



September 2014 Quarterly Report

- **Tamarama 1 well had strong gas readings – 165 metres of gross and 81 metres of log interpreted net gas pay;**
- **Well cased and suspended for future flow testing.**
- **Drilling at Queenscliff 1 commenced in October 2014 which seeks to confirm presence of gas in Toolachee and Patchawarra formations structurally located downdip from Tamarama 1**
- **Real well placed to unlock significant value in its prospective Cooper Basin acreage**

Real Energy Corporation Limited (ASX: RLE and Real Energy) is pleased to provide shareholders with the report of the Quarter ended 30 September 2014. During the quarter, the Company has continued to progress exploration and development work at its major projects in the Cooper basin.

Exploration

During the quarter the Company has drilling its maiden well, Tamarama 1 showing strong gas readings throughout the Permian Toolachee and Patchawarra formations. This well highlights the potential of basin centred gas play in this permit. The well encountered a 165 meter gas column and 81 meters of log interpreted net gas pay.

The Company has commenced drilling in October 2014 at Queenscliff 1 which 12 kms to the West of Tamarama 1. At time of this report Queenscliff 1 had indications of good gas charge within the Nappamerri and Toolachee Formations.

The Company has also undertaken the interpretation of the reprocessed seismic data for ATP917P and mapped a number of oil prospects in the Jurassic and Triassic formations in this permit.

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 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 as holding and producing gas. Seismic has identified that the Toolachee and Patchawarra formations are significant in part of our acreage. The independent geologist has assessed that Real Energy's areas have a Mean Gross Estimated Petroleum Initially-in-Place of 10.2 Tcf of gas in the Toolachee and Patchawarra formations.

Directors

Lan Nguyen – Chairman Non executive
Scott Brown – Managing Director
Norm Zillman – Non executive
Michael Mager – Non executive

Corporate Office

Level 3, 32 Walker Street
North Sydney NSW 2087
Tel: + 61 2 9955 4008
www.realenergy.com.au
admin@realenergy.com.au



The future exploration program for these prospects will be determined over the coming months.

Corporate

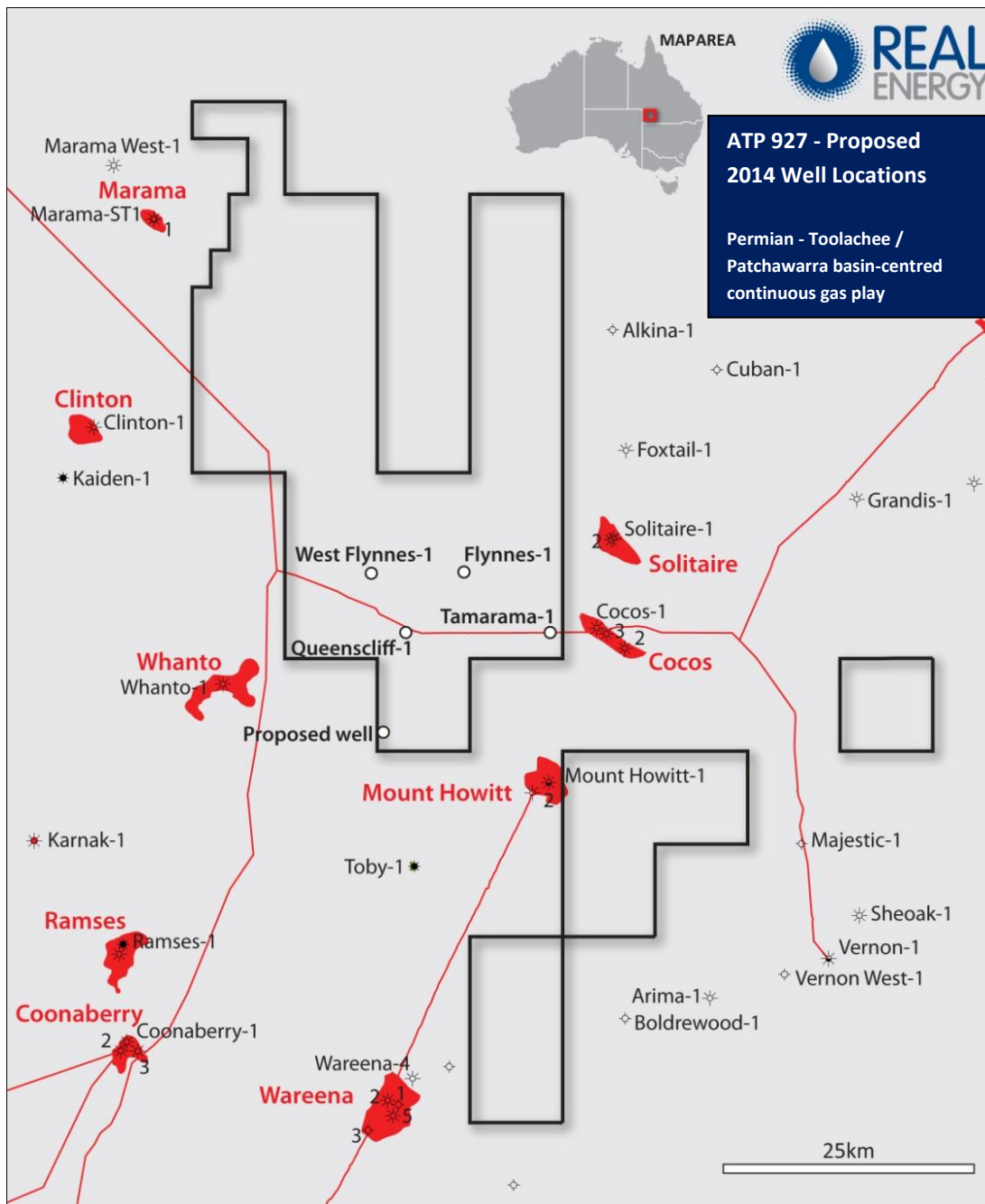
On 30 September 2014 Real Energy had \$11.7 million in cash. The Company expects to pay the majority of the cost of its current drilling program in the December quarter.

