



REAL ENERGY

Sept 2019 Quarterly Report

HIGHLIGHTS

- **Upgraded Resource Assessment for Windorah Gas Project – 3C Contingent Resource now 770 Bcf.**
- **Applied for the Renewal of ATP927 during the quarter.**
- **Post quarter end, RLE was named as preferred tenderer with Strata X for a highly prospective CSG block called “Project Venus” in the Surat basin.**
- **Cash of \$2.7 Million as at 30 September 2019.**
- **Appointment of Non-Executive Director – Peter Mangano.**
- **The Company has identified a number of new prospective targets within ATP1194.**

Real Energy Corporation Limited **ASX: RLE**

Real Energy is gas development company with a focus on the East Coast of Australia including the Cooper basin, Australia's most prolific conventional onshore petroleum producing basin and the Surat Basin. Real Energy has 100% ownership in permits in Queensland being ATP 927P and ATP1194PA and a 50:50 JV with Strata X to develop Project Venus PLR2019-1-11.

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 parts of our acreage. Subsequent to successful drilling & testing of two exploration wells in 2014, the Company has an 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
Peter Mangano – Non Executive Director

Corporate Office

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North Sydney NSW 2087
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Exploration and Evaluation

Real Energy Corporation Limited (ASX: RLE and “Real Energy” or “The Company”) is pleased to provide this report to shareholders for the quarter ended 30 September 2019, a period in which the Company continued to progress exploration and development activities at the Windorah Gas Project in the Cooper Basin.

During the quarter the Company reported a material upgrade to the Windorah Gas Resources (see announcement 23 August 2019) in ATP927. The estimates of Contingent Gas Resources in ATP927P have been significantly upgraded following the drilling, stimulation and testing of the Tamarama 2 and 3 wells. Contingent Gas Resources of the Tamarama area have been independently certified by Aeon Petroleum Consultants, a well-respected petroleum engineering firm registered in the State of Texas, United States of America (Registered Engineering Firm F-19788).

The estimates of Contingent Resources are based on the area surrounding the four successful gas wells, Queenscliff 1 and Tamarama 1, 2 & 3, located within the exploration permit ATP927P. Discovery status is based on definition under the SPE/WPC Petroleum Resource Management System (PRMS) 2007 and 2018. A summary of the gross estimates of Contingent Gas Resources for ATP927P is provided below:

Contingent Gas Resources MMcf (Millions Cubic Feet)

Contingent Gas Recoverable Resource Summary			
Prospect	Estimates (MMcf)		
	1C	2C	3C
Queenscliff ¹	48,154	173,960	425,608
Tamarama ²	69,821	156,349	344,578
Arithmetic Summation	117,975	330,309	770,186

Percentage Increase total ATP927	53.8%	19.6%	14.6%
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Percentage Increase Tamarama area	144.5%	53.0%	39.8%
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1. Estimate prepared by DeGolyer and MacNaughton, a leading international petroleum industry consulting firm June 2015.
2. Estimated prepared by Aeon Petroleum Consultants in August 2019.
3. 1 Bcf (Billions Cubic Feet) is equal to 1,000 MMcf.

The Company is committed to delivering more reserves for this Project through various operational initiatives which are being evaluated. These initiatives are expected to result in improved flow rates and well performance on Tamarama 2 and 3 and, in due course, allow the Company to book reserves. While the increase in Contingent Resources is indeed a positive, we believe both reserves and resources will increase as we develop the field and deliver better flow rates. Real Energy is only just getting started with Windorah’s development. The technical team has been considering horizontal well designs and is now reviewing proposals with interested third parties to drill the first horizontal well in 2020.



