Dec 2020 Quarterly Report

HIGHLIGHTS

- **Pure Hydrogen made solid progress with major partnering opportunities secured with Hyzon Motors and Liberty Hydrogen in January.**
- **Pure Hydrogen Corporation advances with progress made on securing multiple sites.**
- **Shareholder meeting held on 11 December 2020 approved merger with Strata–X Energy Limited to become Pure Hydrogen.**
- **Venus 1 well drilled with multiple coal intervals intersected with excellent gas shows recorded with a preliminary interpretation of the wireline logs indicating approximately 25 metres of net coal pay.**
- **Venus-1 to be set up as the first production well for a CSG pilot targeting commercial gas flows.**
- **Very well-funded with cash of $2.36 Million as at 31 December and a tight focus on costs; multiple option conversions post end of quarter strengthening cash position.**

Real Energy Corporation Limited
ASX: RLE

Real Energy is an Australian east coast focused Energy Company with Hydrogen business called Pure Hydrogen together with projects in the Cooper Basin, Australia's most prolific onshore producing petroleum basin, and the Surat Basin in Queensland. Real Energy has 100% ownership in 2 large permits in Queensland – ATP 927P & ATP1194PA, and a 50:50 JV with Strata X Energy Limited (ASX: SXA) to develop the 154km^2 ATP2051 permit in the Surat Basin as a Coal Seam Gas project.

As announced on 15 July 2020, Strata-X Energy and Real Energy have agreed to merge and rename the merged company Pure Hydrogen. The merger and rename is expected to be completed in February 2021.

Real Energy has an Independently Certified 3C Contingent Gas Resources of 770 BCF within ATP 927P and a Recoverable Prospective Gas Resources in Project Venus (100%) of 694PJ.

Directors
John Wardman– Non Executive Chairman
Scott Brown – Managing Director
Lan Nguyen – Non Executive Director
Peter Mangano – Non Executive Director

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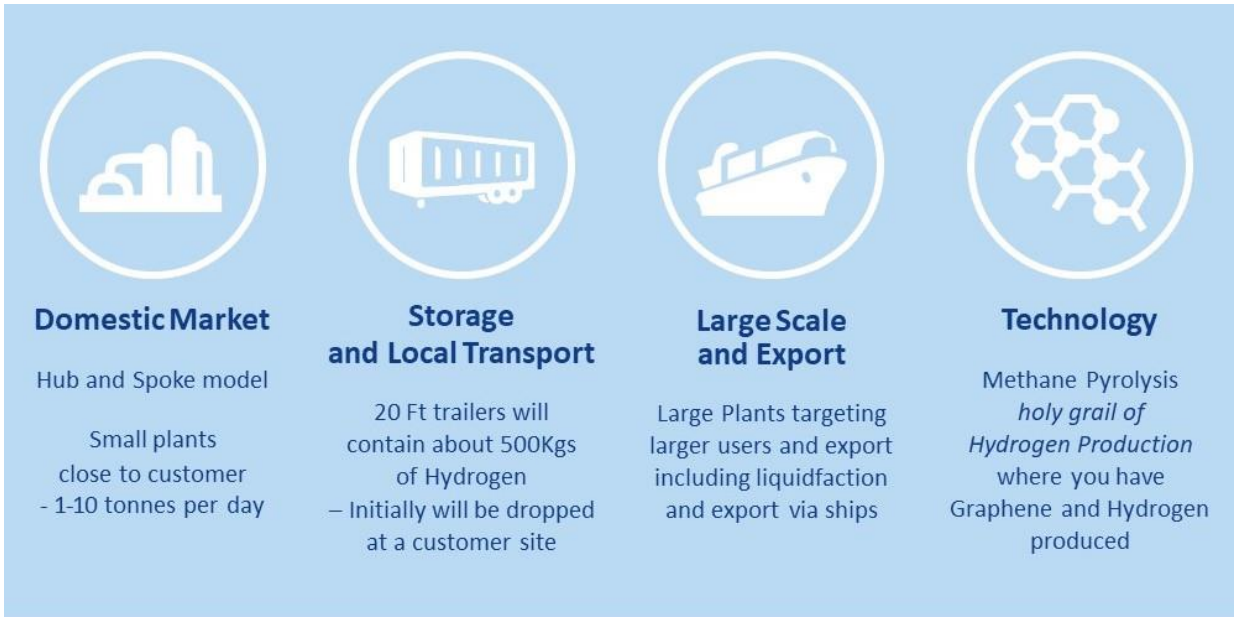
North Sydney NSW 2087
Tel: + 61 2 9955 4008
www.realenergy.com.au or
www.purehydrogen.com.au

Real Energy Corporation Limited (ASX: RLE and "Real Energy" or "The Company") is pleased to provide this report to shareholders for the quarter ended 31 December 2020 (Q2 FY2021). During the period, the Company focused primarily on the growth and development of its 100%-owned Pure Hydrogen Corporation, advancing Project Venus and the proposed merger with Strata- X Energy Limited (ASX: SXA).

