



# REAL ENERGY

## March 2017 Quarterly Report

### HIGHLIGHTS

- **MOU signed for Gas Offtake Agreement**
- **Discussions for Gas Processing progressing**
- **Best flare witnessed at Tamarama-1 thus far**
- **Tamarama-1 is proving up the basin centred gas concept and a key step in Real's efforts to commercialise the Windorah Gas Project**
- **Cash at the end of March 2017 - \$6.11M**



### **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 ATP1194PA.

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. Subsequent to successful drilling & testing of 2 exploration wells in 2014, the Company has Independently Certified 3C Contingent Gas Resources of 672 BCF and a Mean Prospective Gas Resources of 5,483 BCF in the Toolachee and Patchawarra formations within ATP 927P.

### **Directors**

Lan Nguyen – Non Executive Chairman  
Scott Brown – Managing Director  
Norm Zillman – Non Executive Director

### **Corporate Office**

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Real Energy Corporation Limited (ASX: RLE and Real Energy) is pleased to provide an update to shareholders for the quarter ended 31 March 2017. The Company continued to progress exploration and development activities at the Windorah Gas Project in the Cooper Basin.



Picture of Tamarama -1 well gas flare during recent flowback operations

### **Exploration**

The Company recommenced operations in late January and has successfully brought the Tamarama-1 well on with intermittent free-flowing operations. The well has produced natural gas and frac fluids with rates fluctuating due to fluid interference. The well performance has improved since the work over. During the current quarter, the Company is now witnessing a stronger and faster build-up of pressure and more gas flowing to surface from the well. Real Energy intends to continue to flow the well to enable it to collect and determine reservoir performance data.

### **Corporate**

On 31 March 2017, Real Energy had \$6.1 million in cash and is well funded to continue current operations at the Windorah Gas Project.

The Company signed a Non-binding Memorandum of Understanding (MOU) with a large industrial and commercial gas user, a top 100 Australian public company that is keen to buy gas on long term



contract from Real Energy. The MOU is subject to a number of condition precedents (CPs) that the Company will use its best endeavours to satisfy. There can be no guarantee that the CPs will be satisfied or the MOU will be converted into a binding Gas Sales Agreement.

The Company has also discussed commercialising its gas with a nearby owner of gas infrastructure with the infrastructure owner processing the gas on Real Energy's behalf.

During the March Quarter, the Company spent \$598,000 on exploration and development.

At the end of the quarter the total number of ordinary fully paid shares on issue was 204,288,033.

#### Tenement Schedule

| Permit    | RLE ownership % | Location                            |
|-----------|-----------------|-------------------------------------|
| ATP917P   | 100             | Cooper Basin, South West Queensland |
| ATP927P   | 100             | Cooper Basin, South West Queensland |
| ATP1194PA | 100             | Cooper Basin, South West Queensland |

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

#### Contingent Resources

The estimates of contingent resources are based on the area surrounding the two successful gas wells, Queenscliff-1 and Tamarama-1, located within the exploration permit ATP927P, Windorah Trough, Cooper Basin. Discovery status is based on definition under the SPE/WPC Petroleum Resource Management System (PRMS) 2007. A summary of the gross estimates of contingent gas resources for ATP927P is provided below:

| Resources Category | Bcf (Billion Cubic Feet) |
|--------------------|--------------------------|
| 1C                 | 77                       |
| 2C                 | 276                      |
| 3C                 | 672                      |

#### Prospective Resources

In addition to the Contingent Resources, the mean gross prospective natural gas resources for ATP927P are:

| Resources Category                    | Bcf (Billion Cubic Feet) |
|---------------------------------------|--------------------------|
| Prospective OGIP Resources            | 13,761                   |
| Prospective Recoverable Gas Resources | 5,483                    |



Both Contingent Resources and Unconventional Prospective Resources estimates in ATP927P have been independently certified by DeGolyer and MacNaughton, a leading international petroleum industry consulting firm.

