



Quarterly Activities Report

Quarter Ending 31 March 2023

Helios Energy Ltd (ASX Code: HE8) (**Helios** or **Company**) is pleased to report its activities for the quarter ended 31 March 2023.

Successful Frack Job of Presidio 52#1 Well

During the quarter, the frack of 4 stages across a 1,623 feet interval of the Presidio 52#1 well was successfully completed and flowback commenced.

As reported to the ASX on 9 February 2023, oil and gas appeared after 10 days of flowback after the fracking of the well. On 9 February 2023, Presidio 52#1 was producing 70 to 80 barrels of oil per day (**BOPD**) and approximately 700,000 cubic feet per day of gas. The distance between the commencement of the lower bench of the Ojinaga Formation at 6,632 feet and the cessation of casing at 8,255 feet is 1,623 feet. The 1,623 feet interval was fracked across 4 stages per a frack design created by John Ely of Ely and Associates. The four frack intervals have been co-mingled as a vertical completion for production purposes. John Ely is the principal of Ely and Associates, a world-renowned consulting company for well completions, stimulation fluids, and reservoir analysis.

Currently, a gas compressor unit is being installed to provide gas driven lift and subsequent to such installation flowback of the Presidio 52#1 well will re-commence.

Background to the Presidio 52#1 Well

The Presidio 52#1 well has been successfully drilled to a total depth (**TD**) of 8,806 feet. During drilling, the Presidio 52#1 well encountered the lower bench of the Ojinaga Formation (primary target) and the Eagle Ford Shale Formation (secondary target) as well as two older (deeper) Cretaceous units, being the Buda and Georgetown Formations (both secondary targets).

The lower bench of the Ojinaga Formation was encountered at the depth of 6,632 feet and is 793 feet thick. Helios has successfully tested and produced oil from all three wells it has drilled (namely, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113) which have penetrated the Ojinaga Formation.

ASX Code: HE8

Directors

Hui Ye
Non-Executive Chairman

Richard He
Managing Director

Robert Bearden
Non-Executive Director

Nicholas Ong
Non-Executive Director

John Palermo
Company Secretary

Contact Details

Australian Office

Level 3, 18 Richardson Street
West Perth WA 6005 Australia

PO Box 1485 West Perth
WA Australia 6872

Tel +61 1300 291 195
Fax +61 8 6298 6191

USA Office

3 Riverway, 17th Floor
Suite 1750, Houston
Texas USA 77056

Tel +1 713 333 3613
Fax +1 713 583 0965

www.heliosenergyLtd.com

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The oil analysis shows that the oil in the Ojinaga Formation is sourced from the Eagle Ford Shale Formation. The Eagle Ford Shale was encountered at a depth of 7,425 feet and is 836 feet thick with the deepest 235 feet also referred to as the Boquillas Formation (which is equivalent to the lower Eagle Ford Formation in Karnes County, Texas, USA).

Very good to excellent oil and gas shows in the Presidio 52#1 Well

Very good to excellent oil and gas shows were observed throughout the drilling of the entire lower bench of the Ojinaga Formation and throughout the drilling of the entire Eagle Ford Formation (which includes the 235 feet of the Boquillas Formation). Gas measurements were consistently high throughout the drilling through the entire lower bench of the Ojinaga Formation and throughout the drilling of the entire Eagle Ford Formation. From the gas isotope analysis, it shows the wetness ratios are between 24-30% which corresponds to oil associated gas in the genetic gas classification.

Testing of Quinn Creek 141#1 Well During the Quarter

Quinn Creek 141#1 is now shut in with production tubing run in the well. Various artificial lift applications are being investigated to optimize sustainable production. The well continues to build up pressure while being shut in.

Presidio 141#2 Testing During the Quarter

Presidio 141#2 is currently shut in as various artificial lift applications are being investigated to optimize sustainable production. The well continues to build up pressure while being shut in.

Production Facilities Installed

Permanent production facilities have been installed at the well site location of the Presidio 141#2 well consisting of a 3-phase separator, two 500 barrel oil tanks, two 500 barrel water tanks, and a flare stack. The Quinn Creek 141#1 well has also been piped into and connected to flow to the shared field production facilities located at the Presidio 141#2 location.