Pure Hydrogen Corporation

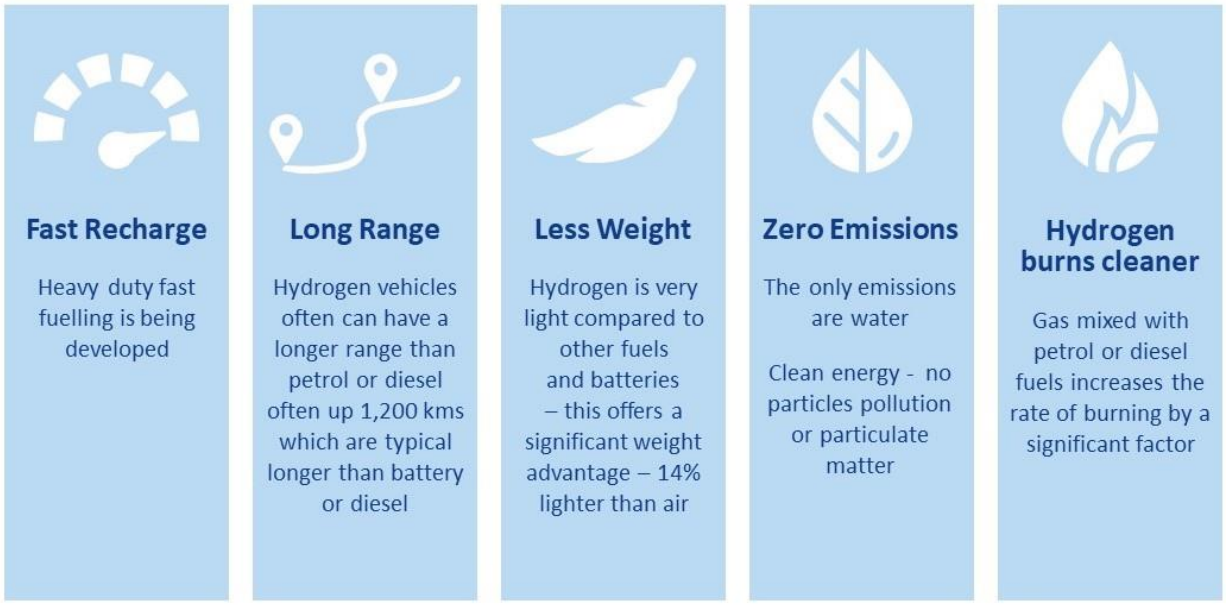
Pure Hydrogen

During the Quarter, the Company continued to progress its hydrogen initiatives. The Company is focused in building significant hydrogen business that can be leader in hydrogen energy in the Australian market.



Our business strategy with Pure Hydrogen involves:

1. Having multiple hydrogen production channels and partners so we can maximise our geographical coverage throughout Australia;
2. Building a leading sales and marketing arm to market and sell all our production to industry;
3. Partnering with the best delivery and logistic operators to facilitate supply to potential customers;
4. Securing the best hydrogen processing and production technology to underpin our operations and ensure reliability.



Hydrogen is high energy fuel that can be burned with no CO2 emissions and a clean energy solution with only water as a by-product and no particulate matter. The market is expected to grow rapidly with hydrogen likely to be used in transport particularly buses, trucks and cars, as well as to power industry generally. Recently Toyota, Hyundai, Honda, and Audi have released models or are planning to release models that are powered by hydrogen fuel cells.

The two main ways of making hydrogen are either through processing natural gas or by converting water to hydrogen through a process known as electrolysis. Pure Hydrogen will pursue both methods with Real Energy's existing gas resources could be utilised to provide gas feedstock for a natural gas to hydrogen plant. Additionally, the waste water from dewatering the coal seam gas field of Project Venus could be used to produce hydrogen.