Tamarama 2 well flaring during the extended flow test

Project Venus

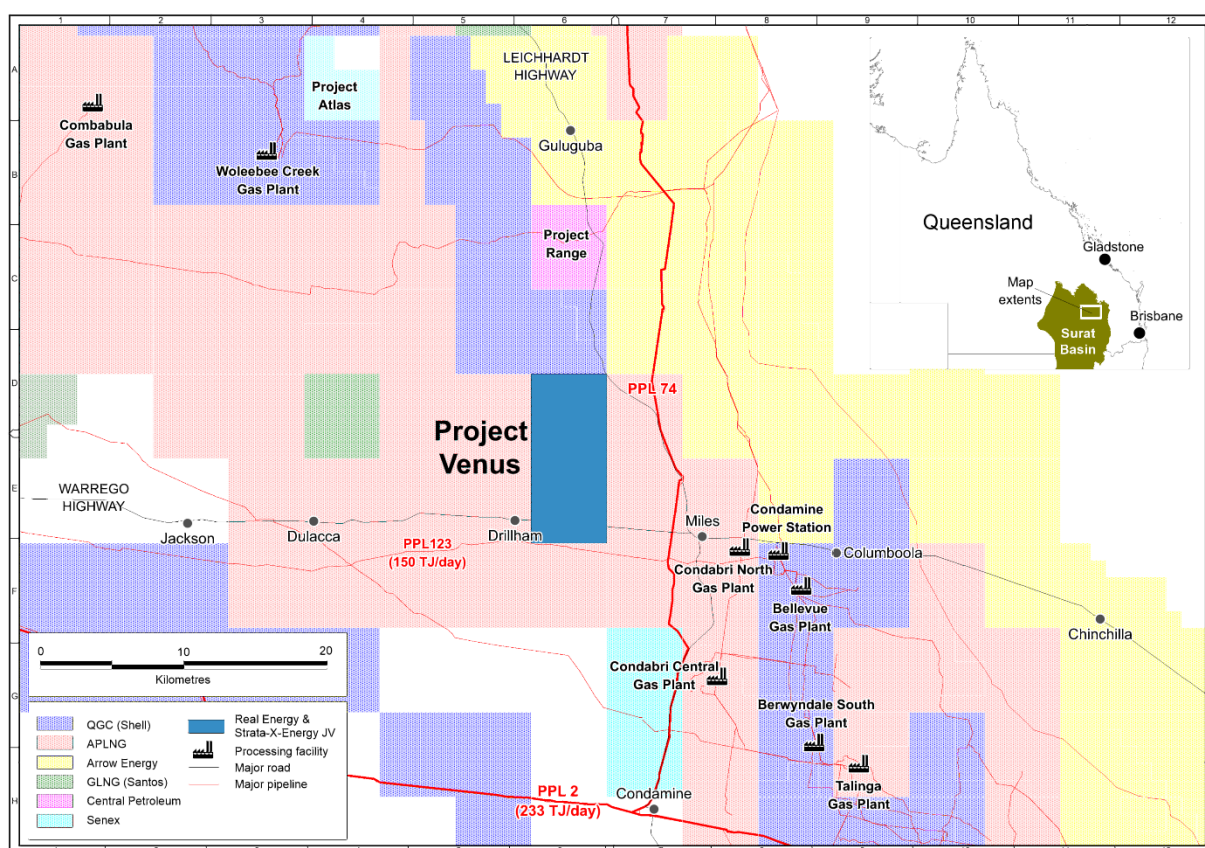
After the end of the quarter, the Company was advised that it was preferred bidder in a 50:50 Joint Venture, termed 'Project Venus'. Real Energy and Strata X Energy (ASX:SXA) have invested considerable time in securing this highly prospective Coal Seam Gas (CSG) acreage for nil consideration.

Project Venus contains high quality and very prospective acreage covering 153km² which is within the main Walloon Coal Seam Gas Fairway and close to gas infrastructure including gas pipelines. There is significant coal in this permit which the Company believes in time can turn into a significant gas resources. The aim will be to bring Project Venus into production in the next few years.

Project Venus complements the Company's existing Windorah Gas Project and provides another solution to the potential development of a new gas supply to domestic customers on the east coast of Australia. The Company will be the Operator of Project Venus and is teaming up with Strata X Energy, which is headed by Executive Chairman Mr Ron Prefontaine. Ron was previously Executive Director of Arrow Energy during its formative years and the founding Managing Director of Bow Energy Limited and his expertise will be pivotal in the development of Project Venus.