*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**

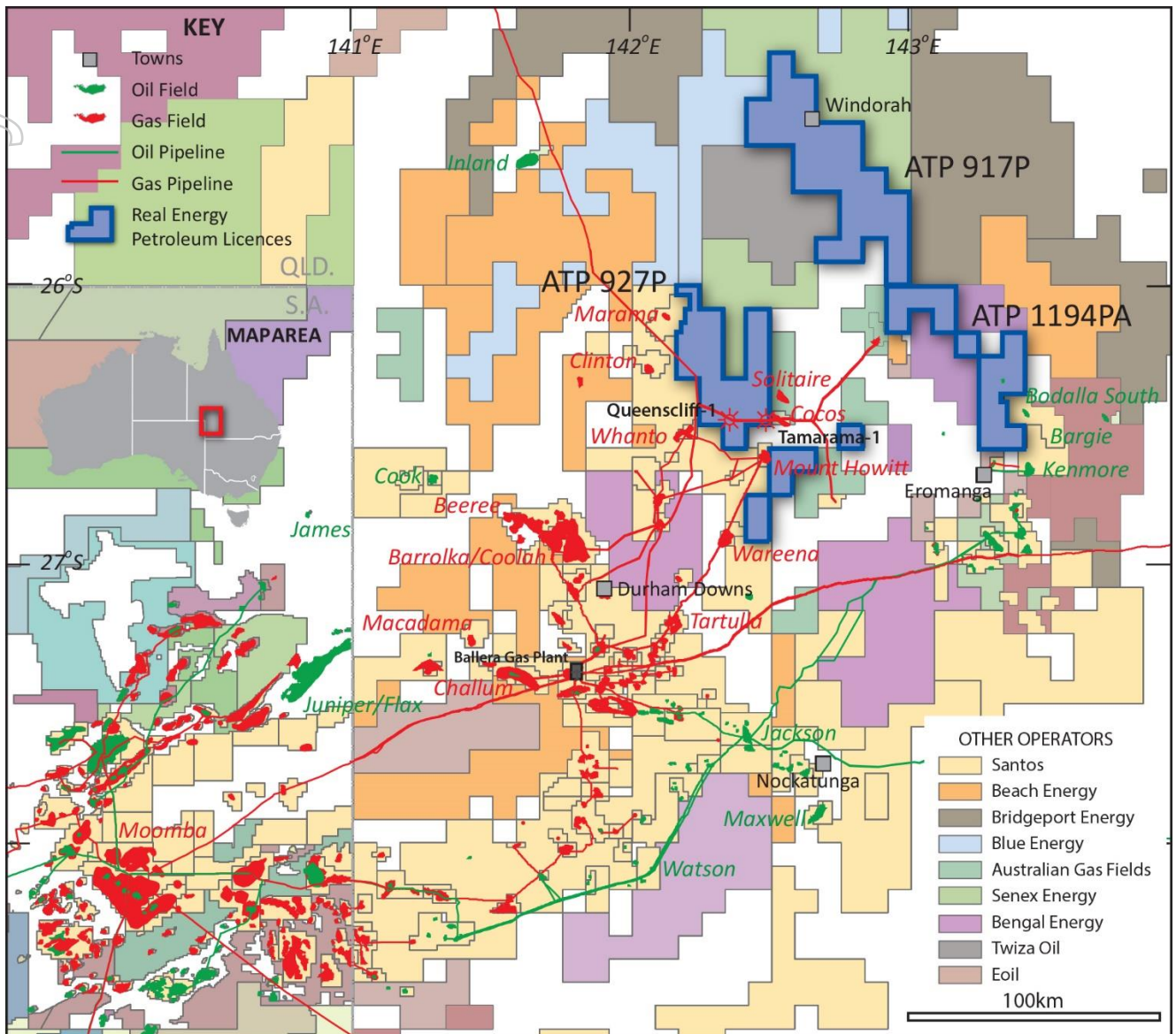
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Or visit our website at [www.realenergy.com.au](http://www.realenergy.com.au)

On our website you can register for email alerts.