Commerciality and Monetization of Gas

Helios is focused on phased in gas commercialization along with oil production sales. Helios' evaluation indicates a large wet gas resource that provides significant additional upside opportunity to the Presidio Oil and Gas Project which was initially considered primarily an oil province. Several technologies are being reviewed for a potential pilot project, including utilizing the gas for electricity generation for field use and for local commercial gas sales after stripping out the liquids for sale. Other options being evaluated include connecting the field to the Trans Pecos Gas pipeline located approximately 40 miles to the east, and the feasibility of utilizing modular small scale LNG plants in the field.

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Presidio Oil Project – Infrastructure

Access to the 4 wells that constitute the Presidio Oil Project (Presidio 52#1, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113) is provided by a 25 mile unsealed, formed road constructed by Helios that branches off the sealed US-90 highway which carries heavy truck and passenger vehicle traffic. The 4 oil wells have access to ample supplies of fresh water provided by local water wells drilled into shallow water aquifers. The El Paso Oil Refinery located in El Paso, Texas has a processing capacity of 135,000 barrels of oil per day and is located 170 miles from the Presidio Oil Project. Crude oil is sold there by truck delivery.

The Presidio Oil and Gas Project is located 250 miles (or 5 hours by truck) from Midland, Texas which is the epicenter of the Permian Basin oil industry. All rigs, supplies and services required for the Presidio Oil Project are sourced from Permian Region. Oil production in the Permian Region in March 2023 reached approximately 5,700,000 bopd.

Presidio Oil and Gas Project - 70% Working Interest (WI) in 4 Wells and 21,690 Gross Acres

Helios has a 70%WI in a total of 21,690 gross acres (15,183 net acres) and a 70%WI in the 4 wells drilled by Helios in the Presidio Oil and Gas Project, namely, Presidio 52#1, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113.

Leases Acquired or Disposed of During the Quarter

Helios has a 70%WI in a total of 21,690 gross acres (15,183 net acres). All 21,690 gross acres, the subject of the Presidio Oil and Gas Project, are located in the south-west portion of Presidio County, Texas and are the subject of oil and gas lease agreements entered into with private oil and gas mineral rights owners.

Corporate

Helios has no debt and cash at bank at the end of the quarter was \$7,447,000.

Related Party Payments – Item 6 of Appendix 5B

Payments to related parties listed in Item 6 of the Appendix 5B are to Executive and Non-Executive Directors for personal exertion salary and directors fees.

For further information, please contact:

Richard He
Managing Director

Competent Person's Statement

The information in this ASX announcement is based on information compiled or reviewed by Mr Neville Henry. Mr Henry is a qualified petroleum geologist with over 48 years of Australian, USA and other international technical, operational and executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation, as well as new oil and gas ventures identification and evaluation. Mr Henry has a BA (Honours) in geology from Macquarie University.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Helios Energy Ltd

ABN

61 143 932 110

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	32
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(416)	(1,405)
(e) administration and corporate costs	(827)	(2,166)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	70
1.5 Interest and other costs of finance paid	(6)	(21)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,224)	(3,490)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(3,198)	(10,652)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	-
2.6	Net cash from / (used in) investing activities	(3,198)	(10,652)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	Lease payments	(66)	(183)
3.10	Net cash from / (used in) financing activities	(66)	(183)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,887	21,708
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,224)	(3,490)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,198)	(10,652)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(66)	(183)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	48	64
4.6	Cash and cash equivalents at end of period	7,447	7,447

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,447	11,887
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,447	11,887

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	115
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,224)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,198)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,422)
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,447
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,447
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.68
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	No - since the well costs of the Presidio 52#1 have now been accounted for and there will not be any substantial new well costs in the next quarter. In addition, cash receipts are expected to be higher because of the Presidio 52#1 being put on production.
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	Subject to market conditions, the entity has the choice of additional equity capital raisings and/or asset sell downs in the forthcoming 2 quarters.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes, based on the drilling to date in the Presidio Oil and Gas Project.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 28 April 2023

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.