



Update – Testing of Quinn Mesa 113 Well

Quinn Mesa 113 Well

Helios Energy Ltd (ASX Code: HE8) (**Helios** or **Company**) has completed a 'squeeze job' using a water blocking polymer sealer in an attempt to isolate the primary target perforated zones in the San Carlos Sandstone Formation. Swab testing immediately after the 'squeeze job' resulted in greatly reduced water inflow and therefore it appeared that the 'squeeze job' had been successful.

The well was then re-perforated to re-attempt to recover formation fluids from the San Carlos Sandstone Formation.

Post completion of the 'squeeze job' and the re-perforating, swabbing recommenced and once again swabbing recovered low temperature and low salinity water. This strongly suggests that the water is continuing to come from a different formation at shallower depth, highly likely caused by channels in the cement behind the casing. Therefore, the 'squeeze job' has not been able to prevent the inflow of this water which is preventing a valid swab test of the primary target zones within the San Carlos Sandstone interval of the Quinn Mesa 113 well from which high porosity oil and gas bearing samples and cuttings were obtained during drilling and whose oil reservoir properties were subsequently corroborated by a full suite of well logs.

The Quinn Mesa 113 well encountered oil and gas shows while drilling in an interval of over 100 feet in the San Carlos Formation. Samples analysis at the location had oil shows, subsequent samples analyses in the laboratory post drilling had oil shows and analysis of the electric logs were interpreted to indicate hydrocarbon pay.

Testing of the Quinn Mesa 113 well has been suspended so that Helios can assess the results of the testing observed so far. Further testing of the Quinn Mesa 113 well or testing of the Quinn Creek 141 well will now not occur until that assessment has been undertaken and a full interpretation of the recently shot 3D and 2D seismic programme has been completed.

ASX Code: HE8

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Helios' Board and senior management continue to believe the San Carlos Formation has significant potential. The Company will be reviewing the future well design, the mud programme and the cementing programme for the San Carlos Formation. The current test results will also be reviewed with completion experts to assist with future well design and to consider additional completion attempts in the Quinn Mesa 113 well.

3D and 2D Seismic Programme

Shooting of the Company's 3D and 2D seismic programme has been completed. 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.

The 2D line of seismic that was shot is approximately 4 miles in length and covers a line of east-west orientation between the Quinn Creek 141 well and the Quinn Mesa 113 well and their proximate surrounds.

The full interpretation of both seismic data sets will be completed by 28 February 2018.

For further information, please contact:

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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.