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REAL ENERGY COMMENCES DRILLING AT TAMARAMA 1, COOPER BASIN

- **Real Energy spuds Tamarama 1 well on 8 September 2014;**
- **Drilling campaign seeks to confirm presence of gas in Toolachee and Patchawarra formations**
- **Real Energy well placed to unlock significant value in its prospective Cooper Basin acreage**

Sydney, 8 September 2014: Cooper Basin focused oil & gas exploration company Real Energy Corporation Limited (ASX:RLE) ("Real Energy") is pleased to advise that drilling has commenced on its maiden well, Tamarama-1.

The Tamarama-1 well is Real Energy's maiden exploration well in the Cooper Basin, aimed at confirming the presence of gas in the Toolachee and Patchawarra formations and determining reservoir productivity. A secondary objective of this well is to obtain samples from the Toolebuc Shale to further our knowledge of this potential shale oil play. The well is expected to take approximately two and a half weeks to drill and complete from spud date. ATP 927P is surrounded by proven and producing gas and oil fields operated by Santos, with gas production being used to feed growing demand for east coast gas.

Results from the initial drilling program will underpin Real Energy's forward work plan, with successful wells to be cased and suspended for flow testing in early 2015. Real Energy's acreage is prospective for basin centred gas (BCG), conventional oil and shale oil and gas. This upcoming drilling program will test the presence of BCG within ATP927P. An Independent Geologist's report prepared for Real Energy (which was including in Real Energy's prospectus) estimated that the Permian section in ATP927P and ATP917P contains a mean gross estimated petroleum initially-in-place of 10.2 TCF of gas.

The program has been structured so that if Tamarama-1 disproves the existence of BCG, the program can be paused. Any success or failure in this drilling program does not have implications for the presence of other forms of hydrocarbons, and management looks forward to testing the other prospective conventional oil and shale oil and gas plays within Real Energy's acreage in future drilling programs.



Figure 1 – Photo of Ensign Rig 916 at Tamarama 1

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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 an oil and gas exploration and development company with a focus on the Cooper Basin, Australia's most prolific onshore producing petroleum basin. Real Energy has 100% ownership in 3 large permits in Queensland – ATP 917P, ATP 927P and ATP 1161PA. These permits cover 8,314 km² (2,054,435 acres).

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. Third-party geological analysis has assessed Real Energy's areas to contain a mean gross estimated petroleum initially-in-place of 10.2 Tcf of gas in the Toolachee and Patchawarra formations.

