



REAL ENERGY CORPORATION LIMITED - NOTICE OF 2015 ANNUAL GENERAL MEETING

Notice is given that the 2015 Annual General Meeting (**Meeting** or **AGM**) of shareholders of Real Energy Corporation Limited (**RLE** or the **Company**) will be held at the Company's offices at Level 3, 32 Walker Street, North Sydney, NSW, 2060 on Monday, 30 November 2015 at 11:00 AM (Sydney time).

ORDINARY BUSINESS

1. Financial Report

To receive and consider the Financial Report of the Company and the consolidated entities, and the Reports of the Directors and Auditor for the financial year ended 30 June 2015.

2. Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2015, as set out in the Directors' Report section of the Annual Report, be adopted".

(Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.)

3. Re-election of Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

*"That **Norm Zillman**, who retires by rotation in accordance with clause 39 of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a director of the Company".*

4. Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following as a special resolution:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given to allow the Directors to issue equity securities up to 10% of the shares on issue, through placements over a 12 month period after the AGM".

By Order of the Board

Ron Hollands
Company Secretary
26 October 2015

ELIGIBILITY TO VOTE

For the purpose of the Meeting, the Directors have determined that shares will be taken to be held by persons registered as shareholders of the Company as at **7:00 PM (Sydney time) on Thursday, 26 November 2015**.

PROXIES

Each shareholder who is entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote at the AGM on the shareholder's behalf. A proxy need not be a shareholder of the Company, and may be either an individual or a body corporate. Where two proxies are appointed by a shareholder, the shareholder may specify the proportion or number of votes which each proxy is entitled to exercise on a poll. If the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise one half of the votes (disregarding fractions) on a poll.

Due to the voting exclusions and requirements referred to in this Notice, if you intend to appoint any Director or other member of the Company's 'key management personnel'¹ (**KMP**) or their closely related parties, **other than the Chairman**, as your proxy, you should direct your proxy how to vote on **Item 2** (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for the relevant Item of business. If you do not direct such a proxy how to vote on those Items they will **not** be able to vote an undirected proxy and your vote will not be counted. This does not apply to the Chairman, who is able to vote undirected proxies.

Direction to Chairman: *If the Chairman of the Meeting is appointed, or taken to be appointed, as proxy, the shareholder can direct the Chairman of the Meeting to vote for or against or to abstain from voting on a resolution, including **Item 2** (Remuneration Report), by marking the appropriate box opposite each resolution on the Proxy Form. However, if a shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on the proposed resolutions set out in this Notice, then **the Chairman intends to vote all available undirected proxies in favour of each of the proposed resolutions, including Item 2 (Remuneration Report)** (if a poll is called on the relevant resolution).*

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder or the proxy of a shareholder may appoint an individual as its representative to exercise all or any of its powers that it could exercise at the Meeting. The representative should bring to the meeting original documentary evidence of his or her appointment, including any authority under which the appointment is signed.

VOTING EXCLUSIONS

The Company will disregard any votes cast on the resolutions as follows:

Item 2 Remuneration Report

A vote must not be cast (in any capacity) on **Item 2**, and the Company will disregard any votes cast on **Item 2**:

- by or on behalf of a KMP whose remuneration is included in the Remuneration Report; or
- by or on behalf of a closely related party² (such as close family members and any controlled companies) of a KMP whose remuneration is included in the Remuneration Report.

However, a person described above may cast a vote on **Item 2** if:

- the person does so as a proxy that specifies how the proxy is to vote (For, Against or Abstain) on **Item 2**; or
- the person is the Chairman of the Meeting and has been appointed as a proxy without being directed how to vote on **Item 2**, and the appointment expressly authorises the Chairman to exercise the proxy even though **Item 2** is connected directly or indirectly with the remuneration of a member of the KMP for the Company; and
- in either case, the vote is not cast on behalf of a person described above.

Item 4 Approval of 10% Placement Capacity

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the issue of Equity Securities under this resolution and a person who obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

¹ For the full definition of 'key management personnel', please refer to section 9 of the *Corporations Act 2001*.

