



Quarterly Activities Report

Quarter Ending 30 June 2018

Helios Energy Ltd (ASX Code: HE8) (**Helios** or **Company**) is pleased to report its activities for the quarter ended 30 June 2018.

Quinn Creek 141 Vertical Well

During the quarter, Helios commenced testing the Quinn Creek 141 vertical well. Testing commenced in the open (uncased) portion of the well between 5,000 and 6,000 feet.

Buda and Eagle Ford Shale Formations

The Buda Carbonate, lower Eagle Ford (Boquillas Limestone) and upper Eagle Ford Shale were tested separately in the open (uncased) hole between 5,000 and 6,000 feet. These open hole tests did not recover any hydrocarbons. High rates of fresh water were recovered showing very high permeability. This bodes well for testing the Buda Carbonate, the lower Eagle Ford (Boquillas Limestone) and upper Eagle Ford Shale at a location higher up on structure. During the quarter, interpretation by Helios of the 17 miles of 2D seismic and 2 square miles of 3D seismic that the Company has shot and processed has enabled the Company to identify suitable future drilling locations higher up on structures.

Austin Chalk age equivalent formation (called the Ojinaga Formation)

Testing of the Quinn Creek 141 vertical well subsequently moved up hole to the Austin Chalk age equivalent formation (called the Ojinaga Formation) overlying the Eagle Ford Shale. Oil and gas were recovered from the Ojinaga Formation in the first behind pipe test in the Quinn Creek 141 vertical well. A naturally fractured zone of 10 feet was perforated between 4,968 and 4,978 feet at 1 shot per foot and then acidized with a small amount (1,200 gallons) of acid. The well initially flowed back 17 barrels of load water. Oil and gas were then recovered during the subsequent swabbing with the oil cut reaching 20%-30% of the swabbed fluids. The well then began flowing a small rate of gas (25 mcfpd) with 45 psi pressure.

Helios then moved up hole and over a period of 14 days tested a further 6 small intervals in the Ojinaga Formation between 4,744 and 4,944 feet.

ASX Code: HE8

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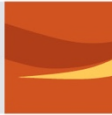
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Testing of all 6 intervals resulted in fluids flowing to surface. Swabbing during testing resulted in the recovery to surface of oil and gas from all 6 intervals.

No evidence of high rates of fresh water were encountered in the testing of the Ojinaga Formation between 4,744 and 4,978 feet (this particular interval or 'bench' being 234 feet thick). The uppermost testing resulted in the highest production rates with sustained flows of gas without water production.

These positive results convinced the Company to proceed with a one stage vertical frack of the Ojinaga Formation at a depth of between 4,744 and 4,944 feet.

One Stage Frack of Ojinaga Formation

In late June 2018, Helios successfully completed a one stage vertical frack of the Ojinaga Formation in the Quinn Creek 141 well at a depth of between 4,744 and 4,880 feet. The frack successfully injected approximately 200,000 pounds of proppant (approximately 1,500 pounds of proppant per foot) and approximately 10,000 barrels of completion fluid (approximately 75 barrels of completion fluid per foot).

On 19 July 2018, the Company confirmed that the well flowed 260 barrels of oil and 1,345 barrels of fluid during the past 168 hours (7 days). The oil produced is a very good quality, mature, Eagle Ford type, 39 degrees API oil. Gas was producing at the rate of 456 mcf per day on a 34/64ths one inch choke. As the well cleaned up and the percentage of completion fluid recovery rose, a steadily increasing oil cut was observed. Total load recovery to date is approximately 35% (being 3,509 barrels of completion fluid out of 10,187 barrels of completion fluid injected).

These results from this one stage frack of the Ojinaga Formation between 4,744 and 4,880 feet are very encouraging. No evidence of fresh water has been observed from this one stage frack. As the well has cleaned up and the percentage of completion fluid has risen, a steadily increasing oil cut has been observed. Typical fracked horizontal wells in west Texas have lateral lengths of between 5,000 feet (25 fracked stages) and 10,000 feet (50 fracked stages) and with each stage having a typical horizontal length of 200 feet.

Testing of Further Intervals or 'Benches' in the Ojinaga Formation

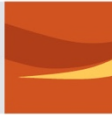
On 19 July 2018, Helios decided to move further up hole to test two further intervals or 'benches' of the Ojinaga Formation. These two intervals or 'benches' are described by Helios as being in the middle and upper Ojinaga Formation. The middle interval or 'bench' is located between 4,240 and 4,310 feet (approximately 70 feet) and the upper interval or 'bench' is located between 3,400 and 3,600 feet.

Both intervals or 'benches' are characterized by natural fractures along with associated oil and gas shows and are materially similar in geological characteristics to the interval which was the subject of the one stage frack between 4,744 and 4,880 feet.

