



26 April 2017

Well Spudded - Quinn Creek 141

New Horizon Coal Ltd (renamed Helios Energy Ltd) is pleased to announce that the Quinn Creek 141 well was spudded on 23 April 2017 (USA).

The target depth (TD) is 6,000 feet and the well is expected to take 10 days.

The well forms part of the Presidio Oil Project which is situated in Presidio County, Texas and is comprised of 6,280 net acres of oil and gas leases.

Helios Energy Ltd, through its wholly owned subsidiary Helios Energy USA, Ltd, has acquired the right, title and interest in and to:

- (i) a 70% WI in certain leases of oil and gas mineral rights (which in aggregate total to a minimum of 6,280 net acres) all situated in Presidio county in Texas, USA (**Presidio Leases**); and
- (ii) a NRI of 52.50% of 8/8ths (being 70% of a NRI of 75%) in respect of the Presidio Leases.

The Presidio Oil Project is prospective for oil in the Edwards, Olmos and Eagle Ford formations.

The Presidio Oil Project lies within a relatively undisturbed zone of recurrent normal faulting along the western margin of the Diablo Platform and the eastern edge of the Eastern Chihuahuan Tectonic Belt and is characterised by numerous graben or half graben features. These fault structures provide the possibility for traps similar to those faulted structures which produce the vast majority of Cretaceous oil in South Texas. Both the Edwards and Olmos Formations the subject of the Presidio Oil Project were defined by the Vendors by a combination of surface (primarily for fault traces) and sub-surface mapping. Although drilling in the area is relatively sparse, the few wells that have been tested locally have produced 37° API oil with some associated gas, greatly de-risking the presence of hydrocarbons.

The primary conventional oil play contained within the Presidio Leases is a shallow (5,000 foot) vertical test for Eagle Ford shale oil sourcing the porous Edwards Limestone reservoir.

The first vertical well into the Edwards formation will be a conventional test of a horst block with at least 800 feet of down to the platform throw and 500 feet of down to the basin throw along its 7 mile length. The area of interpreted mapped closure that will be the subject of the 3 well drilling program is 3,555 acres.

The second conventional oil play contained within the Presidio Leases is a shallow (3,000 foot) vertical test for oil in the high porosity and high permeability Olmos Sands Formation.

A vertical well of this kind is a straight forward attempt to move up-dip to production within a productive fault block. The area of the interpreted mapped closure is 1,834 acres. Porosity in the area averages 25%.

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