



REAL ENERGY CORPORATION LIMITED
ABN 92 139 792 420

BONUS & PLACEMENT OPTION ISSUE PROSPECTUS

For a bonus issue of one (1) Option (**Bonus Option**) for every ten (10) Shares held by those Shareholders registered at the Record Date. (**Offer 1**) In addition, a top-up bonus option issue (being an extra 50% entitlement to the number of Bonus Options issued) will be made to a shareholder if the respective shareholder has the same number of shares or increases their net shareholding in the Company from 31 July 2018 to the Record Date. No funds will be raised as a result of the Offer.

And

For a placement issue of one (1) Option (**Placement Option**) for every two (2) Shares issued under the placement settled on 7 August 2018 (**Offer 2**) (together referred to the **Offers**)

No funds will be raised as a result of the Offer.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus, you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

The Bonus Options and Placement Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Lan Nguyen, B.Sc., M.Sc. (Non Executive)
Scott Brown, B.Bus, M.Com
(MD & Chief Executive Officer)
Ron Hollands, B. Bus, MBA
(Non Executive)

Registered Office

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NORTH SYDNEY NSW 2060

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Company Secretary

Ron Hollands

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Share Registry*

C/O Real Energy Corporation Ltd
Link Market Services Ltd Level 12, 680
George Street SYDNEY NSW 2000

Auditor*

A D Danieli Audit Pty Ltd
Level 1, 261 George St Street
SYDNEY NSW 2000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Announcement of the Bonus Options to ASX	16 August 2018
Lodgment of Prospectus with ASIC	22 August 2018
Notice of General Meeting to approve the Placement Options	16 August 2018
General Meeting	20 September 2018
Shares quoted on an ex -Bonus Option entitlements basis and Bonus Options quoted on a deferred settlement basis	21 September 2018
Record Date for Bonus Options	25 September 2018
Issue Date of Bonus Options and Placement Options	28 September 2018
End of Bonus Options trading on deferred settlement basis	28 September 2018
Normal trading in Bonus Options	1 October 2018
Bonus Options Expire	15 April 2019
Placement Options Expire	30 September 2020

The dates in the timetable above are indicative only. The Company reserves to vary the timetable without notice.

3. IMPORTANT NOTES

3.1 Introduction

This Prospectus is dated 22 August 2018 and was lodged with ASIC on that date. ASIC, ASX and each of their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Bonus Options or Placement Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Bonus Options and The Placement Options the subject of this Prospectus should be considered highly speculative.

As this is a bonus issue of Options, Shareholders and Placement applicants are not required to apply for Bonus Options and, as such, there is no application form attached to this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.2 Risk factors

Shareholders should be aware that there are a number of risk factors affecting the Company and the value of its Securities. The key risk factors of which Shareholders should be aware are set out in Section 7. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Bonus Options and the Placement Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Shareholders should consider consulting their professional advisers in relation to the issue of Bonus Options pursuant to this Prospectus.

4. DETAILS OF THE OFFERS

4.1 The Offers

The Bonus Offer is being made as a bonus issue of one (1) Option for every ten (10) Shares held by all Shareholders registered on the Record Date, to be issued for nil consideration.

In addition if Shareholders also held the same number or less Shares (but not zero) in the Company on the 31 July 2018 (the date the Placement was announced) as on the record date then those shareholders entitlement to the Bonus Options shall be increased by 50% for nil consideration. Hence if Shareholders have maintained or added to their net shareholding prior to the Record Date they will be entitled to an additional amount of Bonus Options.

The Offer 2 for a placement issue of one (1) Option (**Placement Option**) for every two (2) Shares issued under the share placement made on 7 August 2018 is subject to shareholder approval and a meeting of shareholders has been convened to seek such approval.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of approximately 42,929,006 Bonus Options and 23,125,000 Placement Options will be issued pursuant to these Offers. No funds will be raised as a result of these Option Offers.

Where a fractional entitlement to bonus options occurs, the Company will round that fraction up to the nearest whole security.

All of the Bonus Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.1. All of the Placement Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2.

All of the Shares issued upon the future exercise of the Bonus Options or the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.3 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offers is set out in Section 5.1.

4.2 Minimum subscription

There is no minimum subscription.