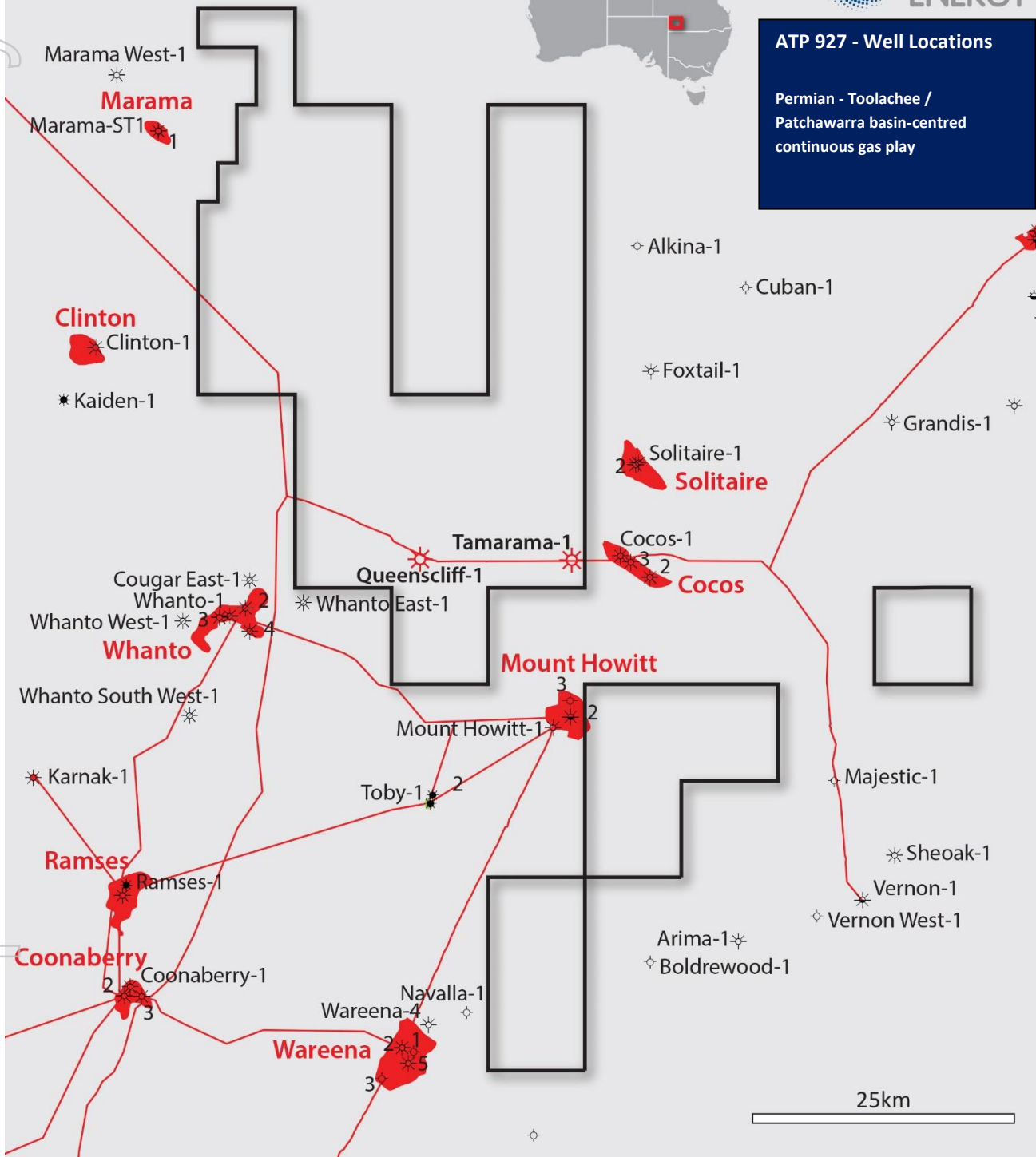
# Real Energy Petroleum Permits Map





### ATP 927 - Well Locations

Permian - Toolachee /  
Patchawarra basin-centred  
continuous gas play



## 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, 01/05/13, 01/09/16

#### Name of entity

Real Energy Corporation Limited

#### ABN

92 139 792 420

#### Quarter ended ("current quarter")

31 March 2017

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | -                          | -                                     |
| 1.2 Payments for  |                            |                                       |
| (a) exploration & evaluation                              | -                          | -                                     |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) staff costs   | (106)                      | (344)                                 |
| (e) administration and corporate costs                    | (233)                      | (441)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | 37                         | 141                                   |
| 1.5 Interest and other costs of finance paid              | -                          | -                                     |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Research and development refunds                      | 1,487                      | 1,487                                 |
| 1.8 Other (provide details if material)                   | -                          | -                                     |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>1,185</b>               | <b>843</b>                            |
| <b>2. Cash flows from investing activities</b>            |                            |                                       |
| 2.1 Payments to acquire:                                  |                            |                                       |
| (a) property, plant and equipment                         | -                          | (3)                                   |
| (b) tenements (see item 10)                               | -                          | -                                     |
| (c) investments   | -                          | -                                     |
| (d) other exploration assets                              | (598)                      | (3,431)                               |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(9 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 2.2   | Proceeds from the disposal of:   |                                    |  |
|   | (a) property, plant and equipment  | -                                  | -  |
|   | (b) tenements (see item 10)  | -                                  | -  |
|   | (c) investments  | -                                  | -  |
|   | (d) other non-current assets   | -                                  | -  |
| 2.3   | Cash flows from loans to other entities                                      | -                                  | -  |
| 2.4   | Dividends received (see note 3)  | -                                  | -  |
| 2.5   | Other (provide details if material)  | -                                  | -  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b>                        | <b>(598)</b>                       | <b>(3,434)</b>                                 |
| <b>3.</b>                                   | <b>Cash flows from financing activities</b>                                  |                                    |  |
| 3.1   | Proceeds from issues of shares   | -                                  | -  |
| 3.2   | Proceeds from issue of convertible notes                                     | -                                  | -  |
| 3.3   | Proceeds from exercise of share options                                      | -                                  | -  |
