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Quarterly Activities Report

Quarter Ending 31 December 2023

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

Commercialization of the Presidio Oil & Gas Project

Helios' primary focus with the Presidio Oil & Gas Project is on phased-in gas commercialization along with oil production sales. The Presidio Oil & Gas Project is comprised of a large wet gas resource and 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.

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 (**NGLs**) 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.

Commercialization options being assessed by Helios for the Presidio Oil and Gas Project also include bringing in a farmin joint venture partner to participate in the Presidio Oil and Gas Project.

Presidio Oil & Gas Project

Helios has a 70%WI in the Presidio Oil & Gas Project located in Presidio County, Texas, USA. This 70%WI is comprised of 70%WI in a total of 17,850 gross acres (12,495 net acres) and a 70%WI in the 4 wells drilled by Helios in the Presidio Oil & Gas Project, namely, Presidio 52#1, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113.

Presidio Oil & Gas Project – Infrastructure

Access to the 4 wells that constitute the Presidio Oil & Gas 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 & Gas Project. Crude oil is sold there by truck delivery.

ASX Code: HE8

Directors

Hui Ye
Non-Executive Chairman

Richard He
Managing Director

Robert Bearden
Non-Executive Director

Mark Lochtenberg
Non-Executive Director

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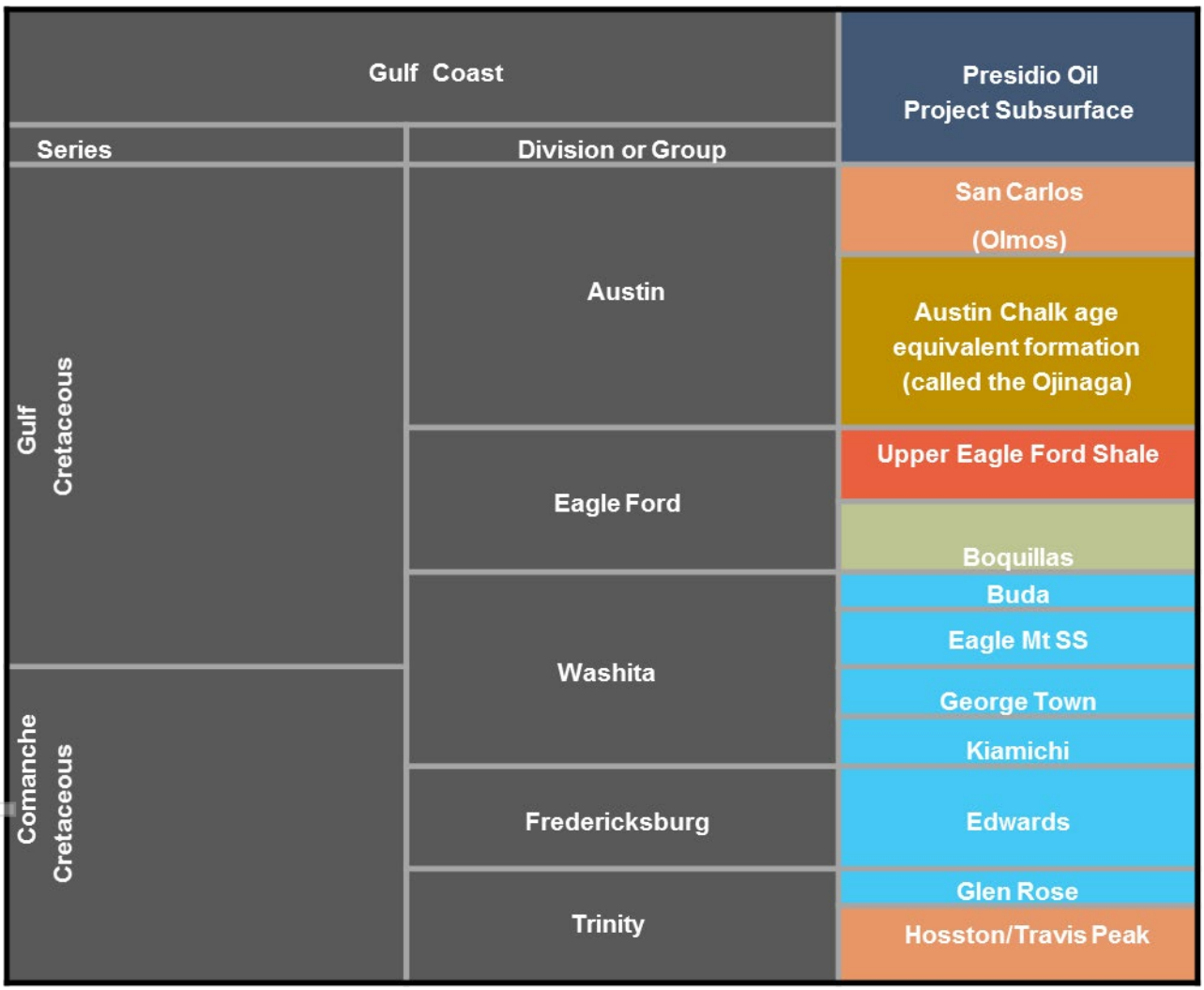
The Presidio Oil & Gas Project is located 250 miles (or 5 hours by truck) from Midland, Texas which is the epicenter of the Permian Basin oil industry. All rigs, supplies and services required for the Presidio Oil & Gas Project are sourced from Permian Region. Oil production in the Permian Region in December 2023 reached approximately 5,974,000 bopd.

