NAV update

Quantum Helium*

QHE LN **SPECULATIVE BUY – 6p TP**

Non-Independent Research

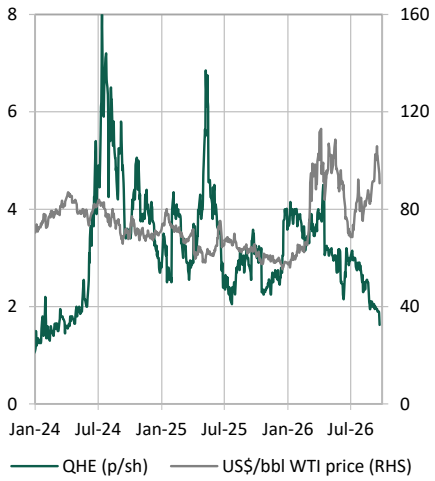
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MiFID II Exempt

24 September 2026

Stock Data	
Ticker	QHE LN
Share Price	1.6p
Market Cap.	£8.0m

Share price chart



Source: Bloomberg

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Sagebrush-1 well frac and flow test planned for 4Q26

Quantum announced completion of a technical review of the stimulation and completion data from the Sagebrush-1 well with IPT Well Solutions. The Company targets a new stimulation programme on Sagebrush-1 during 4Q26 to enable flow testing of the well, subject to regulatory approvals. We maintain our Speculative Buy rating and adjust our target price to 6p/sh, which follows the share consolidation and reflects the updated Risked NAV.

Fracture stimulation on Sagebrush-1 well targeted for 4Q26

Quantum has completed a detailed technical review of the stimulation and completion data of the Leadville Formation on the Sagebrush-1 well (90% WI) in Colorado with its new specialist completion adviser, IPT Well Solutions. IPT's review indicates the mineralogy and oil-in-place may have reduced the efficacy of the previous acid-based treatment that would instead respond to a more conventional propped fracture stimulation. The Company now plans a fracture stimulation of the Upper Leadville reservoir in Sagebrush-1 during 4Q26 with a larger-volume treatment that is expected to improve reservoir connectivity, establish commercial helium gas flow rates and appraise the oil potential.

Well test results will inform the 2027 drilling programme

IPT is now progressing the detailed execution design for the Sagebrush-1 well, including revised fracture modelling, completion procedures and engagement with stimulation service providers regarding equipment availability. In tandem, Quantum will contact the regulatory authorities to obtain approval for a more significant fracture stimulation on the target reservoir. The technical data generated by the Sagebrush-1 well stimulation and subsequent flow evaluation will then be integrated with the Company's existing seismic, geological and reservoir data. This will assist determining the location, design and sequencing of future drilling activity across the Sagebrush and Coyote Wash project areas.

Strong balance sheet with improving access to capital pools

Quantum reported ~£5.5m cash and no debt as at June 30, which provides substantial financial capacity to fund its current exploration, development, operating and working-capital requirements. Utilising a small part of this cash balance, the Company has invested £250k into a strategic equity investment in Herencia Resources, which has the potential for capital appreciation as its gold project advances. In a media interview (link) earlier this week, the executive team also discuss the impact from the OTC Markets quotation (QHELF) going live, which is expected to increase stock accessibility to US-based investors and thereby has the potential to attract a broader range of shareholders.

Reiterating SPECULATIVE BUY rating with revised 6p/sh TP

We update our financial forecasts and NAV for the FY26 results and adjust our calculations for recent news flow, as well as the 100-to-1 share consolidation. As a result, we adjust our target price from 0.08p to 6p/sh, which is based on the Risked NAV of the Company's portfolio and provides 275% of potential upside. The progress in testing the helium potential at Sagebrush comes at a time of increasing global focus on helium supply security, with recent geopolitical developments in the Middle East disrupting a significant portion of global production leading to greater recognition of domestic capacity, particularly in the United States. We expect a steady stream of news flow over the next 12M to validate Quantum's more than 1bcf helium prospective resource estimates and further de-risk the wider portfolio, as well as providing the technical data needed to advance targets towards drill ready status in 2027.

