

ASX ANNOUNCEMENT

Windorah Operations Update

Sydney: 20 August 2019, Cooper Basin focused gas development company, Real Energy Corporation Limited (ASX: RLE) ("Real Energy"), provides shareholders with further details on planned operational activities and remedies to improve flow rates for the Tamarama 2 and Tamarama 3 wells, both of which are located in the Company's ATP927 permit, Cooper Basin, South West Queensland.

As reported in the June Quarterly Report, the Tamarama 2 and Tamarama 3 wells produced lower gas flow rates during an extended flow test period compared to the initial, stronger flow rates reported when the wells were first tested earlier in the year.

What these wells have conclusively proved is that ATP927 has within it a significant gas field, and Real Energy's focus is now to determine the best extraction methods to ensure sustainable flows can be achieved from these wells and future wells.

The main play in ATP927 is an unconventional Basin Centred Gas play, and as with many of these fields, a number of different drilling, completion and stimulation techniques are experimented before optimum flow rates can be achieved. The Company stresses that flow rate performance is due to operational/mechanical issues, **not** geological issues.

Real Energy's technical team has now had the time to better assess results from the two wells and determined that there are a number of operational initiatives that can be undertaken that could improve well performance. These include:

- Mitigating the issue of fines migration which has the effect of restricting the gas flow to the wellbore.
- The sizing of the proppant needs to be reduced in order to be able to place full-designed proppant volume into the fractures;
- The gel breaker in the fracturing fluid needs to be improved as it appears currently causing gel damage.

In addition, it would appear that the Tamarama 3 well performance was significantly affected by damage by the removal of the permanent packer during the workover operations. The technical team is currently considering options to remedy this including using a coil tubing unit to clean out the damage around the perforations and the well bore.

Managing Director Scott Brown commented: "Both the Board and I, as a large shareholder, are equally disappointed in the performance of our share price and we are absolutely determined to restore value. We want to stress again that ATP927 contains a large gas field and our challenge is an engineering and operational – something that is relatively common when developing large, unconventional fields."

“We have held discussions with a number of parties for farm-in and there is interest given the great location in the Cooper Basin with significant gas resources and pipelines connecting the main east coast centres. We look forward to providing more information on these developments.”

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Figure 1: Flow testing operations on Tamarama 2 well

Geological Information

The geological information in this announcement 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.

About Real Energy Corporation

Real Energy is a gas development company with a focus on the Cooper Basin, Australia's most prolific onshore producing petroleum basin. Real Energy has 100% ownership in 2 large permits in Queensland – ATP 927P & ATP1194PA.

Real Energy is focusing initially on the Toolachee and Patchawarra formations. These formations are well-known throughout the basin for holding and producing gas. Seismic interpretation in conjunction with existing petroleum well data has determined that the Toolachee and Patchawarra formations are significant across much of our acreage.

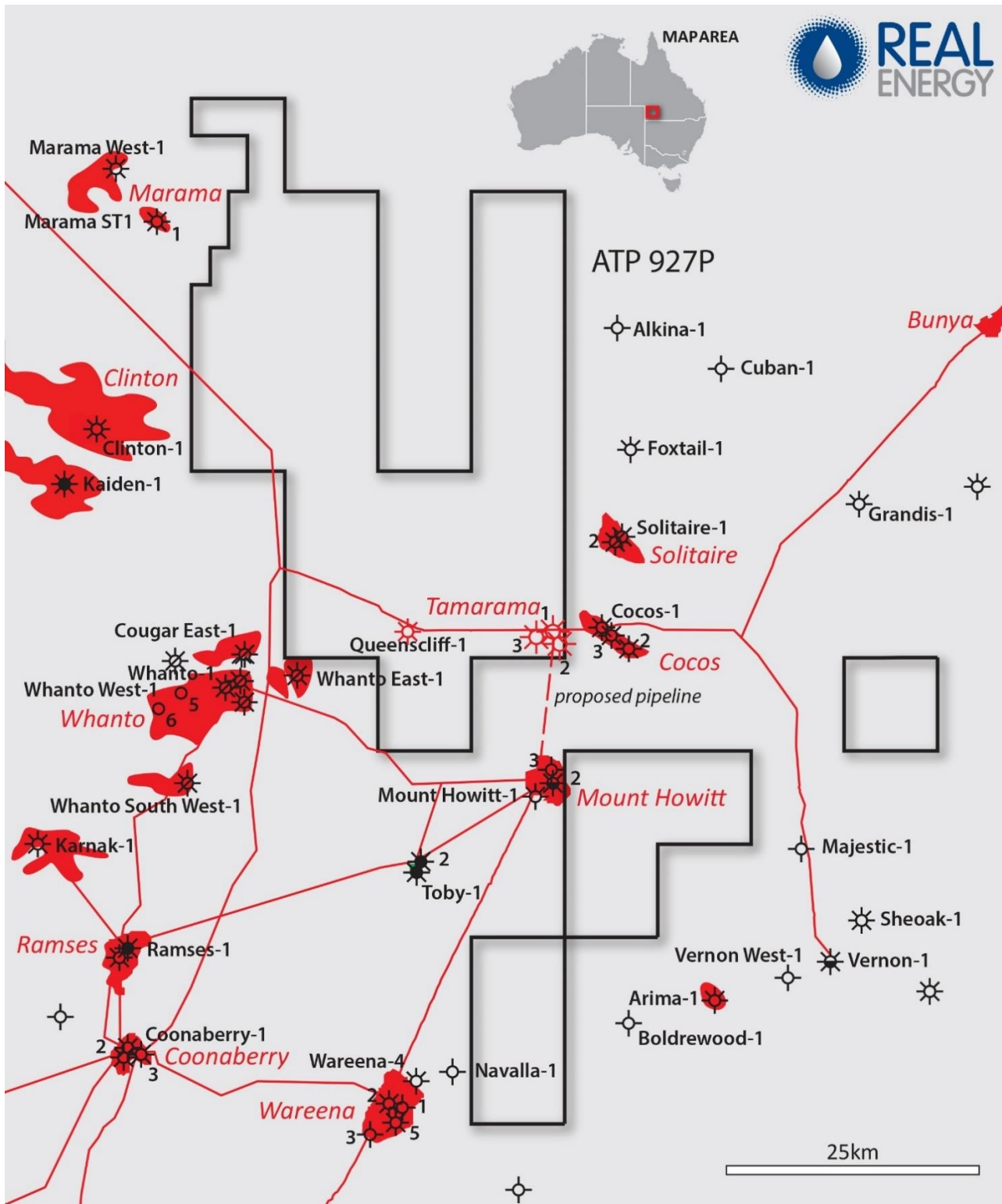


Figure 2 : Real Energy ATP 927 Permit and surrounding gas infrastructure