After quarter end, the Company announced an MOU with Hyzon Motors to collaborate on the development of a network of hydrogen refuelling points in Australia and the integration of a 'wet hire' of HYZON's vehicles to customers.

This MoU is the framework for how the HYZON and Pure Hydrogen businesses agree to collaboratively work together to provide hydrogen solutions to end users which will likely be fleet customers. This

may include referring potential customers and collaboratively working to develop a network of hydrogen refuelling points.

Pure Hydrogen and HYZON have also agreed under the MoU to work on a 'wet hire' option where potential customers will secure HYZON's vehicles as part of a package that includes the vehicle's cost, scheduled services and hydrogen fuel as part of one monthly payment.

JV with Liberty Hydrogen

As announced on 20 January 2021, Pure Hydrogen signed a term sheet with Liberty Hydrogen to establish a Joint Venture Company to be incorporated in the United States of America, Pure Hydrogen International Inc, to develop four large scale Hydrogen Hubs on Australia's East Coat - two in Queensland, one in NSW and one in Victoria.

Initially Pure Hydrogen will have a 60% stake in Pure Hydrogen International in return for contributing two potential projects in Queensland (Project Jupiter and Project Mars). Liberty Hydrogen are also contributing two project sites located at Newcastle region in NSW and South East Victoria.

The JV approach delivers immediate scale as it ensures Pure Hydrogen International Inc will have effective coverage of the Australian East Coast by establishing the four Hydrogen Hubs in quick succession. With the four hubs already earmarked, the JV will report on specific site details when site control is secured at each location. **Pure Hydrogen is actively working on other partnerships and site control in its own right to extend its coverage across Australia as wide as possible.**

Real is focusing on hydrogen because it has the potential to be a complete game-changer for Australia's energy roadmap. The most exciting aspect about hydrogen is that it has many benefits for the environment – used in fuel cells it produces only water vapour and electricity, and as a fuel produces more energy per kilogram than natural gas. Pure Hydrogen's plan is to rapidly assemble all parts of the value chain during 2021 with the goal to build and develop a large-scale hydrogen business by:

- Seeking to lock in agreements with potential end users or partnerships with businesses that have shared goals similar to our MOU with HYZON reported in January 2021.
- Securing four east coast port Hydrogen Hubs in a JV with an experienced and well-connected partner in Liberty Hydrogen.
- Securing JVs with hydrogen manufacturing and distribution specialists to build pilot plants at the Hubs.

Real Energy to merge with Strata-X Energy to become Pure Hydrogen:

Real Energy and Strata-X Energy Limited entered into a binding Scheme Implementation Agreement ("**SIA**") to pursue a nil premium merger whereby Real Energy shareholders will receive one (1) new Strata-X Energy share for three (3) Real Energy shares that they own. Shareholders approved the merger at a meeting during the quarter and the transaction is expect to close by the end of February 2021.

The combination of Strata-X Energy and Real Energy as Pure Hydrogen Corporation Limited ("Pure Hydrogen") represents a compelling opportunity to create a material gas business with significant holdings in the Surat and Cooper Basins, Queensland. Pure Hydrogen will hold 100% of Project Venus and benefit from the significant upside that this exciting project offers. As well, the merged entity's broader asset portfolio in Australia and Botswana presents further growth opportunities. The removal of duplicate administrative functions and listing costs delivers significant cost savings to the merged entity.

The merger of Real Energy and Strata-X Energy into Pure Hydrogen has the goal to create the next ASX energy growth stock. With the huge resources in the three gas projects and the keys to unlock those resources, this goal is very achievable.

Pure Hydrogen's gas resource projects offer significant company growth potential:

In addition to the Hydrogen business Pure Hydrogen will have 3 significant gas projects. Pure Hydrogen's Project Venus is located within the proven Walloon CSG Fairway and immediately adjacent to gas pipeline infrastructure in the Surat Basin. It offers relatively low risk and a lot of value with its 694 PJ of Prospective Gas Resources.

In addition, the merged entity's 100%-owned broader asset portfolio in Australia and Botswana presents a lot of opportunity for shareholders. Pure Hydrogen will have a total 11.8 TCF of Prospective Gas Resources[2], 770 BCF of 3C and 353 BCF of 2C Contingent Gas Resources[1].

