13.85 metres of net sandstone gas pay (from a gross 40.4 metres true vertical thickness)

in the Toolachee Formation, and 20.89 metres of net sandstone gas pay (from gross 49.4 metres true vertical thickness) in the upper Patchawarra Formation section which was logged.

For comparison using the same interpretative methodology, Tamarama-1 has 11.5 metres of net sandstone gas pay (from gross of 41.5 metres) in the Toolachee Formation. While wireline logs for the complete Patchawarra Formation section in Tamarama-2 are not available yet, based on the mud log data and Gamma Ray log-while-drilling the net sandstone gas pay in the Patchawarra Formation in Tamarama-2 would be slightly less than in Tamarama-1 due to its thickness (119.5 metres thick vs 126.5 metres thick). Tamarama-2 is situated approximately 27 metres up-dip from Tamarama-1 at the Permian Toolachee and Patchawarra Formations level.

Also, the well encountered 3.8 metres of log interpreted net sandstone gas pay (from gross approximately 30 metres) in the Nappamerri Formation.



Picture of Ensign Rig 964 on location

Tamarama-3 was drilled to the total depth of 2,634 metres MD and the casing was run and cemented to 2,628.5 metres MD. Wireline log petrophysical interpretation, together with mud log gas readings and drill cuttings indicate the presence of gas saturated Permian Toolachee and Patchawarra formations at the Tamarama-3 located approximately 520 metres West-Northwest from Tamarama-1 at the



Patchawarra Formation top level. The gross and net pay thickness of the Toolachee and Patchawarra formations encountered in Tamarama-3 are similar to those in Tamarama-1.

The petrophysical evaluation, using standard 5% porosity cut-off for pay calculation of the Basin Centred Gas Play, indicates the well has a combined net pay of 58.9m true vertical thickness, being 11.6 metres of net sandstone gas pay (from a gross 41 metres true vertical thickness) in the Toolachee Formation, and 47.3 metres of net sandstone gas pay (from gross 130.5 metres true vertical thickness) in the Patchawarra Formation.

A Pre-Frac testing program of three (3) diagnostic fracture injection tests (DFITs) were completed on Tamarama-3 to evaluate the permeability and stress. These parameters, along with extensive log data, will be used to optimise the upcoming hydraulic fracture on Tamarama 2 and 3 which is scheduled for the September quarter.

The results of the DFITs in non-pay intervals were able to describe the low range of permeability expected in the non-essential intervals and bracket a baseline permeability for the high permeability intervals. The in-situ stress values observed during these DFITs were closely aligned with the stress profiling for the Tamarama area as previously reviewed by an independent 3rd party analysis using Tamarama-1 and offsetting operator data obtained by data collaboration.

Tamarama 2 and 3 are incorporating new well designs to enable enhanced productivity through better alignment between the hydraulic fracture and the wellbore. This “alignment flow technology” has been the result of extensive ongoing research with Prof Raymond Johnson Jr at the University of Queensland to improve hydraulic fracturing designs in this area of the Cooper Basin. By better aligning the wellbore, perforations and the hydraulic fracture with the prevailing stress direction, an optimised hydraulic fracture and enhanced flow should result through implementation of these technologies.

Prof Johnson has now prepared a four-stage hydraulic fracturing design that will maximise coverage over the prospective intervals in Tamarama-3, then a similar process of testing and design will be performed on Tamarama-2 prior to its completion.

Reservoir modelling using the acquired stress and permeability data and enhanced fracturing designs indicate the initial production should exceed 3 MMscf/day in Tamarama-3.

Real Energy is currently in discussion with contractors to conduct the fracture stimulation and is expected to announce the works schedule shortly.

Tamarama-1 has been on automated flow/shut-in cycles with continuing dewatering operation. It is anticipated the well would be recompleted with a rod pump for production when the gathering network is available in the Tamarama area.



Corporate

As at 30 June 2018, Real Energy had \$3.9 million in cash and completed a placement after the end of the quarter to raise \$3.7 million before costs.

During the Quarter, the Company had cash spending of \$3,376,000 on the Windorah Gas Project. .

At the end of the quarter the total number of ordinary fully paid shares on issue was 255,360,036.

