



ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2017

This quarterly activities report for Helios Energy Ltd (ASX: **HE8**, "the **Company**" or "**Helios**") provides a summary of activities undertaken by the Company during the quarter ended 30 June 2017.

The Company drilled 2 wells in the quarter (Quinn Creek 141 and Quinn Mesa 113) as part of its obligations to drill 3 wells in the Presidio Oil Project by 31 December 2017 so as to earn a 70%WI in the 6,280 net acres that comprise the Presidio Oil Project in Presidio County, Texas, USA.

Quinn Creek 141

Quinn Creek 141 well was spud by Helios as Operator on 23 April 2017 and was planned to be drilled to a total depth (**TD**) of 6,000 feet to test a large faulted anticline with targets in the Olmos, Eagle Ford and Edwards formations.

The well was initially drilled to 5,000 feet. After logging, 5.5 inch well casing was run to protect oil and gas shows encountered between 3,000 and 4,500 feet and a zone where oil to surface was recorded on mud pits.

The well was subsequently drilled with slim-hole equipment to TD in the Eagle Ford Formation, then logged and suspended to await completion.

Helios decided not to drill beyond the current depth at this time and has preserved the ability to re-enter the well and drill deeper at a later stage, if warranted, as the depth of the Edwards Limestone is deeper than prognosed. However, the Edwards Limestone remains a primary target. Oil samples have been collected from the well and are currently being analysed.

Quinn Mesa 113

The Company's Quinn Mesa 113 vertical well was spud by Helios, as Operator, on 16 June 2017, approximately 3 miles due east of the Quinn Creek 141 surface location.

ASX Code: **HE8**

Directors

Tony Brennan
Non-Executive Chairman
Carl Coward
Non-Executive Director
Gary Steinepreis
Non-Executive Director and
Company Secretary

Contact Details

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Helios Energy Ltd
ABN 61 143 932 110



Quinn Mesa 113 has been drilled to a total depth (**TD**) of 4,000 feet. Several oil and gas shows were recorded during drilling between 2,400 and TD. Logs have been run and interpretation of the logs indicates zones worthy of testing. Casing has now been run and cemented into place in order to protect the oil and gas shows encountered.

Helios will return to test the Quinn Mesa 113 well at a future date to be determined but subsequent to further analysis of the logs and a more detailed investigation of the samples collected during drilling.

Presidio Oil Project

These 2 wells (Quinn Creek 141 and Quinn Mesa 113) form part of the Presidio Oil Project which is situated in Presidio County, Texas, USA and is comprised of 6,280 net acres of oil and gas leases. The Presidio Oil Project is prospective for oil in the Olmos, Eagle Ford, Buda and Edwards formations and drilling these two wells provides Helios with the opportunity to evaluate the oil and gas potential of these formations.

Upon completing the drilling of 3 wells into the Presidio Oil Project by 31 December 2017, Helios Energy Ltd, through its wholly owned subsidiary Helios Energy USA, Ltd, will earn a 70% WI in the 6,280 net acres that comprise the Presidio Oil Project.

Oil and Gas Leases Held as at 30 June 2017

The Company's lease holdings at the end of the June 2017 quarter are as follows:

Project	Interest	Area of interest
Trinity Oil Project, Texas	100% working interest	3,118 Net acres
Presidio Oil Project, Texas	Drilling to earn a 70% working interest	6,280 Net acres



Corporate

The Company is currently in the final stages of an \$18,880,000 capital raising (**Capital Raising**) and seeking the reinstatement of the Company's securities to the Official List of the Australian Securities Exchange (**ASX**).

To date, the Capital Raising has raised a total of \$17,442,858 and the Company has been working to satisfy the ASX conditions for reinstatement but this process has not yet been completed.

The Company is looking forward to completing this process and being reinstated to quotation on ASX.

For further information, please contact:

Gary Steinepreis
Non-Executive Director and Company Secretary

Competent Person's Statement

The information in this ASX announcement is based on information compiled or reviewed by Eldar Hasanov. Mr Hasanov is a qualified petroleum geologist with over 20 years of experience in the USA, Russia, Azerbaijan, Kazakhstan, the Middle East, Turkey, Indonesia 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, as well as in identifying and evaluating new oil and gas ventures. Mr Hasanov has a Masters degree in Petroleum Geology. He is a member of the American Association of Petroleum Geologists.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Helios Energy Ltd

ABN

61 143 932 110

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(2,617)	(2,703)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(50)	(186)
1.3 Dividends received (see note 3)		
1.4 Interest received	14	17
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (Net GST Activity-BAS)	4	(8)
1.9 Net cash from / (used in) operating activities	(2,649)	(2,880)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)	(1,943)	(1,976)
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) 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	(1,943)	(1,976)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	13,000	13,000
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(154)	(262)
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	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	12,846	12,738

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	206	578
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,649)	(2,880)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,943)	(1,976)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,846	12,738
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,460	8,460

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	8,460	206
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)	8,460	206

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	100
9.5 Administration and corporate costs	75
9.6 Other – transaction costs related to issue of shares	1,300
9.7 Total estimated cash outflows	2,475

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Trinity Oil Project, Texas	Direct – 100% working interest	-	3,118 Net acres
	Presidio Oil Project, Texas	Drilling 3 wells in earn a 70% working interest	-	6,280 Net acres

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.

Sign here: *(lodged electronically)* Date: 31 July 2017
 (Director/Company secretary)

Print name: Gary Steinepreis

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.