Stratigraphy of the Presidio Oil & Gas Project located in Presidio County, Texas, USA



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.

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Leases Acquired or Disposed of During the Quarter

Helios has a 70%WI in a total of 17,850 gross acres (12,495 net acres). No leases were acquired or disposed of during the quarter. All 17,850 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.

Flowback Testing - Presidio 52#1 Well

Flowback testing of the Presidio 52#1 well occurred during the quarter. A workover programe is now planned for the Presido 52#1 well to improve oil and wet gas production. Production from the lowest two production zones has become impaired and a cleanup of the well is now required. These two zones are the most productive zones in the Presidio 52#1 well. The reduction of production from these 2 zones has resulted in wet gas production reducing to 500MCF per day. The well continues to unload frack water. We will keep the market informed on the workover of Presidio 52#1.

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 4 wells it has drilled which have penetrated the Ojinaga Formation.

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.

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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.

Corporate

Helios has no debt and cash at bank at the end of the quarter was $2,093,000.

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 49 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

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Name of entity

Helios Energy Ltd

ABN	Quarter ended ("current quarter")
61 143 932 110	31 December 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	95	185
1.2	Payments for		
	(a) exploration & evaluation	(56)	(104)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(409)	(833)
	(e) administration and corporate costs	(650)	(1,539)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	22
1.5	Interest and other costs of finance paid	(5)	(11)
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**	**(1,017)**	**(2,280)**

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	(213)	(800)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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)	-	-
81	**Net cash from / (used in) investing activities**	**(213)**	**(800)**

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	(95)	(159)
3.10	**Net cash from / (used in) financing activities**	**(95)**	**(159)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,431	5,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,017)	(2,280)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(213)	(800)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(95)	(159)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(13)	(19)
4.6	**Cash and cash equivalents at end of period**	**2,093**	**2,093**

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	2,093	3,431
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)**	**2,093**	**3,431**

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	124
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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7.	**Financing facilities** *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.*	**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)	(1,017)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(213)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,230)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,093
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,093
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.70

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.

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?

The Company expects the next quarter to have similar cashflows as the Company continues focusing on assessing exploration data and work programs with a view to planning future drilling, exploration and operational activities. This may include seeking farmin joint venture partners for its Presidio Oil and Gas Project.

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?

The Company is always considering its capital requirements and retains the ability to raise capital as required. The Company has a history of successfully raising funds and see no reason why it would not be able to do so again when required. An additional business option is to seek farmin joint venture partners for its Presidio Oil and Gas Project.

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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?
The Company will be able to continue normal business operations. The Company can reduce its discretionary expenditure until such stage as it finalises any fundraising options.	

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: 31 January 2024

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.