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 Geologists, and the Society of 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

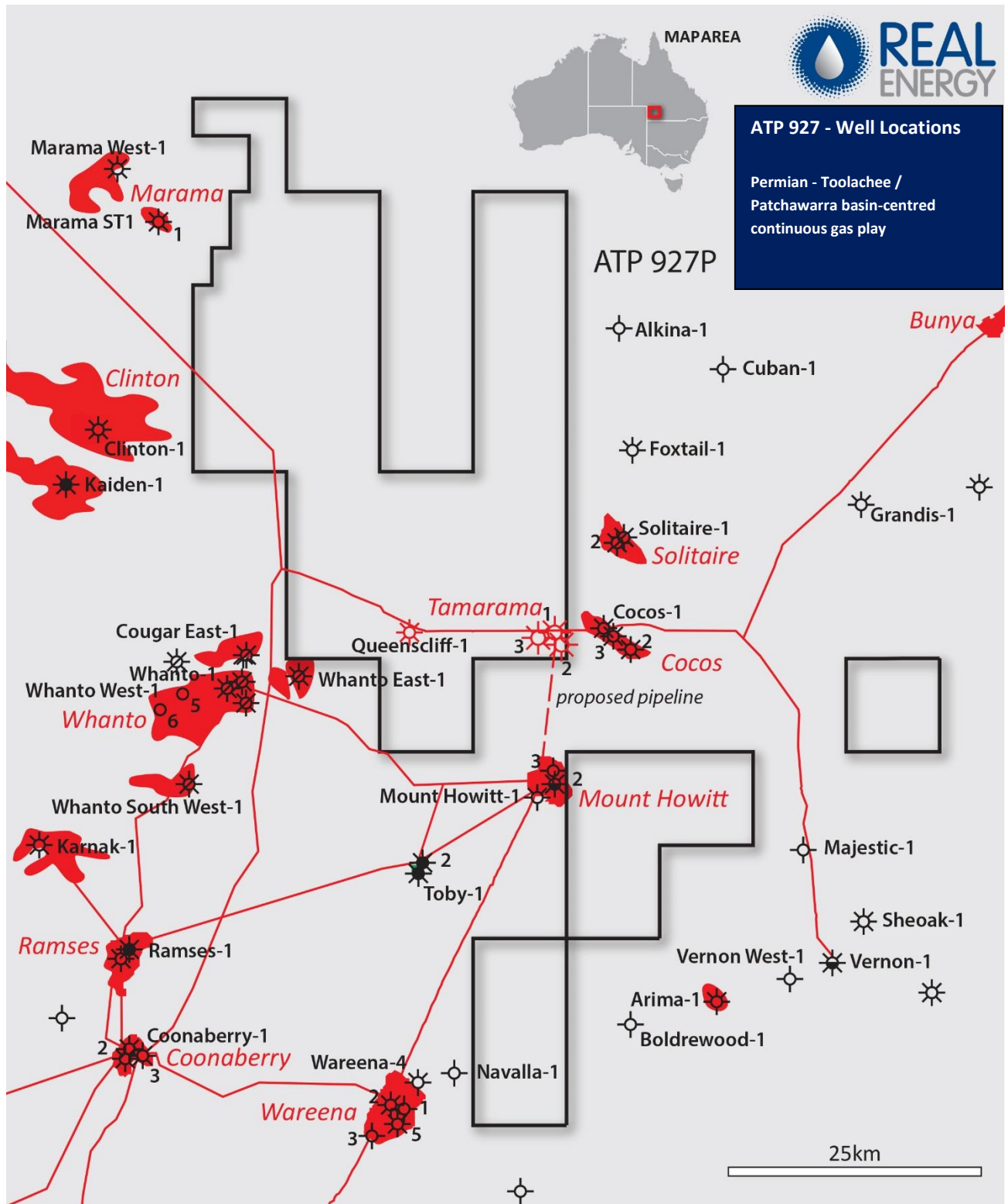
Managing Director

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

On our website you can register for email alerts.

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 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(139)	(538)
(e) administration and corporate costs	(262)	(1,069)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	42	184
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(359)	(1,423)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(1)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other exploration assets	(3,418)	(4,313)
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)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,418)	(4,314)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,346
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	-	(148)
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	-	2,198

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,746	7,508
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(359)	(1,423)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,418)	(4,314)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,198
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,969	3,969
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	258	147
5.2	Call deposits	3,711	7,599
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)	3,969	7,746

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	125
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 <i>Add notes as necessary for an understanding of the position</i>	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	1,800			
9.2	Development	-			
9.3	Production	-			
9.4	Staff costs	130			
9.5	Administration and corporate costs	260			
9.6	Other (provide details if material)	-			
9.7	Total estimated cash outflows	2,290			
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: 
 Director/~~Company secretary~~
 Print name: Scott Brown

Date: 31/7/2018

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.