



# REAL ENERGY

## March 2015 Quarterly Report

### HIGHLIGHTS

- **Tamarama-1 and Queenscliff 1 wells established as gas discovery wells**
- **Basin Centred Gas proven in Real Energy's acreage**
- **Commencement of commercial discussions with potential project partners**
- **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 Quarterly Report for the quarter ended 31 March 2015. During the quarter, the Company continued to progress exploration work at its major projects in the Cooper basin, achieving a number of exploration milestones.

### Exploration

During the quarter, the Company completed flow tests on both Tamarama-1 and Queenscliff-1 and pleasingly, both wells flow gas to surface. Real Energy is very encouraged by the results, which prove the existence of Basin Centred Gas throughout the main block of ATP927P. The Company is progressively de-risking its main project.

Below is a summary of completion and testing activities undertaken by Real Energy at Tamarama-1 and Queenscliff-1 over the quarter:

#### Tamarama-1:

- The lower Toolachee Formation-upper Patchawarra Formation interval from 2397.0m to 2422.0m (15.5m net perforated intervals) was perforated and flow tested.
- On the clean-up flow the well flowed gas at an unstimulated initial rate of approximately 0.46 mmscfd through a 16/64" choke, with flowing pressure of 327 psi.

### 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 4 large permits in Queensland being ATP 917P, ATP 927P ATP 1161PA and PLR 2014-1-4. These permits cover 9,357s km<sup>2</sup> (2,312,114 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

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- A pressure build-up survey was undertaken to obtain reservoir pressure data and other relevant reservoir properties for the tested interval.
- Gas samples were obtained from this the lower Toolachee Formation-upper Patchawarra Formation interval and laboratory analysis indicates the gas contains approximately 10% CO<sup>2</sup> and no H<sub>2</sub>S
- The upper Patchawarra Formation interval from 2432.5m to 2480.5m (29.5m net perforated intervals) was perforated and flow tested.
- On the clean-up flow the well flowed at a relatively stable rate of approximately 0.33 mmscfd through a 12/64" choke, with flowing pressure of approximately 436 psi.
- Gas samples were obtained from this upper Patchawarra Formation section and laboratory analysis of the gas sample indicates the gas contains approximately 12% CO<sub>2</sub> and no H<sub>2</sub>S.
- The lower Patchawarra Formation interval from 2492.5m to 2522.0m (12m net perforated intervals) was perforated, but no formation fluids or gas was recovered to surface. It appears this log-interpreted gas charged interval is tight and would probably require fracture stimulation to flow.

#### **Queenscliff-1:**

- The well was completed and perforated over the lower Toolachee Formation and upper Patchawarra Formation sections.
- The lower Toolachee Formation-upper Patchawarra Formation interval from 3048.4m to 3110.1m (26.7m net perforated intervals) was perforated and flow tested.
- On the clean-up flow, the well flowed at an initial rate of approximately 0.2 mmscfd through a 16/64" choke, with flowing pressure of approximately 131 psi.
- Gas samples were obtained from this section and laboratory analysis indicates the gas sample contains approximately 14% CO<sub>2</sub>, which is line with expectations. There was no formation water detected.

Real Energy considers the results of these wells justify the Company's belief that there is a significant volume of gas contained in its acreage as part of the Basin Centred Gas play, which is considered to extend across ATP927P Main Block, ATP917P and PLR2014-1-4. Queenscliff-1 was drilled in the structurally low area of the Windorah Trough without any seismically mapped structural closure.

The exploration success at Tamarama-1 and Queenscliff-1 has significantly advanced the play, and proved that continuous gas saturated Permian Toolachee and Patchawarra formations section are present in the ATP 927P Main Block outside any structural closure. This is in the form of the continuous Basin Centred Gas play. It appears Real Energy has a very large gas accumulation in its ATP 927P acreage.

The Permian formations of the Toolachee and Patchawarra in the Windorah Trough are shallower than some other Troughs in the basin that have Basin Centred Gas. This may result in lower drilling and completion costs which is a potential advantage to our project. The Company considers ATP927P as one of the best new project currently being developed.