Stratigraphy

The basic stratigraphy of the Presidio Oil Project is as follows:

Gulf Coast		Presidio Oil Project Subsurface
Series	Division or Group	
Gulf Cretaceous	Austin	San Carlos (Olmos)
		Austin Chalk age equivalent formation (called the Ojinaga)
	Eagle Ford	Upper Eagle Ford Shale
		Boquillas
	Washita	Buda
Eagle Mt SS		
George Town		
Comanche Cretaceous	Fredericksburg	Kiamichi
		Edwards
	Trinity	Glen Rose
		Hosston/Travis Peak



Presidio Oil Project – Infrastructure

Access to the Quinn Mesa 113 and the Quinn Creek 141 well locations is provided by a 25 mile unsealed but formed road developed by Helios that branches off the excellent bituminized US-90 highway which carries heavy truck and passenger vehicle traffic.

The Quinn Mesa 113 and the Quinn Creek 141 well locations have access to ample supplies of fresh water provided by local water wells which are supplied by shallow water aquifers.

The El Paso Oil Refinery located in El Paso, Texas is an oil refinery with a processing capacity of 135,000 barrels of oil per day. The El Paso Oil Refinery is located only 170 miles from the Presidio Oil Project. Crude oil is sold there by truck delivery.

The Presidio Oil Project is located only 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 being sourced from Midland, Texas. Oil production in the Permian Basin is nearing 3,200,000 bopd.

Seismic Programme and Geological Surface Work and Airborne EM survey

Helios has now shot, processed and interpreted a total of 17 miles of 2D seismic and 2 square miles of 3D seismic across the Presidio Oil Project.

The Company's 3D seismic programme was shot across a 2 square mile area which covers its Quinn Creek 141 well and its Quinn Mesa 113 well and the ground in between the 2 wells.

Recent geological surface fieldwork has confirmed many aspects of the current seismic interpretation and confirmed that an extensive area of Eagle Ford Shale Formation and Ojinaga Formation are present throughout Helios' leases.

During the quarter Helios also completed an airborne electromagnetic (**EM**) survey over 100 square miles of the Presidio Oil Project.

The data sets comprised of the seismic interpretation, the geological fieldwork, the EM survey, the testing of the Quinn Mesa 113 and the Quinn Creek 141 wells and the logs of the small number of old nearby wells are being integrated by the Company to form an enhanced understanding of the sub-surface of the leases that comprise the Presidio Oil Project.



Underneath is a photo of the frack team and its equipment prior to the commencement of the frack in the Quinn Creek 141 well. The Quinn Mesa 113 well can be seen in the background.



Photo: Quinn Creek 141 Well Location in Presidio County, Texas, USA (Looking due east).

Presidio Oil Project – Quinn Creek 141

Quinn Creek 141 was spud by Helios as Operator on 23 April 2017 and was designed to be drilled to a total depth of 6,000 feet. The well was first drilled to 5,000 feet and encountered live oil and gas shows from 3,000 feet to 5,000 feet through a thickened Ojinaga Formation sequence of fractured shales and carbonates. Casing was then set to protect the oil and gas shows and the well was deepened to 6,000 feet and penetrated the upper Eagle Ford Shale as well as the Lower Eagle Ford Boquillas organic rich limestone before entering the Buda Carbonate.



Helios must drill 3 wells to earn a 70% WI in the initial 6,400 acres (4,480 net acres) which comprise the Presidio Oil Project and a 70% WI in each of these 3 wells. Helios to date has drilled 2 of those 3 wells with those 2 wells being the Quinn Creek 141 vertical well and the Quinn Mesa 113 vertical well. Helios has been granted an extension until 30 September 2018 to drill the third well.

Leasing Programme

The Company has been actively leasing in the Presidio Oil Project area. Excluding the initial 6,400 acres (4,480 net acres) of the Presidio Oil Project in which Helios will earn a 70% WI upon completing the drilling of 3 wells by 30 September 2018, the Company has been actively leasing additional acres in close proximity to these initial 6,400 acres and now has a 70% WI in a further 26,096 acres. In addition, Helios has a 70% WI in a further 34,280 acres which have been placed under call option to lease. In total therefore, Helios has under contract a 70% WI in a total of 66,776 acres (46,743 net acres).

Corporate

Cash on hand at the end of the quarter was A\$11,426,000.

For further information, please contact:

Richard He
Managing Director

Competent Person's Statement

This information in this ASX announcement is based on information compiled or reviewed by Stephen Hermeston. Mr. Hermeston is a qualified petroleum geologist with over 35 years of experience in North America, South America, Africa, Middle East, Far East, Europe and other international areas involving technical, operational and executive aspects of petroleum exploration and production, in both onshore and offshore environments. He has extensive experience in petroleum exploration, appraisal and reserve and resource estimation and well as in identifying and evaluating new oil and gas ventures. Mr. Hermeston has a Bachelors degree in Geology and is a member of the American Association of Petroleum Geologists.