For more details see our video with Mr Scott Brown, Managing Director of Real Energy with Strata X Energy Chairman – Ron Prefontaine on our website under the news page :

<https://realenergy.com.au/news-reports/news.html>



Map of Project Venus and surrounding acreage

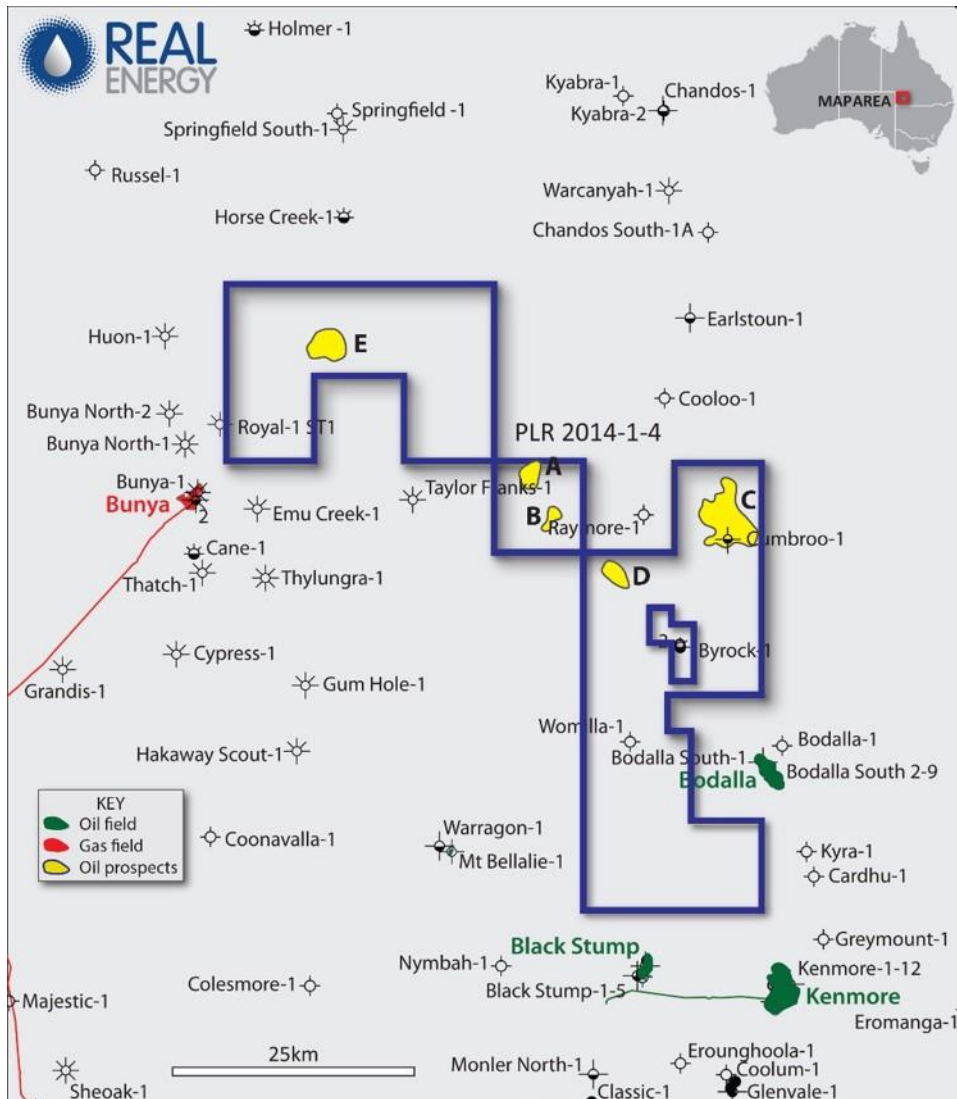
ATP1194 Eastern Flank Oil Project

During the quarter the Company made some progress in mapping some new leads with the existing seismic data for ATP1194. Some of the key aspects of ATP 1194 include:

- Permit is a considerable size being 1,043 km² and 100% owned by RLE.
- Permit adjacent to Kenmore (>12.5 mmbo produced) and Bodalla South (>6 mmbo produced) oil fields.
- Preliminary mapping at Cadna-owie level identified five leads considered prospective for oil.
- Resource potential (single zone) with the main prospects tabled below:

Original Oil in Place MMbbls				
LEAD	P90	P50	P10	Mean
A	0.39	0.94	2.12	1.13
B	0.13	0.25	0.51	0.29
C	1.06	2.23	4.57	2.56
D	0.41	1.05	2.51	1.31
E	0.76	1.63	3.40	1.91

The estimates are based on unrisks prospective resources through Monte Carlo simulation as at 30 June 2019 in accordance SPE-PRMS. The estimated quantities of petroleum that may be potentially recovered by the application of a future development related to undiscovered accumulations. These estimates have associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation will be required to the potential of moveable petroleum.



Map of ATP1194 and oil targets in Yellow

Corporate

The directors of Real Energy believe the best way to advance the Windorah Gas Project is to farm down its interest in the asset. Currently, Real Energy owns 100% of ATP927. The Company has set up a data room and has a number of companies reviewing the relevant data.

During the quarter the Company strengthened its board by appointing Peter Mangano as a Non-Executive Director. Mr Mangano is highly regarded and respected in the Investment and Fund Management sector and has worked in the resources and energy sectors as a Fund Manager, Resource Analyst and Corporate Advisor over the last 30 years. He currently is a director of Contango Capital and previously spent six years at Colonial First State. Prior to CFS, Mr. Peter Mangano spent 12 years at Citigroup, including six years as a Managing Director and Deputy Head of US Equity Research in New York.



As at 30 June 2019, Real Energy had \$2.7 million cash at bank. During the Quarter, cash outflows for the development of the Windorah Gas Project were \$433,000.

At the end of the quarter the total number of ordinary fully paid shares on issue was 349,610,036.

The Annual General Meeting of Real Energy Corporation Limited to be held at the offices of the Company at Level 3, 32 Walker Street North Sydney NSW 2060 at 11am on Friday 29 November 2019.



Tamarama 3 well flaring during extended flow test

Tenement Schedule at End of Quarter

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 gas wells 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 and 2018. A summary of the gross estimates of contingent gas resources for ATP927P is provided below:

Resources Category	Bcf (Billion Cubic Feet)
1C	118
2C	330
3C	770

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

Contingent Resources is based on the summation of 2 reports for the Windorah Gas Project. One estimate prepared by DeGolyer and MacNaughton, a leading international petroleum industry consulting firm in June 2015 in respect of the Queenscliff Area and one estimate prepared by Aeon Petroleum Consultants in respect of the Tamarama area completed in August 2019.

