



REAL ENERGY

Sept 2018 Quarterly Report

HIGHLIGHTS

- **Well stimulation of Tamarama 2 and 3 wells completed during the quarter**
- **Strong Gas shows in Tamarama 2 and Tamarama 3**
- **\$5.0 million cash at bank as at 30 September 2018**
- **Gas flowing to surface from both Tamarama 2 and 3 wells**
- **Agreements signed after quarter end for gas processing and transporting with Santos and Beach Energy.**
- **Placement in September Quarter raised \$3.7M before costs**
- **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
John Wardman – Non Executive Director

Corporate Office

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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 2018. The Company continued to progress exploration and development activities at the Windorah Gas Project in the Cooper Basin.

Exploration and Evaluation

Late in the September 2018 Quarter, the Company had mobilised equipment and started operations for well stimulation on Tamarama 3, which has excellence gas shows and log-interpreted gas pays through the reservoir sections of the well. A four-stage fracture stimulation operations on Tamarama 3 well and a three-stage fracture stimulation operations on Tamarama 2 well were completed in early October. The operations were completed without any environmental and safety incidence.



Operations on Tamarama 3

A total of about 6,100 barrels of frac fluid was pumped and approximately 378,600 pounds of proppant were injected into the formations over the course of the operations on Tamarama 3. On Tamarama 2, a total of about 5,300 barrels of frac fluid was pumped and approximately 214,000 pounds of proppant were injected into the formations over the course of the operations.

After the end of the quarter, the Company used a coil tubing unit to clean out frac bridge plugs in both wells. Gas flow to surface was observed in both wells during the initial flow back periods prior to setting the completion packer. Both wells were later installed with production tubing using a workover rig prior to the flow back operations to recover the frac fluids. At this stage both wells are flowing back gas and frac fluids. A video of Tamarama 2 well on flow back will be posted today. There is still a significant amount of frac fluids to be recovered from the formations. The Company will advise of the initial results as soon as they become available.



Frac Christmas tree on Tamarama 2



First gas on Tamarama 2 during the current flow back operations



Operations on Tamarama 3



Flare on Tamarama 1

Tamarama-1 has been on automated flow/shut-in cycles with continuing dewatering operation. A picture of the flare of Tamarama 1, is available on the Company's website at www.realenergy.com.au. 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

After the end of the quarter, the Company executed binding agreements with Santos Limited (ASX:STO) and Beach Energy Limited (ASX:BPT) and their respective subsidiaries for gas processing at Moomba, and gas transportation and tie-in at Mount Howitt.

This gas processing agreement allows raw gas from Real Energy's Windorah Gas Project to be processed into sales gas, which can then be supplied to the east Australian gas market.

Santos and Beach Energy have gas processing facilities at Moomba in South Australia. Real Energy has now agreed terms for gas processing and transportation services. The Agreement is subject to certain condition precedents including the Company receiving all regulatory approvals, access rights allowing pipeline connections, entering unconditional gas supply arrangements, and final investment decision. These commercial terms are confidential and in line with the MOU signed with Santos in May 2017.

As at 30 September 2018, Real Energy had \$5.0 million in cash and completed a placement during the quarter to raise \$3.7 million before costs.

During the Quarter, the Company had cash spending of \$2,198,000 on the Windorah Gas Project.

At the end of the quarter the total number of ordinary fully paid shares on issue was 301,610,036.

There is current 2 research notes on the Company – Breakaway Research Report dated October 2018 and Strachan Corporate Research Report dated September 2018. Both reports are available on our website <http://www.realenergy.com.au/news-reports/news.html>.