4.3 ASX listing

Application for Official Quotation of the Bonus Options and the Placement Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus within 7 days after the date of this Prospectus. The Bonus Options will be issued in accordance with the timetable set out at the commencement of this Prospectus, however they will remain unquoted until such time as the Company satisfies ASX quotation requirements. The Bonus Options and Placement Options will be issued in accordance with the timetable set out at the commencement of this Prospectus.

The Company anticipates that quotation will occur 7 days after issue. If ASX does not grant Official Quotation of the Bonus Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC) any Bonus Options issued will be void in accordance with section 723 of the Corporations Act.

The fact that ASX may grant Official Quotation to the Bonus Options is not to be taken in any way as an indication of the merits of the Company or the Bonus Options or Placement Options now offered.

4.4 Issue

Bonus Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the timetable set out at the commencement of this Prospectus. Holding statements for the Bonus Options issued under the Offer will be mailed as soon as practicable after their issuance.

4.5 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Bonus Options or Placement Options or otherwise permit a public offering of the Bonus Options or Placement Options the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any Governmental or other consents are required or whether any other formalities need to be considered and followed. If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Bonus Options or Placement Options pursuant to this Prospectus.

The Bonus Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.6 Enquiries

Any questions concerning the Offer should be directed to Ying Ou, Financial Controller, on +61 2 9955 4008.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The purpose of the Offers is to reward Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if Bonus Options or Placement Options are exercised. No funds will be raised through the issue of the Bonus Options or Placement Options pursuant to this Prospectus, however if the maximum number of Bonus Options are issued and exercised, the Company will receive approximately \$5,428,980. Also, if all the Placement Options are exercised the Company will receive \$3,237,500. The funds raised as a result of exercise of the Options will be utilised by the Company in furtherance of its business and for working capital.

5.2 Effect of the Offers

The principal effect of the Offer, assuming all Bonus Options and Placement Options offered under the Prospectus are issued, will be to increase the number of Options on issue from zero prior to the date of this Prospectus to a maximum of approximately 68,366,506 following completion of the Offers.

Bonus Options exercisable at 12 cents	30,161,004
Maximum additional Bonus Options exercisable at 12 cents	15,080,502
Placement Options exercisable at 14 cents	23,125,000
Maximum Total Options after the Offers	68,366,506

5.3 Effect on Balance Sheet

The Bonus Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet.

5.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Bonus Options and Placement Options offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue	301,610,036
Shares offered pursuant to the Offers	Nil
Total Shares on issue after completion of the Offers	301,610,036

Options

	Number
Options currently on issue	-
Bonus Options offered pursuant to the Offer (Quoted, exercisable at \$0.12 on or before 15 April 2019)	30,161,004
Maximum additional Bonus Options offered pursuant to the Offer (Quoted, exercisable at \$0.12 on or before 15 April 2019) (See Section 4.1)	15,080,502
Placement Options offered pursuant to the Offer (Quoted, exercisable at \$0.14 on or before 30 September 2020)	23,125,000
Total Options on issue after completion of the Offers	68,366,506

Notes:

1. The Bonus Options will be issued in accordance with the timetable set out at the commencement of this Prospectus, however they will remain unquoted until such time as the Company satisfies ASX quotation requirements. The Company anticipates that quotation will occur soon after issue.
2. The Placement Options require shareholder approval and will be issued in accordance with the timetable set out at the commencement of this Prospectus, however they will remain unquoted until such time as the Company satisfies ASX quotation requirements. The Company anticipates that quotation will occur soon after issue.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, the following persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

- 1) Mr. Scott Brown holds 26,218,789 fully paid ordinary shares
- 2) Mr. Dang Lan Nguyen holds 20,500,000 fully paid ordinary shares
- 3) BNP Paribas Nominees Pty Ltd holds 17,529,255 fully paid ordinary shares
- 4) Sino Portfolio International Limited holds 17,320,000 fully paid ordinary shares

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Bonus Option terms and conditions

The following are the terms and conditions of the Bonus Options:

- (a) each Bonus Option entitles the holder to subscribe for one Share upon payment of \$0.12 (**Exercise Price**);
- (b) the Bonus Options are exercisable on or before 15 April 2019 at any time;
- (c) the Bonus Options will expire on 15 April 2019. Bonus Options not exercised by the expiry date will automatically lapse;
- (d) the Bonus Options may be exercised in whole or in part, by notice in writing to the Company;
- (e) holders of Bonus Options will be permitted to participate in new issues of securities only following the prior exercise of the Bonus Options, in which case the record date must be at least seven (7) Business Days , or such lesser number of days as is permitted under the ASX Listing Rules, after announcement of the new issue, to allow exercise of the Bonus Options ;
- (f) Shares issued on the exercise of the Bonus Options will be issued after receipt of a properly executed “form of exercise of Options” and together with the appropriate monies for the exercise;
- (g) Shares issued pursuant to the exercise of a Bonus Option will rank equally with the then issued Shares;
- (h) The Company will allot new shares resulting from any valid exercise of the Bonus Options once per month at a time of its choosing;
- (i) If Bonus Options lapse unexercised, the Company has the right to place, within 3 months from the Expiration Date, any Shares that could be exercised from the Bonus Options to other parties;
- (j) a Bonus Option does not confer the right to a change in Exercise Price or a change in the number of Shares over which the Bonus Option can be exercised; and
- (k) in the event of any reconstruction (including consolidation, subdivision, reduction or returns) of the issued capital of the Company, the number of Bonus Options or Exercise Price or both shall be reconstructed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

6.2 Placement Option terms and conditions

The following are the terms and conditions of the Placement Options:

- (a) each Placement Option entitles the holder to subscribe for one Share upon payment of \$0.14 (**Exercise Price**);
- (b) the Placement Options are exercisable on or before 30 September 2020 at any time;
- (c) the Placement Options will expire on 30 September 2020. Placement Options not exercised by the expiry date will automatically lapse;
- (d) the Placement Options may be exercised in whole or in part, by notice in writing to the Company;
- (e) holders of Placement Options will be permitted to participate in new issues of securities only following the prior exercise of the Placement Options, in which case the record date must be at least seven (7) Business Days, or such lesser number of days as is permitted under the ASX Listing Rules, after announcement of the new issue, to allow exercise of the Placement Options;
- (f) Shares issued on the exercise of the Placement Options will be issued after receipt of a properly executed “form of exercise of Options” and together with the appropriate monies for the exercise;
- (g) Shares issued pursuant to the exercise of a Placement Option will rank equally with the then issued Shares;
- (h) The Company will allot new shares resulting from any valid exercise of the Placement Options once per month at a time of its choosing;
- (i) If Placement Options lapse unexercised, the Company has the right to place, within 3 months from the Expiration Date, any Shares that could been exercised from the Bonus Options to other parties;
- (j) a Placement Options does not confer the right to a change in Exercise Price or a change in the number of Shares over which the Placement Options can be exercised; and
- (k) in the event of any reconstruction (including consolidation, subdivision, reduction or returns) of the issued capital of the Company, the number of Placement Options or Exercise Price or both shall be reconstructed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

6.3 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Bonus Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during

normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

(c) Dividend rights

Subject to the rights of persons (if any) entitled to shares with special rights to a dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. All dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid.

The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall carry interest as against the Company. The Directors may, before declaring a dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may in their absolute discretion establish on such terms as they think fit:

- (i) plans (to be called a "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company

in respect of shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for shares in the Company; and
(ii) being the underlying securities of the Bonus Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

(c) Dividend rights

Subject to the rights of persons (if any) entitled to shares with special rights to a dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. All dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid.

The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall carry interest as

against the Company. The Directors may, before declaring a dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may in their absolute discretion establish on such terms as they think fit:

- (i) plans (to be called a "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company in respect of shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for shares in the Company; and a plan (to be called a "dividend election plan") permitting holders of shares to the extent that his shares are fully paid up, to have the option to elect to forego his right to share in any dividends (whether interim or otherwise) payable in respect of such shares and to receive instead an issue of shares credited as fully paid up to the extent as determined by the Directors.

(d) Winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair on any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the sanction of a special resolution, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares issued upon the exercise of the Placement Options and the Bonus Options will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of shares

Generally, Securities in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) Future increase in capital

The allotment and issue of any new Securities is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the

Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Securities as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given to all Shareholders.

7. RISK FACTORS

7.1 Introduction

The Bonus Options and Placement Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Company & Industry Specific Risks

(a) Funding Risk

At the date of this Prospectus, the Company has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration. Neither the Company nor any of the Directors nor any other party can provide any guarantee or assurance that if further funding is required, such can be raised on terms favourable to the Company (or at all).