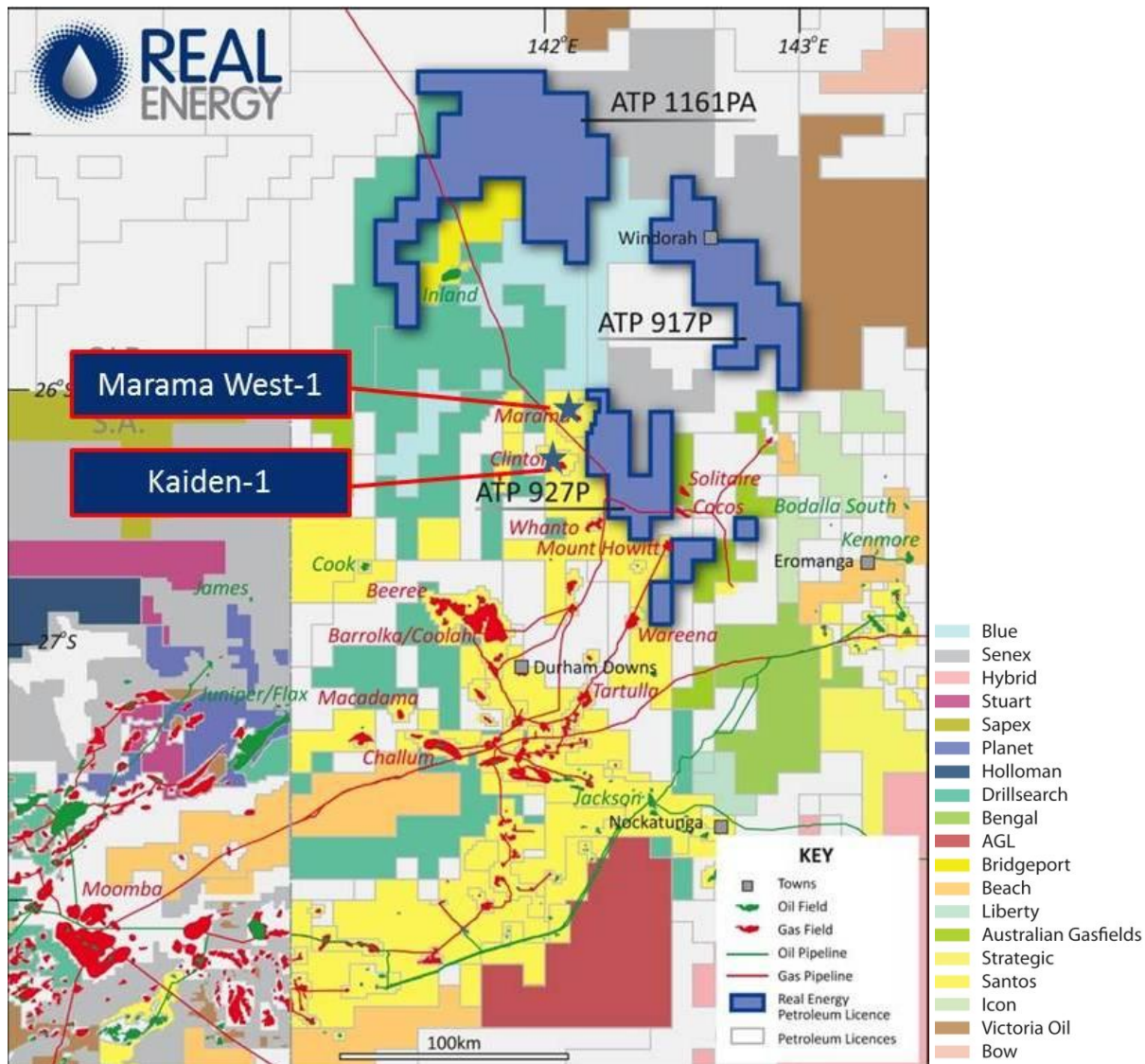
At the end of the quarter the total number of ordinary fully paid shares on issue was 167,359,000. After the end of the quarter a total of 16,129,033 ordinary shares were issued at a price of 31 cents each to raise \$5 million before fund raising costs.

