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REAL ENERGY DRILLING PROGRESS REPORT

Sydney, 31 October 2014: Cooper Basin focused oil & gas exploration company Real Energy Corporation Limited (ASX:RLE) ("Real Energy") is pleased to provide drilling progress report of Queenscliff-1 well in the Queensland Cooper-Eromanga Basin ATP 927P as following:

Since the last report the well was drilled from 3028 metres to 3084 metres in the Patchawarra Formation when drilling was halted and drill string was pulled back to casing shoe for repairing the top drive system. As at 7.00 am AEDT today, the repair was completed and drilling is expected to resume later today. The revised planned total depth is 3200 metres.

Based on the preliminary information from drill cuttings and mud log gas readings, the Toolachee Formation was encountered at around 2998 metres and continuous elevated gas readings have been recorded over the Toolachee Formation and the Patchawarra Formation penetrated so far with several gas peaks in the sandstone units. The sandstone intervals with notably high gas readings are:

Toolachee Formation:

3046-3051 metres: Interbedded SANDSTONE and COAL with minor SILTSTONE - gas peak of 1253 units over the background gas of 70 units.

SANDSTONE, translucent white, minor white to pale-brown, fine to medium, occasional coarse, angular to sub-rounded, poor to moderate sorted, quartz overgrowths / crystal faces, moderate clay matrix, moderate to strong silica cement, friable to moderately hard, poor to occasional fair porosity.

3051-3061 metres: SANDSTONE with minor SILTSTONE – gas peak of 704 units over the background gas of 70 units.

SANDSTONE, translucent white, minor white to pale-brown, fine to medium at top grading to coarse, very coarse and granular at base, angular to sub-rounded, poorly sorted, quartz overgrowths / crystal faces, moderate clay matrix, moderate to strong silica cement, friable to moderately hard, poor to occasional fair porosity.

Patchawarra Formation:

3063-3074 metres: Interbedded SANDSTONE and SILTSTONE – gas peak of 277 units over the background gas of 70 units.

SANDSTONE, white to pale brown, fine to coarse, occasional very coarse, sub-angular to sub-rounded, moderate sorted, minor to moderate clay matrix, weak to moderate silica cement, friable to moderately hard, poor to occasional fair porosity.

Further information on the gas shows in the Patchawarra Formation will be released once they became available.

The significance of the gas shows encountered so far in the Triassic Nappamerri, Permian Toolachee and Patchawarra formations will be further evaluated by electric logs to be undertaken after reaching the revised total depth at approximately 3200 metres.

Managing Director of Real Energy Mr Scott Brown commented “While we are still drilling and later running wireline logs for evaluating the significance of the gas seen in the well, Queenscliff-1 results so far in the Toolachee and Patchawarra formations appear to be very encouraging.”

Queenscliff-1 is located 12.85km west of Tamarama-1 and 17km east-northeast of the Whanto-1 gas field. Real Energy's acreage is prospective for basin centred gas (BCG), conventional oil and shale oil and gas. Queenscliff-1 will test the presence gas saturated Permian Toolachee and Patchawarra formations in an area located significantly downdip from the successful Tamarama-1 well and would advance Real Energy's theory on 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.

For further information please contact:

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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.



Figure 1 – Photo of Ensign rig at Tamarama 1

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.