² Real Energy Corporation Limited

² For the full definition of 'closely related party', please refer to section 9 of the *Corporations Act 2001*.

- it is cast by the Chair acting as proxy (by appointment or by default) for a person who is entitled to vote in accordance with the directions on the proxy form.

PROXY DEADLINE

A Proxy Form and, if the Proxy Form is not signed by the shareholder, the power of attorney or other authority (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority), must be received by the Company at least 48 hours before the time for holding the Meeting – that is, **by 11:00 AM (Sydney time) on Thursday, 26 November 2015**.

Documents may be lodged with the Company by:

1. Email to investor@realenergy.com.au; or
2. Facsimile (+61 2) 9954 6408; or
3. Mail to: Real Energy Corporation Limited
Level 3, 32 Walker Street
North Sydney NSW 2060

ANNUAL REPORT - ONLINE

RLE's Annual Report for the year ended 30 June 2015 is available on the RLE website at <http://www.realenergy.com.au>.

QUESTIONS FROM SHAREHOLDERS

Shareholders are invited to register questions in advance of the AGM. If you would like further information on RLE, or would like to ask a question of RLE or the Auditor at this AGM, you may submit your questions in writing to the Company. Shareholders may submit written questions to the auditor about their audit report or the conduct of the audit. Written questions must be received no later than 5 business days before the day before the Meeting, being **5:00 PM (Sydney time) on Monday, 23 November 2015**.

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the information of shareholders in connection with the business to be transacted at the 2015 Annual General Meeting of shareholders. The Directors recommend shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions in question.

ITEM 1 – CONSIDER FINANCIAL REPORT

A copy of the RLE Annual Report 2015 (**Annual Report**) can be found on the Company's website (<http://www.realenergy.com.au>).

During discussion of this item, there will be an opportunity for shareholders to ask questions about, or comment on, the Annual Report and the management and performance of the Company. Shareholders will also have the opportunity to ask the auditor questions relevant to the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company, and the independence of the auditor in relation to the conduct of the audit.

ITEM 2 – ELECTION OF DIRECTOR: NORM ZILLMAN

Pursuant to clause 39 of the Company's Constitution, Mr Zillman retires by rotation as a Director of the Company.

Mr Norm Zillman (Non – Executive Director)

*B Sc Geology (University of Queensland, Brisbane, Australia) B. Sc. Hons. Botany (University of Queensland, Brisbane, Australia)
Member of Australasian Institute of Mining & Metallurgy; Petroleum Exploration Society of Australia*

Norm has over 45 years' experience in minerals, petroleum, coal, coal bed methane and geothermal exploration and production in Australia and internationally. His initial experience was as a petroleum geologist with international companies Aquitaine Petroleum in Australia and Papua New Guinea and Union Oil Company of California in Australia and Indonesia.

Norm has occupied the positions of Deputy CEO of Crusader Limited, General Manager Exploration and Production with Beach Petroleum NL and Claremont Petroleum Limited and Manager of the Petroleum Branch of the Queensland Department of Mines and Energy and State Mining Engineer for Petroleum and non-executive co-Chairman of Chinalco Copper Resources Limited (CYU), Non- executive Chairman of Burleson Energy Limited (BUR) and Non-executive Director of Earth Heat Resources Limited (HER).

More recently, Norm has been responsible for a number of successful public resource floats on ASX. He was the inaugural Managing Director and a co-founder of Coal Bed Methane (CBM) company, Queensland Gas Company Limited (QGC), being responsible for the initial acquisition of all of its areas, the successful floating on the ASX and the discovery of QGC's first CBM gas field, Argyle. He was also the inaugural Chairman and Founder of conventional oil and gas company Great Artesian Oil and Gas Limited. He was also a founder of a number of other ASX listed companies including Blue Energy Limited (BUL), Hot Rock Limited (HRL), Planet Gas Limited (PGS), Bandanna Energy Limited (BND) and Red Gum Resources Limited (RGX).

Norm Zillman has a beneficial interest in 3,800,000 shares in the company.

Directors' recommendation:

Each of the Directors (excluding Mr Zillman) recommends that shareholders vote in favour of Item 2.