The success of Tamarama-1 gas discovery has also opened up the eastern side of ATP927P Main Block which is now interpreted to also have the Basin Centred Gas play. ATP927P has gas infrastructure in close proximity and Real Energy currently owns 100% of a project that has the potential to be very valuable.

### **Corporate**

During the quarter the Company commenced discussions with potential offtake customers, and based on these discussions, we believe there is significant demand for our gas. We certainly believe there is enough gas in the Cooper Basin to supply the domestic east coast market and any shortfall for the Queensland LNG export facilities for many decades into the future.

We have also had strong interest from industry players that are interested in potentially investing in our project, and as a result, the Board has decided to open a data room of the technical data for relevant parties. We will consider proposals whereby Real Energy finances the project through selling down our current 100% position in our projects, and will only enter such agreements if we are of the belief that it is in our shareholders' best interests.

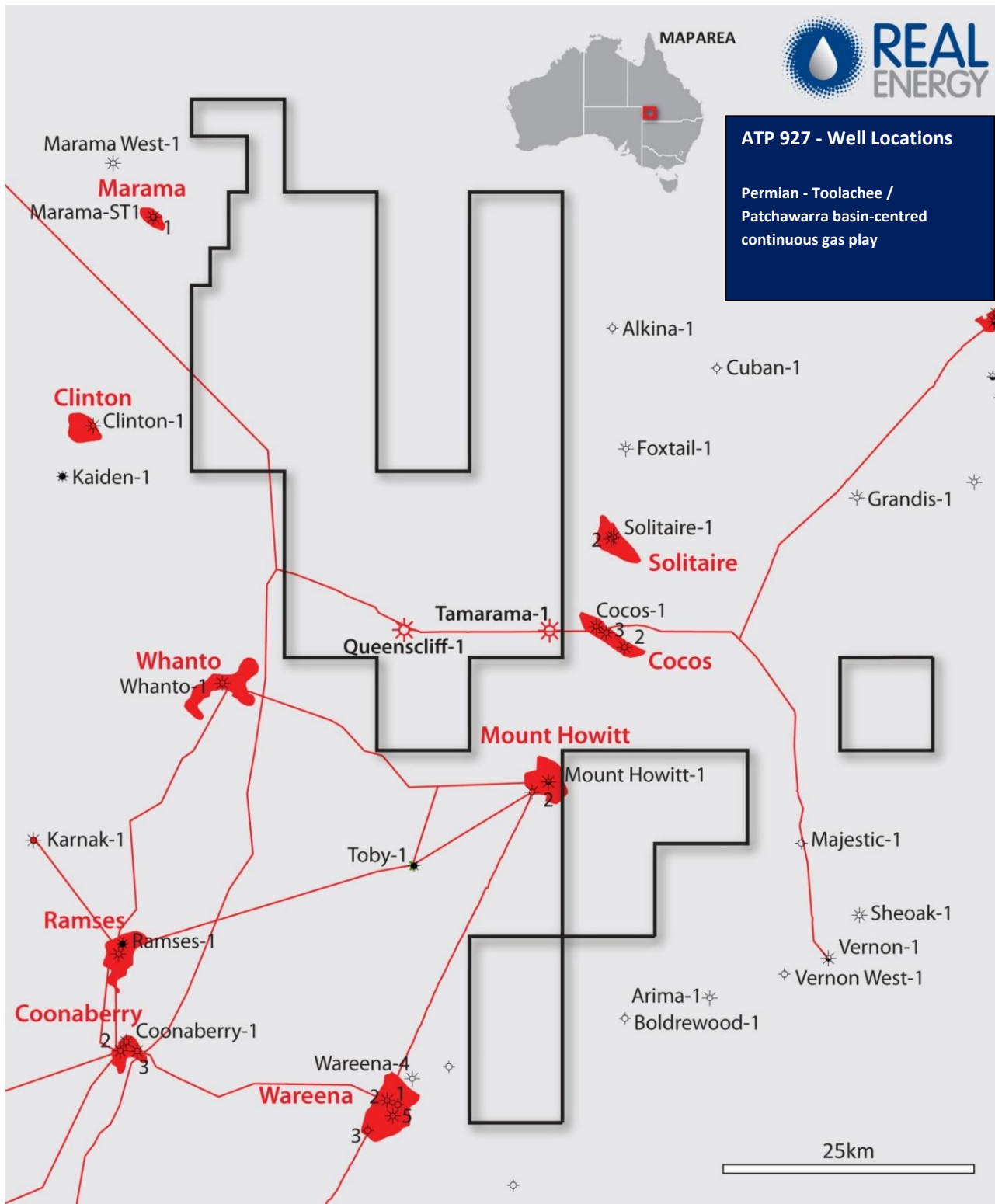
On 31 March 2015 Real Energy had \$5.6 million in cash. Real Energy has lodged a claim for R & D Tax Incentive for the year ended 30 June 2014 and also intends to claim for the 2015 financial year. If these claims are accepted by Ausindustry and the ATO, the Company expects to receive around \$461,000 for 2014 financial year and a refund of around \$4M to \$5M in respect of 2015 financial year.