Pure Hydrogen's gas projects have several things in common:

1. Please see page 10 –Contingent Resources
2. The Prospective Gas Resources is a combination of Project Venus Prospective Gas Resources 694 PJ Best, with Serowe CSG Project Prospective Gas Resources of 2.38 Trillion Cubic Feet (Tcf) and the Windorah Gas Project Prospective Gas Resources of 8.8Tcf which was adjusted for the reduced ATP 927P area post partial relinquishment in September 2019.

1. There are significant gas resources including third party certifications.
2. The primary technical risk is finding completion methods to prove commercial gas flows.
3. Proving commercial gas flows is the precursor to predictable reserves increases and substantial company growth.
4. Over the next 12 months, Pure Hydrogen plans to use innovative well completion and enhancement methods designed to prove and deliver commercial gas flows.
5. All three gas projects have ready gas markets.

During the Quarter, the Company continued to progress its Hydrogen initiatives and has established a separate website for Pure Hydrogen. It is undertaking a detailed scoping study assessing the commercial viability of building, owning and operating a hydrogen fuel plant in Queensland.

Exploration and Evaluation:

Exploration initiatives centred on the newly-secured Project Venus opportunity in the Surat Basin. The Company also progressed activities at the Windorah Gas Project in the Cooper Basin. In addition, Real Energy is continuously reviewing project opportunities that will be accretive and complementary to the Company's skillset and that build shareholder value.

Project Venus:

Project Venus permit ATP2051, which is a 50:50 joint venture (JV) between Real Energy and Strata-X Energy. During the quarter the Silver City rig drilled the Venus 1 well to a total depth of 715 meters and has been suspended with the rig demobilised.

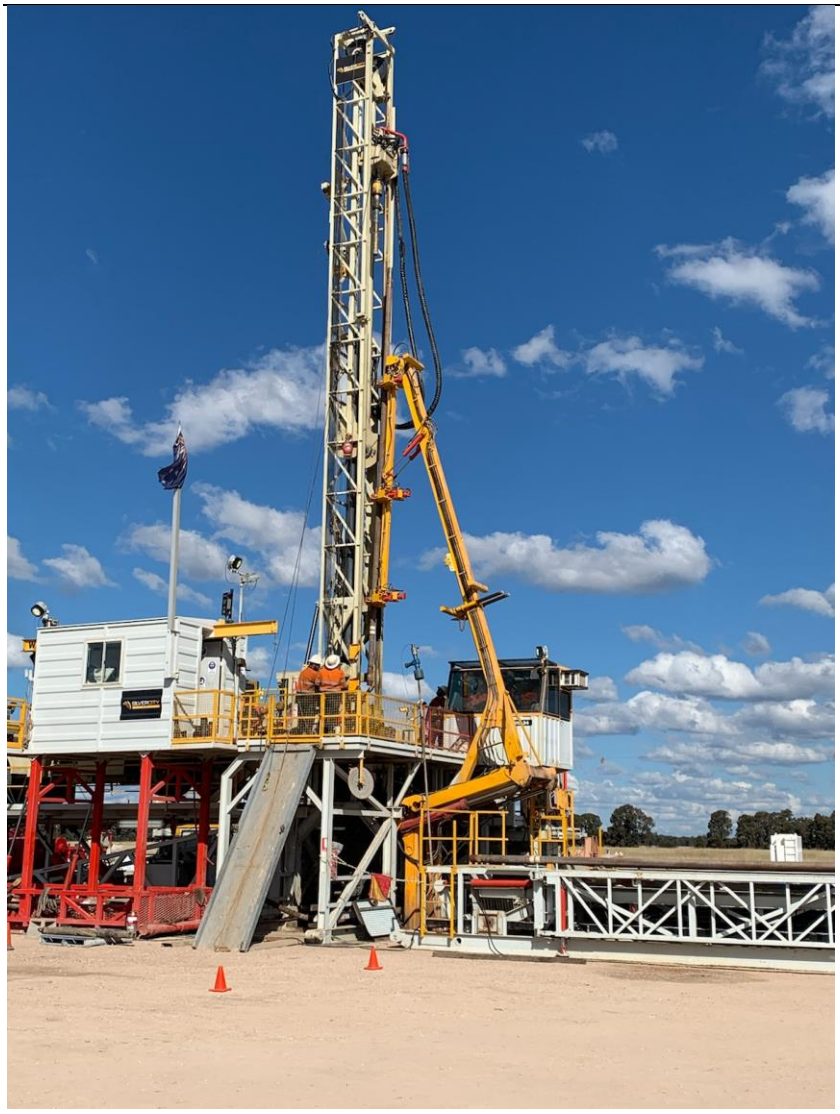
Project Venus contains high quality and very prospective acreage covering 154km^2 within the main Walloon Coal Seam Gas Fairway and close to gas infrastructure including gas pipelines. There is significant coal in this permit and the Company believes it can turn these into significant gas resources.