Tenement Schedule

Permit	RLE ownership %	Location
ATP917P	100	Cooper Basin, South West Queensland
ATP927P	100	Cooper Basin, South West Queensland
ATP1161PA	100	Cooper Basin, South West Queensland

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





Map of Real Energy's Permits

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

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

On our website you can register for email alerts.

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, 01/05/2013

Name of entity

Real Energy Corporation Limited

ABN

92 139 792 420

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	49	49
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) corporation & administration	(322)	(322)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(273)	(273)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) exploration & development	(766)	(766)
	(c) other fixed assets	(5)	(5)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(771)	(771)
1.13	Total operating and investing cash flows (carried forward)	(1,044)	(1,044)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,044)	(2,062)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (fund raising expenses)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,044)	(1,044)
1.20	Cash at beginning of quarter to date	12,743	12,743
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	11,699	11,699

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	171
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payment of Directors remuneration and consulting fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	6,000
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	6,300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,699	12,743
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11,699	12,743

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3 +Ordinary securities	167,359,000	121,559,800	25 cents	25 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil	Nil	Nil
7.5 +Convertible debt securities (description)	Nil	Nil	Nil	Nil

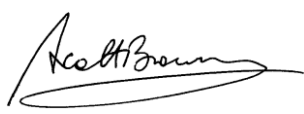
+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil	Nil	Nil
7.7	Options (description and conversion factor)	<i>Option numbers:</i> 720,000 - 5,000,000 - 17,588,256 - 28,239,750 - 27,500,000 - 4,000,000 - Total 83,148,006		<i>Exercise Price</i> 30 cents 30 cents 30 cents 30 cents 25 cents 34 cents	<i>Expiry Date & Condition</i> 30 June 2015 30 September 2016 31 May 2015 (original shareholders have to hold shares on 11 April 2014) 31 May 2015 14 October 2016 11 December 2016
7.8	Issued during quarter	Nil	Nil	Nil	Nil
7.9	Exercised during quarter	Nil	Nil	Nil	Nil
7.10	Expired during quarter	Nil	-	-	-
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:  Date: 31/10/2014
Director/~~Company secretary~~
Print name: Scott Brown

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.