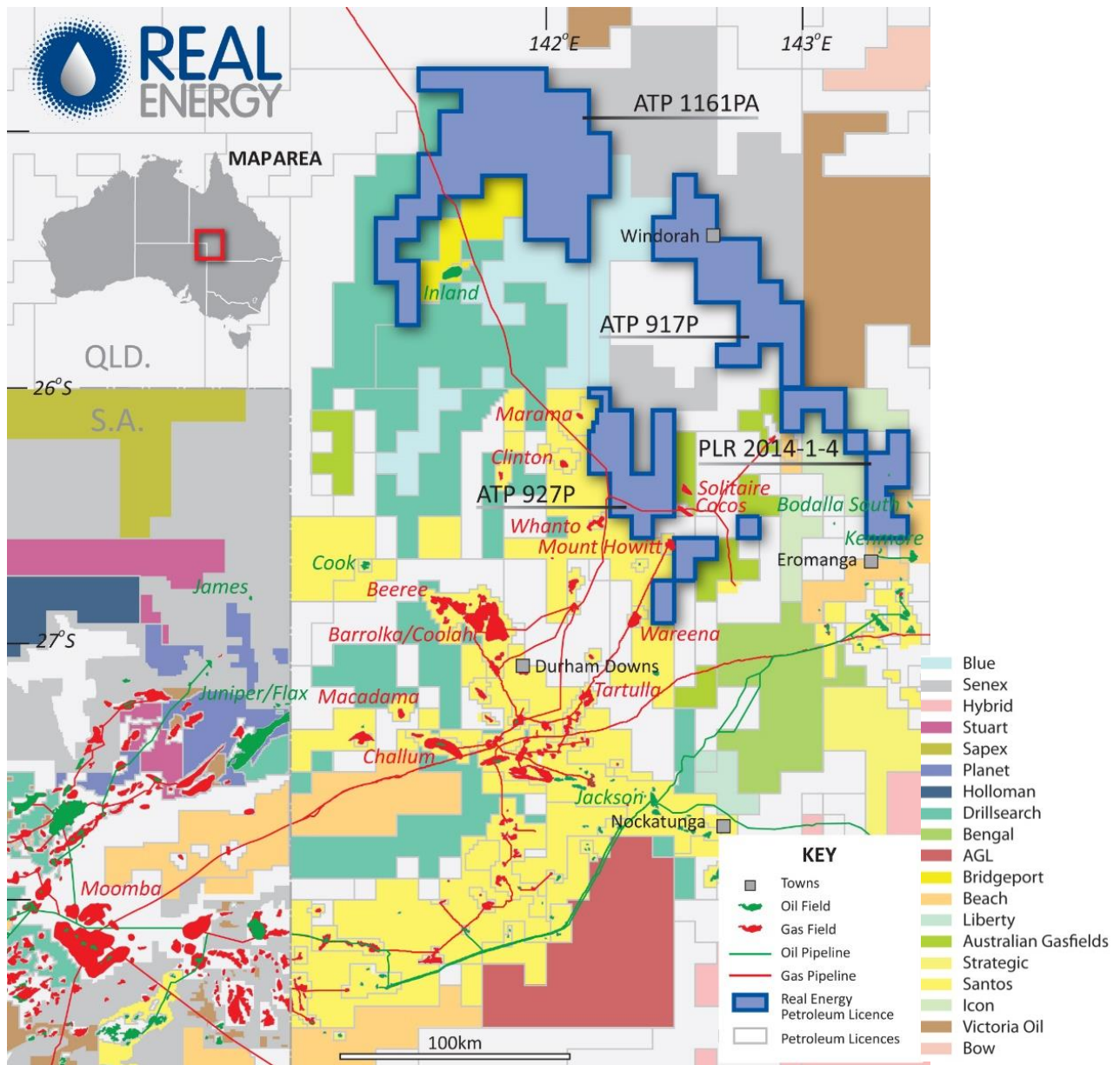
At the end of the quarter the total number of ordinary fully paid shares on issue was 183,488,033.