Some excellent gas shows were recorded while drilling with a preliminary interpretation of the wireline logs indicating approximately 25 metres of net gassy coal pay. Following logging, the upper Juandah coals were under-reamed, a liner run over the under-reamed section and a wellhead installed.

The results of the well will be integrated into a coil tubing-deployed reservoir stimulation program designed to improve water influx and ultimately gas flows from the targeted gassy coals. To compare the before and after stimulation results, a pre and post stimulation short-term controlled water influx test will be carried out. A coil tubing unit to carry out this work has been booked for later in February 2021.

The post-stimulation water influx rate and other data are needed to design optimum production test equipment and methods for Venus-1 as required to carry out a controlled drawdown production pilot flow test over several months.

The Venus-1 production pilot test is designed to prove initial gas breakout and increasing gas flows over the controlled draw down period as required to model and predict future gas flow rates and potentially commercial gas flow rates.



Picture: Silver City Rig

Nearby 'small' operators include:

- ✓ The Ironbark Project was reported sold at $231M with reported reserves of 129PJ[1];
- ✓ Senex Energy is developing Project Atlas – reported 2P reserves 234 PJ[2];
- ✓ Central Petroleum is developing Project Range – reported 2C contingent resources of 270 PJ[2].

1. Australian Financial Review 19 February 2019
2. Source Company ASX Reports and Company websites

The independent review of the data for Project Venus (ATP2051) (RLE: 50% working interest) has the following Recoverable Prospective Gas Resources:

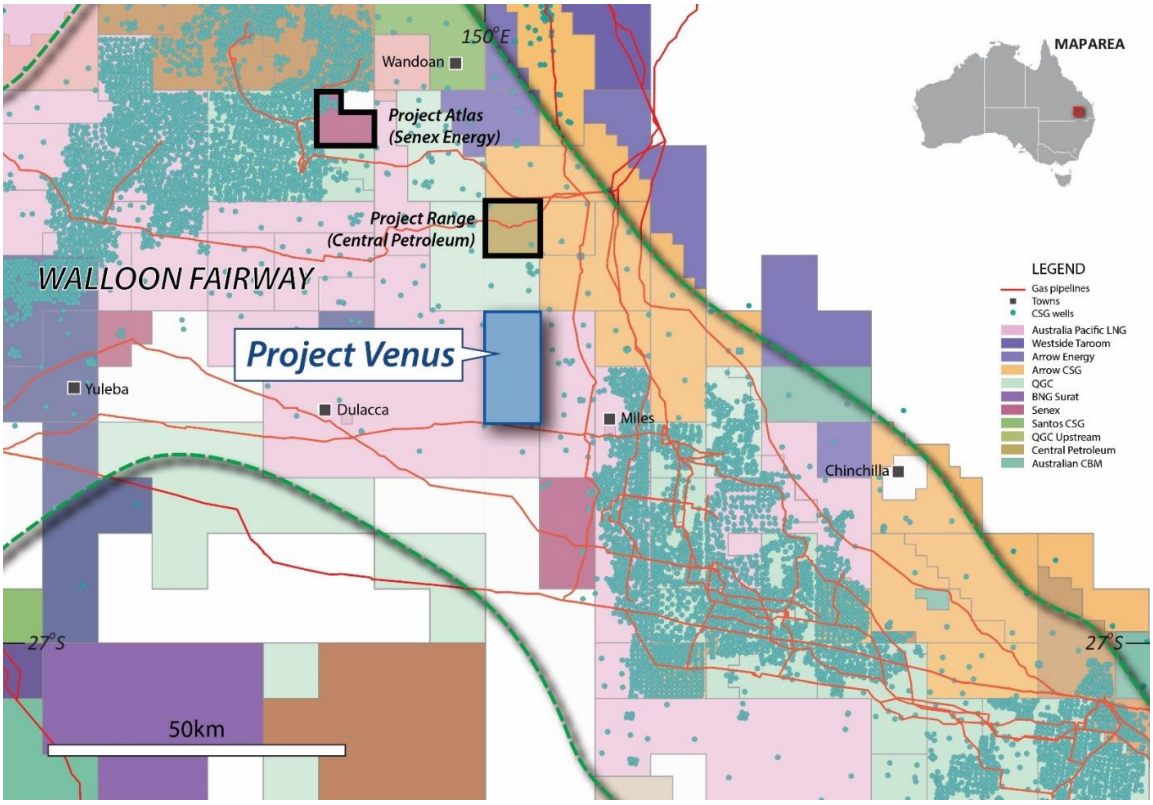
	Estimates Gross (100%) Prospective Gas Resource (PJ)		
Project Venus ATP2051	Low 555	Best 694	High 833

