



Dec 2016 Quarterly Report

HIGHLIGHTS

- **Continuing to work on proving up its gas resource in the Windorah Trough**
- **Company's Tamarama-1 well is continuing to show gas flow and recovering fluid.**
- **RLE is well funded with \$5.5 million of cash at bank together with a \$1.49 million receivable for R & D tax incentive refund which was received in January 2017**

Real Energy Corporation Limited (ASX: RLE and Real Energy) is pleased to provide an update to shareholders for the quarter ended 31 December 2016. During the quarter, the Company continued to progress exploration work at its major projects in the Cooper Basin.

Exploration

During the quarter, the Company has successfully concluded recompletion operations at the Tamarama-1 well. The flowback operations have been on-going at the end of the quarter. Further flowback and shut-in operations of the well have continued in January 2017. The Tamarama-1 well is currently shut in ahead of further operations.

During this phase of the flowback operations, gas and fluids have continued to flow from the well.

Real Energy's contractors are currently investigating the source of the fluids including taking samples for laboratory analyses.

Further fields operations are planned to be undertaken after completing the interpretation of the dataset obtained from the well to date.

Corporate

On 31 December 2016, Real Energy had \$5.5 million in cash. During the quarter, the Company also lodged a Research and

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 3 large permits in Queensland being ATP 917P, 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
Norm Zillman – Non Executive Director

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Development tax incentive claim for FY2016 of \$1.49 Million. The Company has received the funds in January 2017.

During the December Quarter, the Company spent \$1,037,000 on exploration and development.

At the end of the quarter the total number of ordinary fully paid shares on issue was 204,288,033.

Tenement Schedule

Permit	RLE ownership %	Location
ATP917P	100	Cooper Basin, South West Queensland
ATP927P	100	Cooper Basin, South West Queensland
ATP1194PA	100	Cooper Basin, South West Queensland

There have been no changes to the Company's ownership position in the above tenements during the quarter.