### **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
PLR 2014-1-4	100	Cooper Basin, South West Queensland

During the quarter the Company was offered and has accepted PLR 2014-1-4. The permit is an application which is subject to Native Title and other environmental conditions before it can be formally granted. Apart from this 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**

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On our website you can register for email alerts.





**Tamarama 1 Flare during flow testing**

Rule 5.5

# 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")

31 March 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) corporation & administration	(278)	(1,172)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	26	148
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(252)</b>	<b>(1,024)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) exploration & development	(1,971)	(10,752)
	(c) other fixed assets	-	(10)
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)	-	-
	<b>Net investing cash flows</b>	<b>(1,971)</b>	<b>(10,762)</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(2,223)</b>	<b>(11,786)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,223)	(11,786)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,001
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)	-	(300)
	<b>Net financing cash flows</b>	-	4,701
	<b>Net increase (decrease) in cash held</b>	(2,223)	(4,861)
1.20	Cash at beginning of quarter to date	7,881	12,742
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	5,658	5,658

### 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	153
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 fees/Salaries & consultant fees 153

### 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	550
4.2 Development	-
4.3 Production	-
4.4 Administration (net of interest)	250
<b>Total</b>	<b>800</b>

### 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	5,658	7,881
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,658</b>	<b>7,881</b>

+ 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	PLR-2014-1-4	-	100%

## 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 <b>Preference + securities</b> (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 <b>+Ordinary securities</b>	183,488,033	137,688,833	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil	Nil	Nil
7.5 <b>+Convertible debt securities</b> (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	<b>Options</b> (description and conversion factor)	<i>Option numbers:</i>  5,000,000 - 17,588,256 - 28,239,750 - 27,500,000 - 4,000,000 - 2,000,000 - 1,000,000 - <b>Total 85,328,006</b>		<i>Exercise Price</i>  30 cents 30 cents 30 cents 25 cents 34 cents 30 cents 50 cents	<i>Expiry Date &amp; Condition</i>  30 September 2016 <sup>1</sup> 31 May 2015 31 May 2015 14 October 2016 11 December 2016 30 June 2017 1 October 2017
7.8	Issued during quarter	Nil	Nil	Nil	Nil
7.9	Exercised during quarter	Nil	Nil	Nil	Nil
7.10	Expired during quarter	720,000 <sup>2</sup>	Nil	30 cents	30 June 2015
7.11	<b>Debentures</b> (totals only)	Nil			
7.12	<b>Unsecured notes</b> (totals only)	Nil			

<sup>1</sup> Options are subject to escrow, vesting and forfeiture conditions.

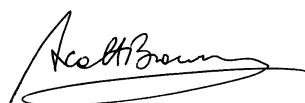
<sup>2</sup> Options were forfeited as the vesting conditions were unable to be met.

## 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: 30/04/2015

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.

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+ See chapter 19 for defined terms.