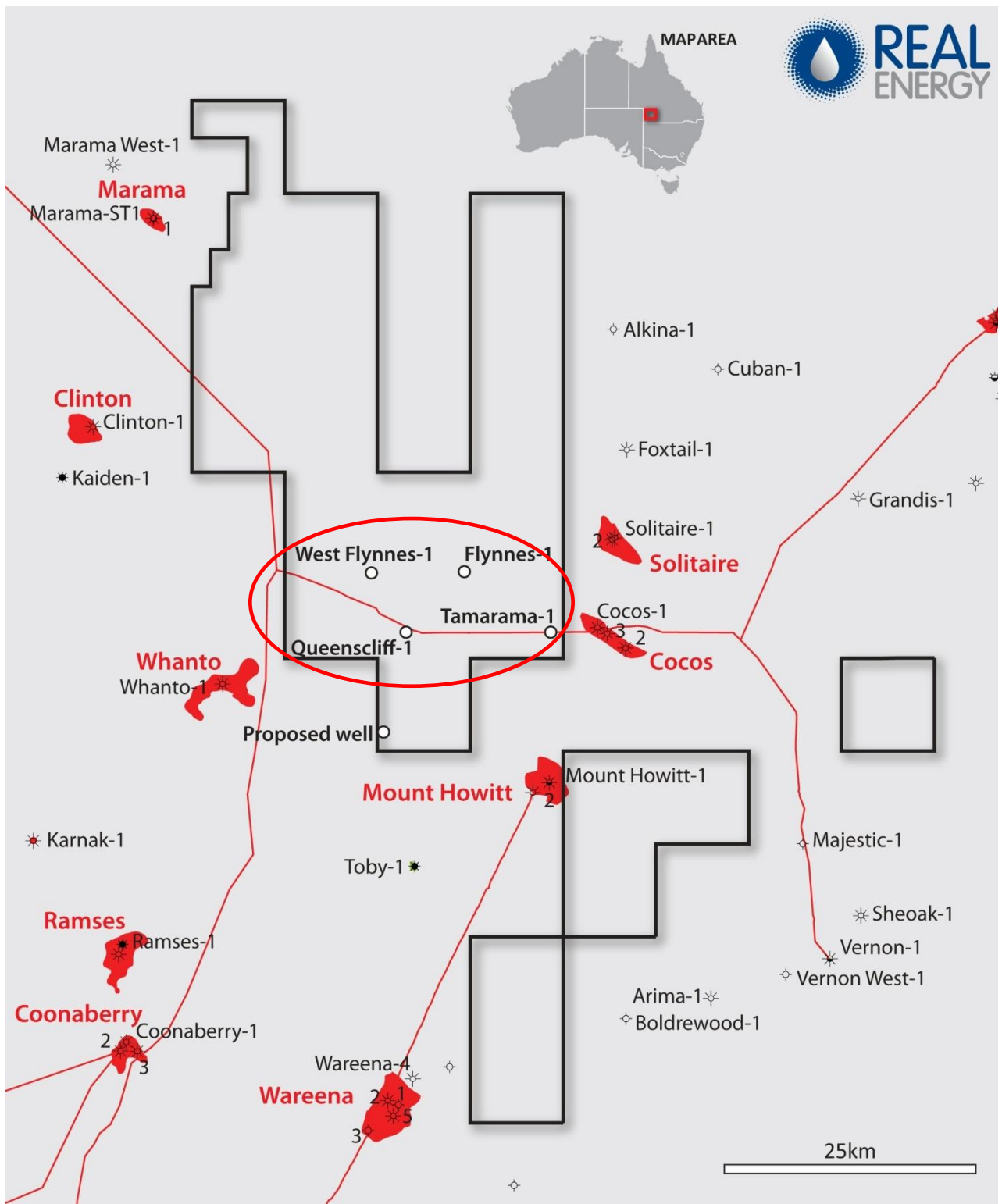


Figure 2 – Location of wells and ATP927P Permit

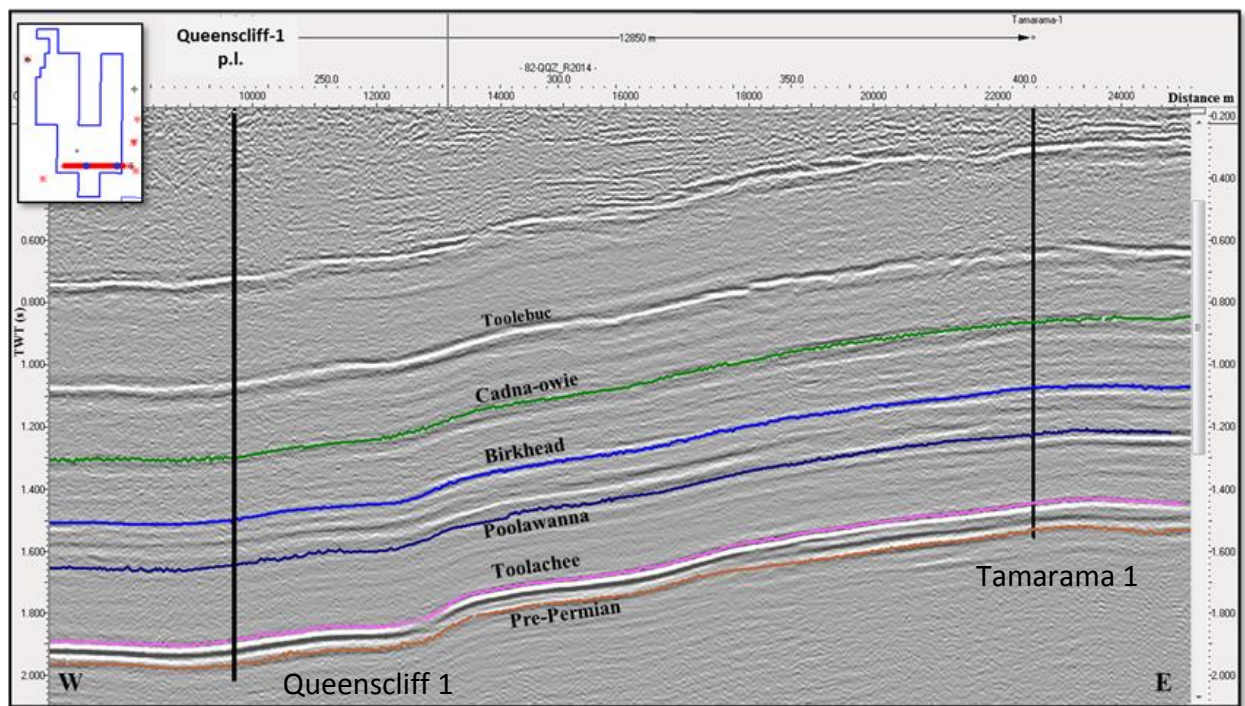


Figure 3 – Seismic Section with Proposed Tamarama-1 and Queenscliff-1 Locations