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

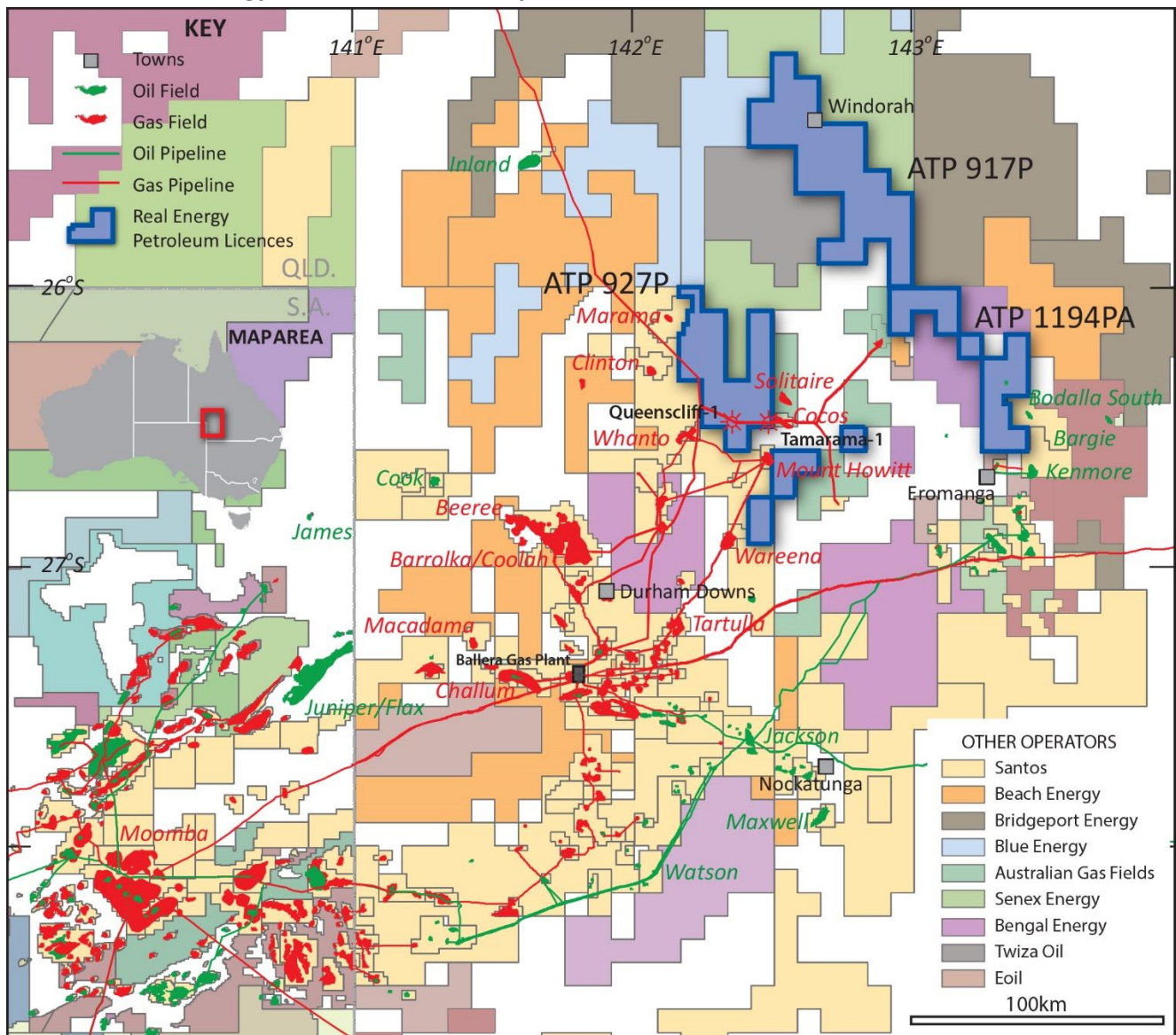
Managing Director

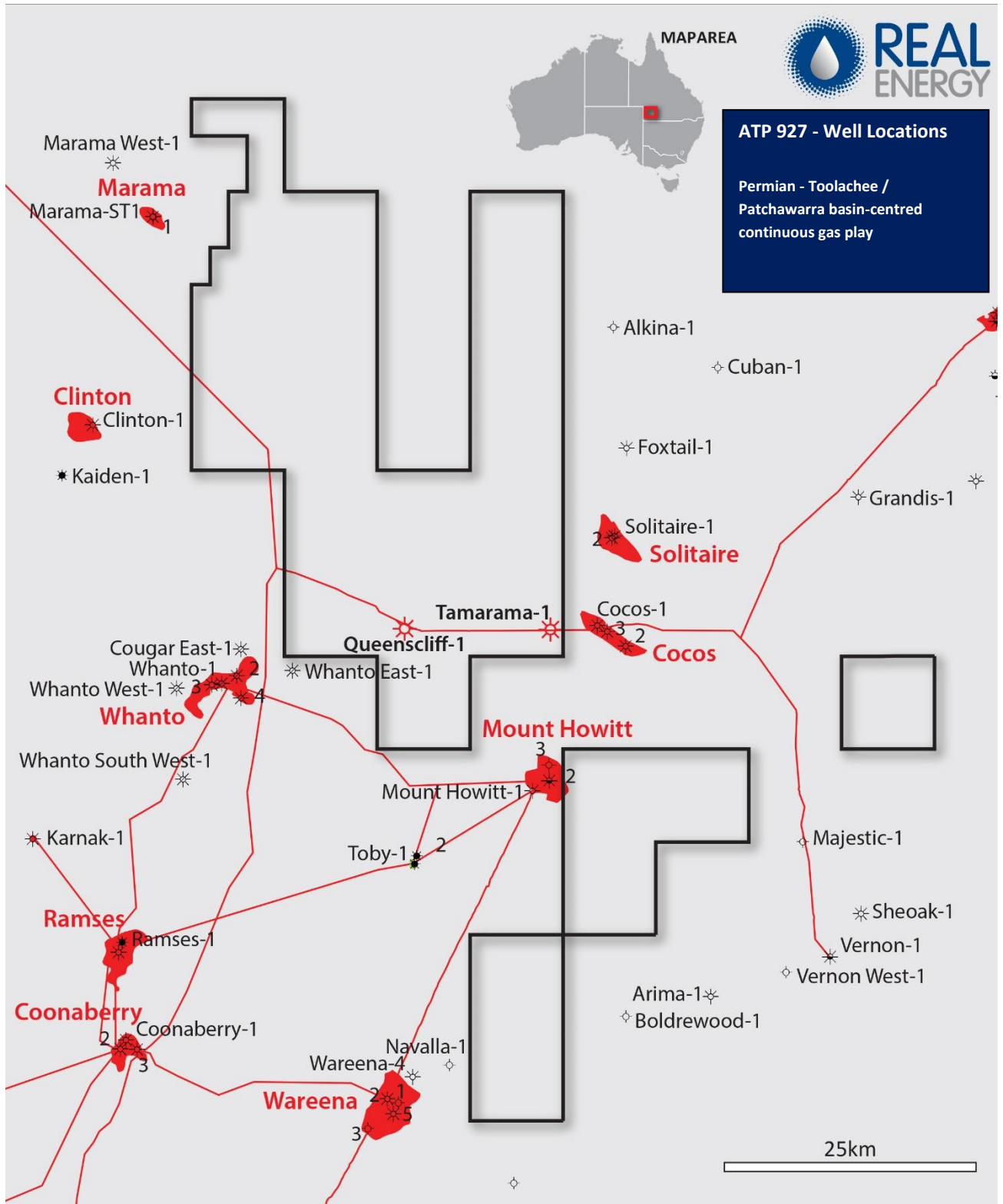
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Or visit our website at www.realenergy.com.au

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")

31 December 2016

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	(116)	(238)
(e) administration and corporate costs	(84)	(207)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	45	104
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	(155)	(341)
2. Cash flows from investing activities		
2.1 Payments to acquire:	-	(3)
(a) property, plant and equipment		
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other exploration assets	(1,037)	(2,834)

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	(1,037)	(2,837)
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	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
		6,716	8,702
4.1	Cash and cash equivalents at beginning of period		
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(155)	(341)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,037)	(2,837)
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	5,524	5,524

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	557	377
5.2	Call deposits	4,967	6,339
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)	5,524	6,716

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

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

**Current quarter
\$A'000**

123

-

Payment of Director fees/Salaries and consultant fees

7. Payments to related entities of the entity and their associates

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

**Current quarter
\$A'000**

-

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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.		

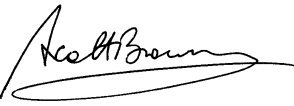
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	400
9.2 Development	-
9.3 Production	-
9.4 Staff costs	120
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	620

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:  Date: 31/1/2017
(Director/~~Company secretary~~)
Print name: Scott Brown

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.