ITEM 3 – REMUNERATION REPORT

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Remuneration Report includes an explanation of RLE's remuneration policy and the remuneration arrangements in place for Directors and other key management personnel.

The objective of RLE's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive;
- compensation;
- transparency; and
- capital management.

In summary, the Remuneration Report deals with:

- key management personnel;
- principles used to determine the nature and amount of remuneration;
- non-executive Director remuneration;
- details of remuneration;
- executive service agreements;
- share-based compensation; and
- additional information.

During discussion of this Item, there will be an opportunity for shareholders to ask questions about, or comment on, the Remuneration Report.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution as required by the Corporations Act ('Act').

Although the vote on this resolution does not bind the Directors or the Company, the Board respects the views of its shareholders and will take the outcome of the

vote into account when considering remuneration policy in the future.

As a result of amendments to the Act generally known as the "two strikes rule", shareholders should note that the results of the vote on this item may impact the conduct of next year's AGM.

The Directors encourage shareholders to apply the same level of diligence in relation to this resolution as they do with the binding resolutions.

Directors' recommendation:

The Directors unanimously recommend that shareholders vote in favour of Item 3.

ITEM 4 – Approval of 10% Placement Facility

ASX Listing Rule 7.1A provides eligible companies (which includes the Company) the ability to raise an additional 10% of issued capital by way of placements over a 12 month period. This is in addition to a company's ability to issue up to 15% of its issued capital in a 12 month period without Shareholder approval. The number of Shares which may be issued by a company under Listing Rule 7.1A is calculated in accordance with the following formula:

(A x D) - E

where

A is the number of shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary shares issued in the 12 months with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4;
- less the number of fully paid ordinary shares cancelled in the 12 months.

D is 10%.

E is the number of shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

The Directors are seeking approval to have the additional capacity to issue a number of shares representing 10% of the issued share capital of the Company pursuant to Listing Rule 7.1A. ("**10% placement facility**").

While the Company does not have any immediate plans to issue shares, purposes for which shares may be issued pursuant to Resolution 4 may include for use as working capital and/or corporate growth opportunities.

The shares must be issued at an issue price that is at least 75% of the Volume Weighted Average Price for the Company's equity securities over the 15 trading days on which trades in that class were recorded immediately before:

- a. the date on which the price at which the equity securities are to be issued or agreed; or
- b. if the equity securities are not issued within 5 trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

The Company may issue some of the shares for non-cash consideration, for example, as part of the consideration for an acquisition of assets but the issue price attributable to the shares shall be at least 75% of the Volume Weighted Average Price as referred to above.

In the event that shares are issued for non-cash consideration, the Company will announce to the market the valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any shares.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% placement facility under Listing Rule 7.1A. The identity of the allottees of Shares will be determined on a case by case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including rights issue or other issues in which existing Shareholders can participate;
- the effect of the issue of the shares on the control of the Company;
- the financial situation of the Company;
- advice from corporate, financial and broking advisors; and
- the potential benefits an allottee could provide to the Company as a strategic investor (if applicable).

The allottees under the 10% placement facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Provided that Shareholder approval is granted for Resolution 4 and the company issues equity securities under its 10% placement facility, there is a risk that the market price for the equity securities may be significantly lower on the issue date than on the date on which approval is given to this Resolution 4 and the shares may be issued at a discount to the market price for those equity securities on the issue date.

The table on the next page is provided to illustrate the potential dilution of existing Shareholders on the basis of the current market price of shares and the current number of shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this notice:

- two examples where variable "A" has increased, by 50% and 100%.

Variable "A" is based on the number of shares the Company has on issue. The number of shares on issue may increase as a result of issues of shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

If Shareholder approval is granted for Resolution 4, then that approval will expire on the earlier of:

- i. 30 November 2016, being 12 months from the date of the Meeting; or
- ii. the date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 (proposed change to nature and scale of activities) or Listing Rule 11.2 (change involving main undertaking).

Directors' recommendation:

The Directors unanimously recommend that shareholders vote in favour of item 4.