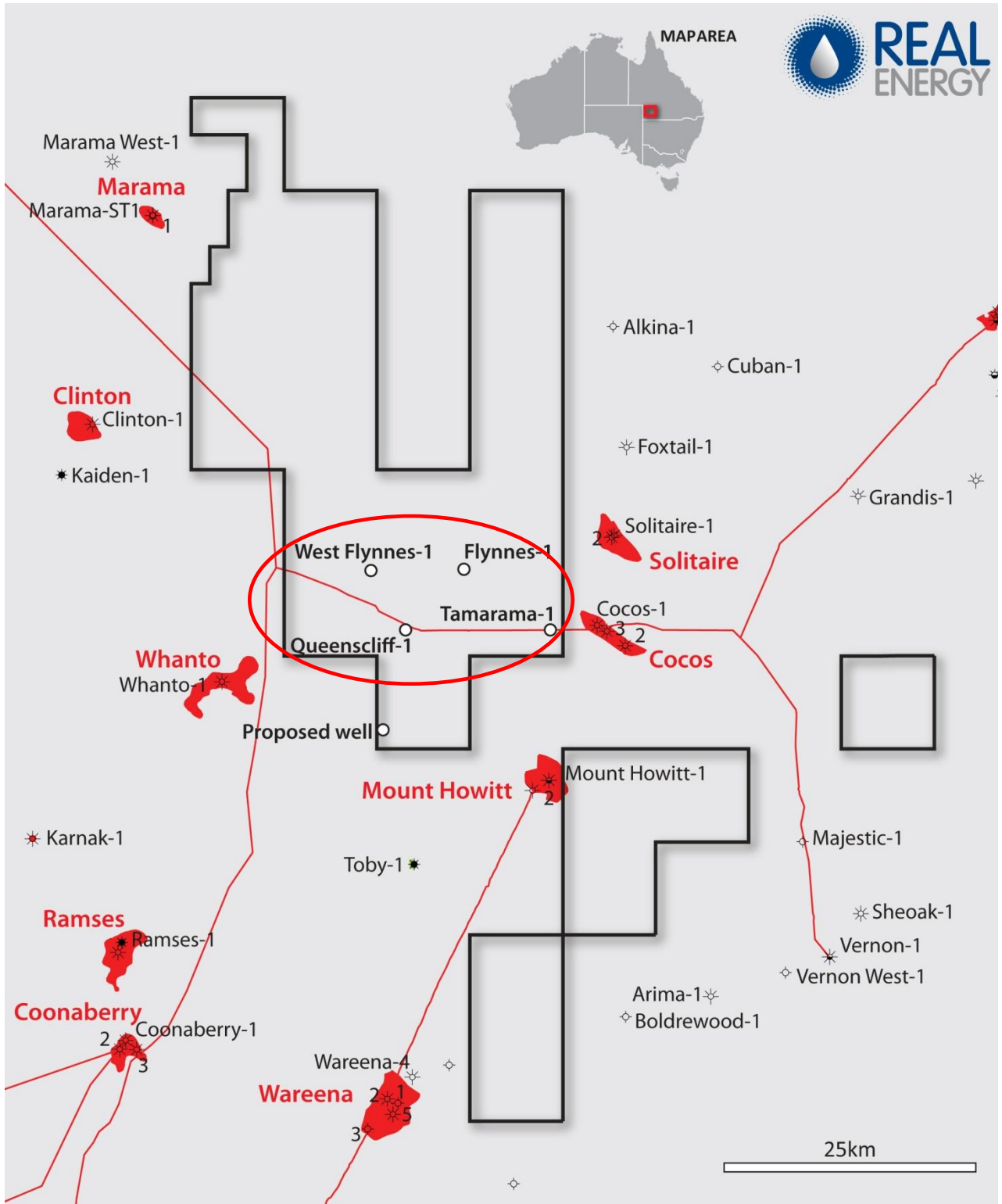


Figure 2 – Location of wells and ATP927P Permit

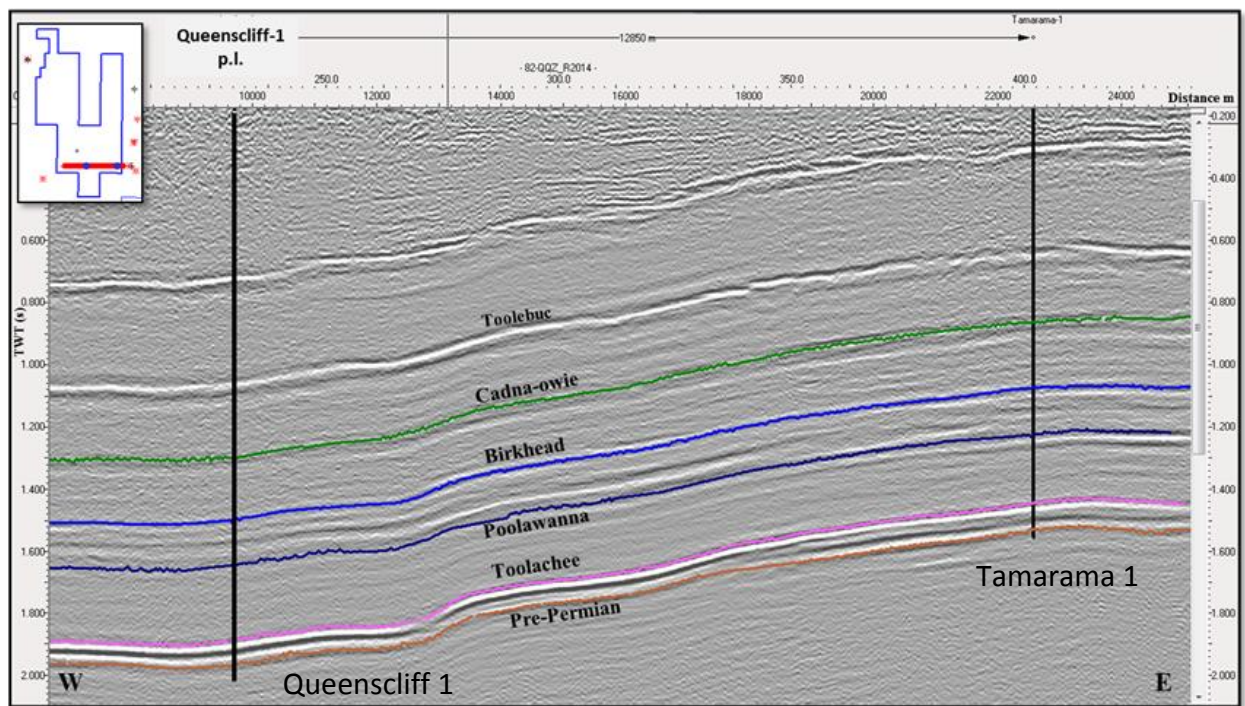


Figure 3 – Seismic Section with Proposed Tamarama-1 and Queenscliff-1 Locations