Bcf (Billions Cubic Feet) is equal to 1,000 MMcf

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

Telephone +61 (0) 2 9955 4008 or admin@realenergy.com.au

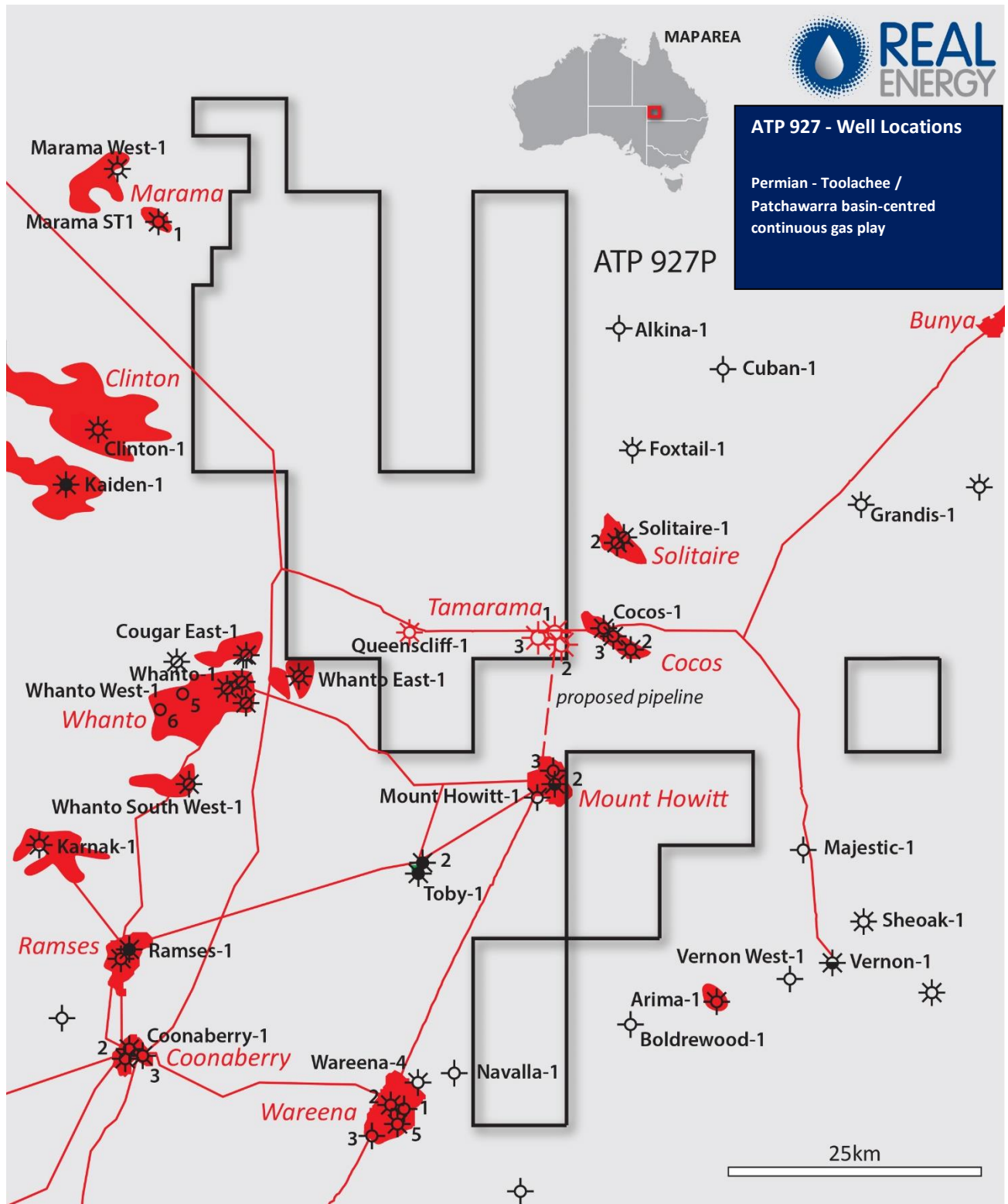
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On our website you can register for email alerts.



Tamarama 2 well flaring during extended flow test

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 2019

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	(88)	(88)
(e) administration and corporate costs	(72)	(72)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (GST Refunds)	-	-
1.9 Net cash from / (used in) operating activities	(146)	(146)

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	(433)	(433)	(433)
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	(433)	(433)	(433)

3. Cash flows from financing activities			
3.1 Proceeds from issues of shares	-	-	-
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	-	-	-
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	-	-	-

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	3,279	3,279
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(146)	(146)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(433)	(433)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	2,699	2,699

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	479	36
5.2 Call deposits	2,220	3,243
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)	2,699	3,279

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

83

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
Add notes as necessary for an understanding of the position

**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)

-

-

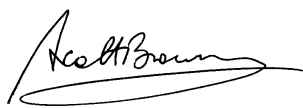
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000			
9.1	Exploration and evaluation	180			
9.2	Development	-			
9.3	Production	-			
9.4	Staff costs	100			
9.5	Administration and corporate costs	120			
9.6	Other (provide details if material)	-			
9.7	Total estimated cash outflows	400			
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: 31/10/2019

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.