Potential Dilution

Variable A in LR7.1A.2		Dilution		
		\$0.08 – 50% decrease in issue price	\$0.16 – issue price	\$0.32 – 100% increase in issue price
Current variable A – 183,488,033 ordinary shares	10% voting dilution	18,348,803	18,348,803	18,348,803
	Funds raised \$AUD	1,467,904	2,935,808	5,871,617
50% increase in variable A – 275,232,050 ordinary shares	10% voting dilution	27,523,205	27,523,205	27,523,205
	Funds raised \$AUD	2,201,856	4,403,713	8,807,426
100% increase in variable A – 366,976,066 ordinary shares	10% voting dilution	36,697,606	36,697,606	36,697,606
	Funds raised \$AUD	2,935,808	5,871,617	11,743,234

The table has been prepared on the following assumptions:

- The company issues the maximum number of shares available under LR7.1A;
- No shares are issued on the conversion of options before the date of issue of the shares;
- The table shows only the effect of shares under LR7.1A and does not factor in the company's ability to issue up to 15% of its issued capital under LR7.1;
- The issue price is assumed to be \$0.16 per ordinary share, being the closing price of the shares on ASX on 23 October 2015.

LOCATION OF ANNUAL GENERAL MEETING - REAL ENERGY CORPORATION LIMITED, LEVEL 3, 32 WALKER STREET, NORTH SYDNEY NSW 2060 AT 11.00 AM (Sydney time) ON MONDAY, 30 November 2015

Public transport: Real Energy's office is located opposite North Sydney train station. The area is also serviced frequently by buses.

Car: There are also multiple public car parks located near 32 Walker Street North Sydney, notably on the Pacific Highway in North Sydney.

Proxy Form for Shareholders

Shareholder

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

1. I / We (please print): Name _____

Address _____

_____ Security Holder Reference Number (if known) _____

2. Appointment of Proxy

I / We being a member/s of Real Energy Corporation Limited hereby appoint

☐

The Chairman of the Meeting
(mark with an "x") or

(Write here the name of the person you are appointing if this person/s is someone other than the chairman of the meeting)

or failing the person/s named, or if no person/s is named, the Chairman of the meeting, as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Real Energy Corporation Limited to be held at the offices of the company at Level 3, 32 Walker Street North Sydney NSW 2060 at **11am on Monday 30 November 2015** and at any adjournment of that meeting.

3. Votes on Resolution directions to your proxy – please mark with a cross to indicate your directions

		For	Against	Abstain
Resolution 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Norm Zillman as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE NOTE: Undirected proxies received by the Chairman of the meeting will be voted in favour of each item of business. If you have appointed the Chairman of the meeting as your proxy (or the Chairman of the meeting becomes your proxy by default), you can direct the Chairman of the meeting to vote for, against or to abstain from voting on, Resolution 1 by marking the relevant box opposite Resolution 1. Note that under section 2, if the Chairman of the meeting is your proxy and you do not mark any of the boxes opposite Resolution 1, you are directing the Chairman to vote in favour of Resolution 1.

4. Appointment of a Second Proxy I/We wish to appoint a second proxy

State the percentage of your voting rights
Or the number of shares for this Proxy Form

☐

Mark with an "x" if you wish to appoint a second proxy

and

or

5. Authorised Signature/s

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

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Individual/Sole Director and Sole
Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Contact Name

Contact daytime telephone

Email

Date

Completed proxy forms must be received by the Company no later than 11am on Thursday 26 November 2015 to be valid. You may return the form by:

1. Email to investor@realenergy.com.au ; or
2. Facsimile (+61 2) 9954 6408; or
3. Mail to: Real Energy Corporation Limited
 Level 3, 32 Walker Street
 North Sydney NSW 2060

How to Complete this Proxy Form

1. Your Name and Address

The name and address on the Proxy Form is as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of the person in Section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3. Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he chooses. If you mark more than one box on an item your vote on that item will be invalid.

4. Appointment of Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state that percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, your proxy appointments will be invalid. Fractions of votes will be disregarded.
- (b) Return both forms together.

5. Signing instructions

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, either security holder may sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given above (via mail, email or fax) by not later than 48 hours before commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.