| 3.4   | Transaction costs related to issues of shares, convertible notes or options  | -                                  | -  |
| 3.5   | Proceeds from borrowings   | -                                  | -  |
| 3.6   | Repayment of borrowings  | -                                  | -  |
| 3.7   | Transaction costs related to loans and borrowings                            | -                                  | -  |
| 3.8   | Dividends paid   | -                                  | -  |
| 3.9   | Other (provide details if material)  | -                                  | -  |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b>                        | <b>-</b>                           | <b>-</b>                                       |
| <b>4.</b>                                   | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                                    |  |
| 4.1   | Cash and cash equivalents at beginning of period                             | 5,524                              | 8,702  |
| 4.2   | Net cash from / (used in) operating activities (item 1.9 above)              | 1,185                              | 843  |
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)              | (598)                              | (3,434)  |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above)             | -                                  | -  |
| 4.5   | Effect of movement in exchange rates on cash held                            | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                            | <b>6,111</b>                       | <b>6,111</b>                                   |



**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

| <b>5. Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 1,119                              | 557                                 |
| 5.2 Call deposits  | 4,992                              | 4,967                               |
| 5.3 Bank overdrafts  | -                                  | -                                   |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter<br/>(should equal item 4.6 above)</b>   | <b>6,111</b>                       | <b>5,524</b>                        |

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment of Director fees/Salaries and consultant fees

**7. Payments to related entities of the entity and their associates**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| 8. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount at<br/>quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | -   | -  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

| 9. <b>Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation                     | 250            |
| 9.2 Development                                    | -              |
| 9.3 Production                                     | -              |
| 9.4 Staff costs                                    | 110            |
| 9.5 Administration and corporate costs             | 90             |
| 9.6 Other (provide details if material)            | -              |
| <b>9.7 Total estimated cash outflows</b>           | <b>450</b>     |

| 10. <b>Changes in tenements<br/>(items 2.1(b) and 2.2(b)<br/>above)</b>                    | <b>Tenement<br/>reference<br/>and<br/>location</b> | <b>Nature of interest</b> | <b>Interest at<br/>beginning of<br/>quarter</b> | <b>Interest at<br/>end of<br/>quarter</b> |
|--|--|---------------------------|---|---|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | -  | -                         | -   | -   |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased           | -  | -                         | -   | -   |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
Scott Brown - Director

28 April 2017  
Date: .....

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.