The independent review of the Prospective Gas Resources was completed by MHA Petroleum Consultants (refer ASX announcement: 12 December 2019) and confirmed that Project Venus contains

high quality and very prospective acreage covering 154km2, which is within the main Walloon Coal Seam Gas Fairway and close to gas infrastructure.

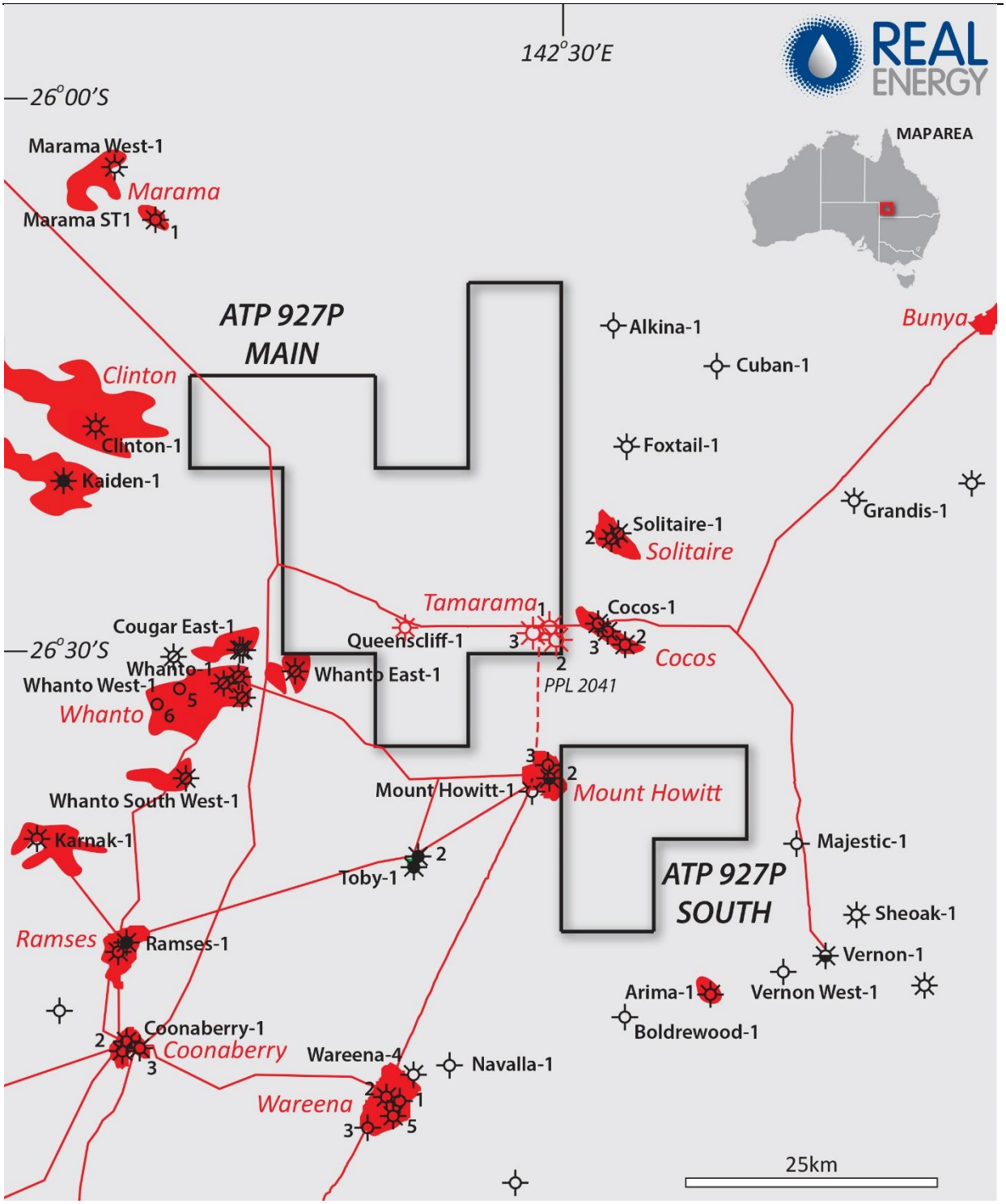
Given Project Venus is located immediately adjacent to gas infrastructure, work undertaken through the JV aims to expedite the progressive conversion of gas resources to gas reserves with the goal being to fast-track development of the project and therefore potentially deliver early cash flows.

