

Questions and Answers with Scott Brown, Managing Director, Real Energy



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“Real Energy’s MD Scott Brown discusses the results of Real Energy’s initial drilling campaign of Tamarama-1 and Queenscliff-1 with Proactive Investors”

Real Energy’s (ASX:RLE) Managing Director Scott Brown has spoken exclusively with Proactive Investors about the strong gas readings at the Tamarama-1 and Queenscliff-1 wells, in the Queensland Cooper Basin ATP 927P.

PROACTIVE INVESTORS: Welcome Scott.

Can you tell us about the results of your latest well Queenscliff-1 ?

SCOTT BROWN: We have received some excellent results from the Queenscliff-1 well, demonstrating that the Toolachee and Patchawarra formations again are gas saturated in our acreage outside any structural closure. These results have also proved the continuous Basin Centred Gas play.

Queenscliff-1 had 154 metres gross gas column, of which 67 meters of log-interpreted net gas pay in the Permian Toolachee and Patchawarra Formations, and 30 metres gross gas column with 10 meters of gas pay in the Paning Member of the Triassic Nappamerri Formation. We have cased and suspended the well for future flow testing which is likely to take place in the first half of 2015.

Can you explain what is Basin centre gas and the significance of it ?

SCOTT BROWN: Traditional structures drilled by oil and gas companies are normally either folds or fault dependent structures. In contrast, Basin Centred Gas involves drilling the deep part of the basin and does not rely on structures. Drilling is based on the concept that large continuous areas can be gas charged and then sealed off at the edges of deep troughs or by the hydraulic pressure of water driven sideways from the

reservoirs. Normally such areas have sequences of shales, sands and coals.

As gas is continuously generated from the thermally matured coals and organic rich shales, the whole area becomes over-pressured.

Basin Centred Gas is particularly significant as the gas accumulations are generally very large. In our case, we believe that most of ATP927P has this play and the gas resource for the permit will be many Trillion cubic feet of Gas.

Is the Basin Centred Gas play considered conventional or unconventional?

SCOTT BROWN: The Basin Centred Gas play in our acreage is very much conventional during the initial phase of exploration. We are initially drilling vertical wells targeting “sweet spots” and we believe both Tamarama-1 and Queenscliff-1 will flow gas at good rates without the need for fracking.

What is the potential in Real Energy’s acreage?

SCOTT BROWN: The Independent Geologist, AWT International, estimated in Real Energy’s prospectus prior to the recent drilling that the gross mean petroleum initially in place for the Toolachee and Patchawarra in our acreage was 10.2 Tcf of gas. Our internal resource estimate of 3C for Tamarama-1 & Queenscliff-1 is in excess of 1 Tcf. Resource estimates for the whole permit will likely to be upgraded based on the results of Tamarama-1 & Queenscliff-1.

How does your area, the Windorah trough, compare to the Nappamerri trough ?

SCOTT BROWN: The main formations of the Permian, namely the Toolachee and Patchawarra, are generally significantly shallower in the Windorah trough than the Nappamerri trough. The Toolachee and Patchawarra formations in the Nappamerri trough can often be 4kms from surface, and the down hole temperatures at this depth will usually

be above 200°C which can often cause operational issues. This means that these wells are considerably more expensive and require extensive fracking to obtain reasonable flow rates.

Will the company seek a farm-in partner to assist with exploration or seek to monetise the asset?

SCOTT BROWN: Once Real Energy has completed this program and we have evaluated the results, we will consider the best options for the Company going forward. All options will be assessed as part of this process, including the potential for a farm in partner or a corporate deal.

What is the next step in the company's exploration program following the success of the Tamarama-1 and Queenscliff-1?

SCOTT BROWN: We will complete the Tamarama-1 and Queenscliff-1 wells for production testing early next year, subject to obtaining a work over rig and other associated production testing equipment. We are also planning Seismic acquisition on ATP927P and an Appraisal drilling program next year.

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