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

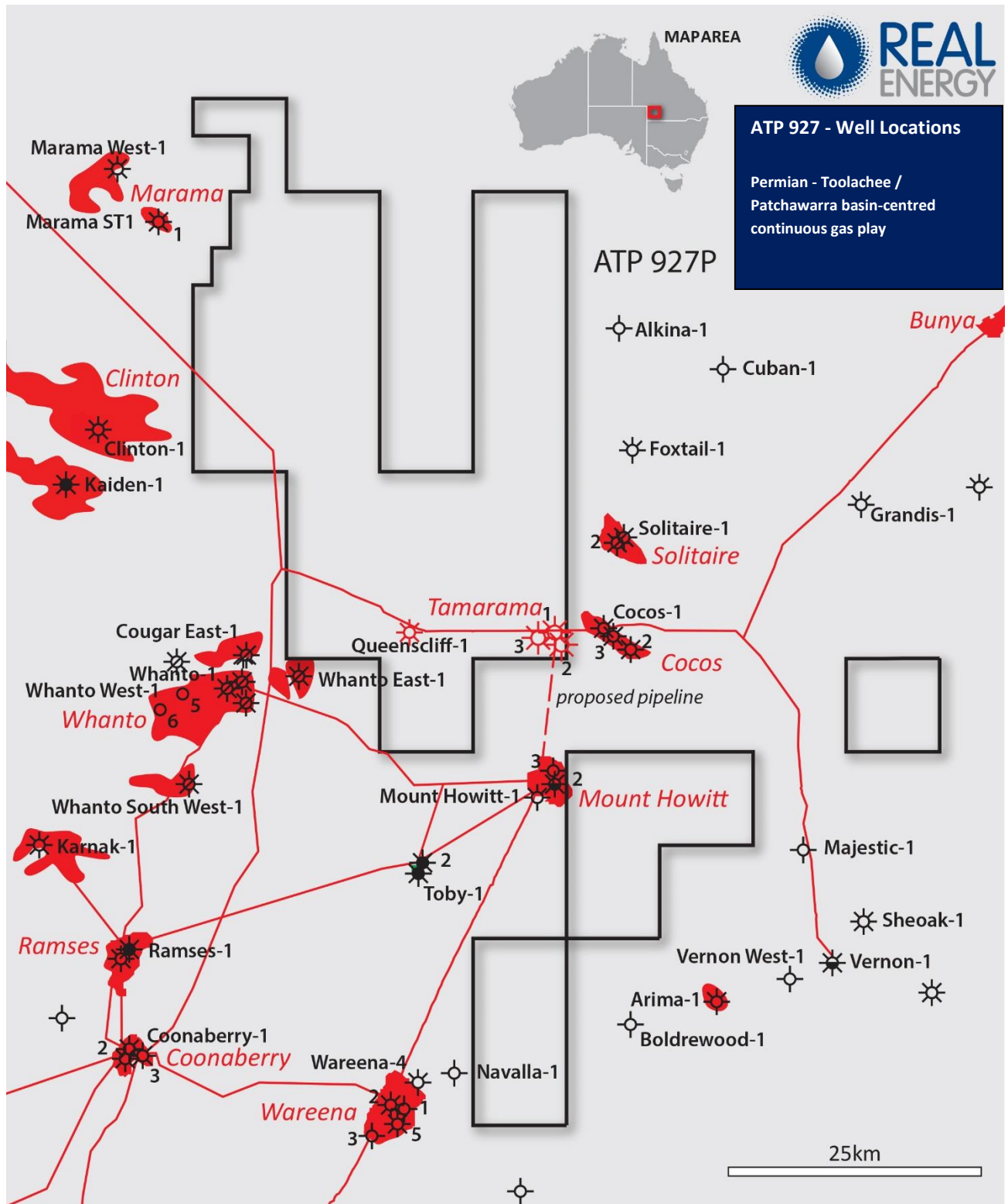
Managing Director

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

On our website you can register for email alerts.

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 2018

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	(106)	(106)
(e) administration and corporate costs	(135)	(135)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	17
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	(224)	(224)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	(2,198)	(2,198)
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	(2,198)	(2,198)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,700	3,700
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	(234)	(234)
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	3,466	3,466

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,969	3,969
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(224)	(224)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,198)	(2,198)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,466	3,466
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	5,013	5,013

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	97	258
5.2 Call deposits	4,916	3,711
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)	5,013	3,969

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	128
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	1,600			
9.2	Development	-			
9.3	Production	-			
9.4	Staff costs	130			
9.5	Administration and corporate costs	150			
9.6	Other (provide details if material)	-			
9.7	Total estimated cash outflows	1,880			
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: 31/10/2018

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.