Any additional equity funding will dilute existing Shareholders. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent development, commissioning and operational performance.

(b) Exploration, evaluation and development costs

The exploration, evaluation and development costs of the Company are based on certain assumptions with respect to the method and timing of exploration, evaluation and development of a petroleum project. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

General Risks

(c) Economic risks

General economic conditions, movements in interest and inflation rates and

currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance.

Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(d) Exploration, evaluation and development success

The Company's projects are at various stages of exploration, evaluation and development and potential investors should understand that petroleum exploration, evaluation and development are high- risk undertakings.

There can be no assurance that the Company's projects, or any other projects that may be acquired in the future, will result in the discovery of an economic gas or oil deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration and evaluation programmes prove to be unsuccessful this could lead to a diminution in the value of the projects, a reduction in the cash reserves of the Company and possible relinquishment of the tenements.

(e) Operating risks

The operations of the Company may be affected by various factors, including failure to locate or identify petroleum accumulations; failure to achieve

predicted flow rates in a well; operational and technical difficulties encountered in drilling or other activities; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated composition of petroleum problems which may affect processing costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or production of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(f) Resource estimates

The Company has identified a significant gas resource based on geological interpretations and data and historical drilling. Whilst the Company intends to undertake additional evaluation work with the aim of proving that gas deposit will be commercial, no assurances can be given that additional evaluation will result in the determination of the gas resource being economically extracted.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and extraction plans which may, in turn, adversely affect the Company's operations.

(g) Commodity price volatility and exchange rate risks

If the Company achieves success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of oil and LPGs are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(h) Environmental risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if a well is put into production or production facilities are established. It is the Company's

intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Mines, Industry Regulation and Safety, from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

(i) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(j) Title risk and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The tenements may extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its tenements and to conduct exploration, development and mining operations remains subject to any applicable native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(k) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(l) Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(m) Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of oil and gas companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies.

These factors may materially affect the market price of the securities regardless of the Company's performance.

Oil and Gas business in itself is a speculative endeavour, while production operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

(n) Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant resource legislation may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

(o) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's proposed activities, as well as on its ability to fund those activities.

7.2 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Bonus Options or Placement Options offered under this Prospectus.

Therefore, the Bonus Options or Placement Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Issue Date:

- (i) the annual financial report most recently lodged by the Company with ASIC;
- (ii) any half- year financial report lodged by the Company with ASIC after the lodgment of the annual financial report referred to in (i) and before the lodgment of this Prospectus with ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgment of the annual financial report referred to in (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of Lodgment of the Company's latest annual financial report and before the lodgment of this Prospectus with the ASIC are set out in the table below.

Date	Announcement Heading
16/08/2018	Bonus Issue
16/08/2018	Notice of General Meeting/Proxy Form
9/08/2018	Director Appointment
9/08/2018	Retirement of Norm Zillman
7/08/2018	ASX Listing Rule 3.10.5A Disclosure and Cleansing Notice
7/08/2018	Appendix 3B
31/07/2018	June 2018 Quarterly Report
30/07/2018	Real Energy Completes \$3.7 million Placement
26/07/2018	Change of Director's Interest Notice
26/07/2018	Trading Halt
18/07/2018	Investor Presentation
17/07/2018	Reservoir Modelling of Tamarama-3 Well
9/07/2018	Diagnostic Fracture Injection Test Completed on Tamarama-3
13/06/2018	Windorah Gas Project Update
12/06/2018	Investor Update - Windorah Gas Project
1/06/2018	Operation Update - Windorah Gas Project on track
22/05/2018	Tamarama-3 Encounters Gas Pays
21/05/2018	Tamarama-3 Update
18/05/2018	Tamarama-3 Update
17/05/2018	Weekly Update Tamarama-3
10/05/2018	Weekly Update Tamarama-3
4/05/2018	Tamarama-3 Well Spudded
4/05/2018	Response to ASX Query