- ✓ Walloon CSG Fairway is prolific gas producing region with over 10,000 wells drilled – see green dots on Map



Windorah Gas Project:

The Company continues to review development options for the Windorah Gas Project. We are also likely to apply for a PCA or retention licence for large parts of the Project. We remain committed to securing funding for this project and are exploring all available options. The current map outline is shown on the next page:



Corporate:

As at 31 December 2020, Real Energy had $2.36 million cash at bank and is very well-funded to execute its current works program. During the Quarter the Company raised $650,000 in a SPP offered to all shareholders. After the end of the Quarter, the Company has received multiple applications to exercise options that will increase the Company's cash position.

Cash outflows for the development of the Windorah Gas Project and the Project Venus JV for the quarter were $196,000. At the end of the quarter the total number of ordinary fully paid shares on issue was 433,539,116.

Effects of COVID-19 on operations:

Real Energy has continued to implement its response to the COVID-19 pandemic to ensure that the Company is well positioned in the current environment and as any future complications arise from the spread of the virus. This response will leave Real Energy well place once markets and business conditions stabilise. The Company's first priority is to ensure the safety of its staff and contractors. Management is pleased to advise that at this time no employee or contractor has been diagnosed with COVID-19.

Tenement Schedule at End of Quarter:

Permit	RLE ownership %	Location
ATP927P	100	Cooper Basin, South West Queensland
ATP2051P	50	Surat Basin, Southern 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

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

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 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:

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On our website you can register for email alerts.

Real Energy Corporation Limited *+Rule 5.5*

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	**Quarter ended ("current quarter")**
92 139 792 420	31 December 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 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	(95)	(139)
	(e) administration and corporate costs	(77)	(98)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (Government funds & GST Refunds)	29	51
1.9	**Net cash from / (used in) operating activities**	**(142)**	**(185)**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 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 and development assets	(196)	(267)
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**	**(196)**	**(267)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	650	1,450
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	(38)	(74)
3.5	Proceeds from borrowings	300	300
3.6	Repayment of borrowings	-	(500)
3.7	Transaction costs related to loans and borrowings	-	(1)
3.8	Dividends paid	-	-
3.9	Other (deposit received for SPP)	(367)	25
3.10	**Net cash from / (used in) financing activities**	**545**	**1,200**

Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (6 months) $A'000**
4. **Net increase / (decrease) in cash and cash equivalents for the period**		
4.1 Cash and cash equivalents at beginning of period	2,157	1,616
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(142)	(185)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(196)	(267)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	545	1,200
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 **Cash and cash equivalents at end of the period**	**2,364**	**2,364**

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	1,478	1,231
5.2 Call deposits	886	926
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)**	**2,364**	**2,157**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	40
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payment of Director fees/Salaries and consultant fees

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	550	300
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**550**	**300**

7.5	**Unused financing facilities available at quarter end**	550
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Loan facilities for a provided by a related entity of the Managing Director with a term until 30 March 2021. Interest rate is 10%pa. The loan is secured against certain assets of the Company.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities	(172)
8.2	Capitalised exploration & evaluation	(166)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(338)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,364
8.5	Unused finance facilities available at quarter end (Item 7.5)	250
8.6	Total available funding (Item 8.4 + Item 8.5)	2,614
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**7.73**

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

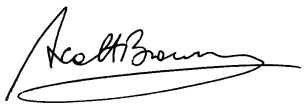
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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:  Date: 29/01/2021

Director/~~Company secretary)~~

Print name: Scott Brown

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".