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MOU signed with Santos Limited for Gas Processing

- **MOU covers gas processing at Moomba and transportation in the Cooper Basin gas gathering network**
- **Key terms outlined for raw gas processing service**
- **A key step in Real Energy's efforts to commercialise the Windorah Gas Project**
- **Tamarama-1 well performance continues to improve**

Sydney: 15 May 2017: Cooper Basin focused oil & gas exploration company, Real Energy Corporation Limited (ASX:RLE) ("Real Energy " or "the Company"), is pleased to advise that it has executed a non-binding Memorandum of Understanding ("MOU") with Santos Limited (ASX:STO). This gas processing MOU would allow raw gas from Real Energy's Windorah Gas Project to be processed into sales gas, which can then be supplied to the east Australian gas market.

Santos and its joint venture partners have gas processing facilities at Moomba in South Australia. Real Energy and Santos, as Operator of the Moomba gas plant, have agreed indicative terms for gas progressing and transportation services. These commercial terms are confidential and form the basis for a subsequent formal binding agreement to be executed between the parties including Santos' joint venture partners. Real Energy's Board is encouraged by the terms of the MOU, which will support the economic development of the Windorah Gas Project.

Real Energy has also agreed in principle to swap geological data for its wells for geological data for a nearby well drilled by Santos.

This MOU is an important step for the commercialisation of Real Energy's Windorah Gas Project. Independent geologist has assessed that the 3C gas resource of the Project at 672 Billion cubic feet of gas.

Mr Scott Brown, Managing Director of Real Energy said: "The MOU provides a clear pathway to commercialisation for our gas without the need to build an expensive gas plant and other associated infrastructure."

"Our confidence in the commercial viability of the Windorah Gas Project continues to grow given the improving flow rates occurring on the Tamarama-1 well. As well, the field has a great deal of future development capacity and we are only just starting to unlock its value."

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Geological Information

The geological information in this announcement 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.

About Real Energy Corporation

Real Energy is an oil and gas exploration and development company with a focus on the Cooper Basin, Australia's most prolific onshore producing petroleum basin. Real Energy has 100% ownership in 3 large permits in Queensland – ATP 917P, ATP 927P & ATP1194PA.

Real Energy is focusing initially on the Toolachee and Patchawarra formations. These formations are well-known throughout the basin for holding and producing gas. Seismic interpretation in conjunction with existing petroleum well data has determined that the Toolachee and Patchawarra formations are significant across much of our acreage.