Date	Announcement Heading
3/05/2018	Real Energy Encounters Gas Pays at Tamarama-2
2/05/2018	Investor Presentation 121 Oil and Gas Investment Conference
30/04/2018	March 2018 Quarterly Report
26/04/2018	Tamarama-2 Encounters Strong Gas Shows
19/04/2018	Tamarama-2 Well Drilling Update
16/04/2018	Tamarama-2 Well Spudded
5/04/2018	Drilling Update
16/03/2018	High Impact Cooper Basin Drilling Starting Early April
14/03/2018	Investor Presentation
12/03/2018	Tamarama-1 Update and Video
9/03/2018	Half Year Accounts
19/02/2018	Change of Director's Interest Notice
31/01/2018	December 2017 Quarterly Report
30/11/2017	AGM Presentation
30/11/2017	Results of Meeting
30/11/2017	Tamarama-1 Update and Planning for Drilling 2 more Wells
9/11/2017	Research Report
6/11/2017	Updated 2017 Notice of AGM/Proxy Form – Thurs 30 Nov 2017
30/10/2017	Investor Presentation
27/10/2017	Notice of Annual General Meeting/Proxy Form
23/10/2017	September 2017 Quarterly Report
23/10/2017	Investor Presentation
19/10/2017	Top 20 Security Holders
16/10/2017	Change of Director's Interest Notice
16/10/2017	Placement 3B (for 12 October 2017 3B)
16/10/2017	Change in Substantial Holding
13/10/2017	Appendix 3B
12/10/2017	Boardroom Media Interview with Managing Director
10/10/2017	GLL: October Investor Roadshow Presentation
4/10/2017	Real Energy Raises \$2.3m in a Placement
3/10/2017	Appendix 4G and Corporate Governance Statement
29/09/2017	Trading Halt
29/09/2017	2016-2017 Financial Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The ASX announcements are also available on the Company's website.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgment of this Prospectus with ASIC and the respective dates of those sales were:

	Cents
Highest	11.5
Lowest	7.2
Last (Closing price 17/8/18)	7.5

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director.

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares (direct and indirect)	Placement Options Entitlement	Bonus Options Entitlement
Scott Brown	26,218,789	-	3,932,818
Lan Nguyen	20,500,000	-	3,075,000
Ron Hollands	-	-	-

The table is based on their current holdings. If a director buys or sells shares prior to the Record Date their entitlement will change accordingly.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of all non- executive Directors is initially set by the Directors and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non- executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non- executive Director. The current amount has been set at an amount not to exceed \$150,000 per annum.

A Director may be paid fees or other amounts (i.e. non- cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to Directors:

Director	Financial Year ending 30 June 2018	Financial year ending 30 June 2017
Scott Brown	\$328,500	\$328,500
Lan Nguyen	\$182,850	\$162,375
Norm Zillman ¹	\$36,000	\$36,000
Ron Hollands ¹	\$4,419	\$5,858

1. Norm Zillman retired as a director and Ron Hollands was appointed as a director on 9 August 2018. The Fees paid to Ron Hollands in the prior financial years were in relation to fees as Company Secretary.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (j) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (k) promoter of the Company; or
- (l) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

Websters Solicitors & Barristers has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgment of this Prospectus with ASIC, Websters Solicitors & Barristers has not been paid any fees for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section ; and

- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Websters Solicitors & Barristers has given its written consent to being named as the solicitors to the Company in this Prospectus. Websters Solicitors & Barristers has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

8.7 Expenses of the offers

The total expenses of the Offers are estimated to be approximately \$19,206 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	10,000
Legal fees	5,000
Printing and distribution	1,000
Total	19,206

8.8 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Bonus Option or Placement Options certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

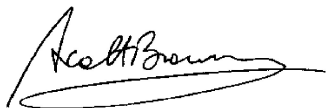
Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Bonus Options or Placement Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgment of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'Scott Brown', with a long horizontal flourish extending to the right.

Scott Brown
Managing Director

For and on behalf of
REAL ENERGY CORPORATION LIMITED

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Bonus Option means an option to acquire a Share on the terms and conditions set out in Section 6.1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means Real Energy Corporation Limited (ACN 139 792 420).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001*(Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offers.

Expiration Date(s) means the respective dates the Bonus Option expire, which 15 April 2019, and the Placement Option expire, which is 30 September 2020.

Issue Date means the issue date specified in the timetable set out at the commencement of this Prospectus.

Offers means the non-renounceable bonus issue of Options (Bonus Option) and the Placement Option, the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement Option means an option to acquire a Share on the terms and conditions set out in Section 6.2.

Prospectus means this prospectus.

Record Date means the record date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

EST means Eastern Standard Time as observed in Sydney New South Wales.