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Valuation

Valuation Methodology

In formulating our valuation assumptions, we have forecast long-term constant benchmarks and apply these inputs into our DCF model. Our assumptions reflect a long-term helium price of $450/mcf (98% He content) and a $75/bbl Brent oil price ($4/bbl discount for WTI), as well as a US$1.35:£1.00 FX rate, discounted to 30 June 2026. We apply a standard 10% discount rate to the assets and incorporate the following assumptions into our financial model:

Assumptions table

Potential shares in issue (diluted millions)	509.9
LT exchange US$/£	US$1.35
LT WTI crude oil price	$71/bbl
LT Helium gas price	$450/mcf
LT HH natural gas price	$3.5/mcf
NPV discount rate	10%
Discount date	30/06/2026

Source: SP Angel estimates

We value Quantum using a similar approach to all of our Energy companies, with risk-adjusted net asset value of all of its key assets (Risked NAV) as the primary valuation metric. We typically do this by modelling a Discounted Cash Flow (DCF) of the key assets in detail, taking the Company's net effective interest and applying a risk factor. We think it is useful for investors to think of Quantum's asset base in terms of what can already be considered as commercial (e.g. producing oil reserves at Sagebrush) and what still has to be de-risked by further drilling (Coyote Wash North helium exploration prospect). This gives us greater flexibility to 'upgrade' the individual risk factors and adjust each as appropriate on positive news flow and delivery of commercial milestones, and so better reflect the market's evolving view on the "worth" of the asset base.

Summary Valuation

Asset	Region	Resource (bcfe)	Stage	Net WI	Net resource (bcfe)	NPV ($/mcfe)	Unrisked value (pps)	Risk factor	Net risked resources (bcfe)	Net risked value ($m)	Net risked value (£m)	Net risked value (pps)
Sagebrush oil production	USA	0.74	P	90.0%	0.67	1.4	0.13	100%	0.67	0.9	0.7	0.13
Production assets		**0.74**			**0.67**	1.4	**0.13**		**0.67**	**0.9**	**0.7**	**0.13**
Cash @ YE26							1.09			7.5	5.6	1.09
G&A (2Yr)							-0.30			-2.0	-1.5	-0.30
2026 adj							0.06			0.4	0.3	0.06
Core NAV		**0.74**			**0.67**		**0.99**		**0.67**	**6.8**	**5.0**	**0.99**
Sagebrush project (helium)	USA	0.13	A	90.0%	0.12	110.0	1.93	33%	0.04	4.4	3.3	0.64
Contingent NAV		**0.13**			**0.12**		**1.93**		**0.04**	**4.4**	**3.3**	**0.64**
Sagebrush - Little Ute SE	USA	0.60	E	90.0%	0.54	1.4	0.11	25%	0.14	0.2	0.1	0.03
Sagebrush - Yellow Jacket SE	USA	0.60	E	90.0%	0.54	1.4	0.11	25%	0.14	0.2	0.1	0.03
Sagebrush upside (helium)	USA	0.17	E	90.0%	0.15	110.0	2.46	20%	0.03	3.4	2.5	0.49
Coyote Wash North (helium)	USA	0.51	E	100.0%	0.51	110.0	8.14	25%	0.13	14.0	10.4	2.03
Coyote Wash project (helium)	USA	0.56	E	100.0%	0.56	110.0	9.00	20%	0.11	12.4	9.2	1.80
Exploration NAV		**2.44**			**2.31**		**19.81**		**0.54**	**30.1**	**22.3**	**4.38**
Total Risked NAV		**3.32**					**22.7**		**1.25**	**41.4**	**30.6**	**6.0**

Source: SP Angel estimates

The above Risked NAV indicates Quantum's existing portfolio at current equity levels, with the Core NAV reflecting only the acquired oil production at Sagebrush and the net financial items, while the Risked NAV includes several helium and oil-prone targets that can de derisked through drilling and testing. Based on our estimates, today's equity market capitalisation or market "worth" of the Company (based on a share price of 1.6p/sh) falls well short of and does not reflect our long-term risked valuation. We estimate over 250% of near-term potential upside to our Risked NAV of 6p/sh and look for upcoming activity to help further de-risk the wider portfolio, as well as providing the technical data needed to advance targets towards drill ready status in 2027.

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Financial forecasts for Quantum Helium (for financial year ending 30 June)

In US$ (unless stated), FYE 30Jun		2023A	2024A	2025A	2026A	2027E	2028E	2029E	2030E
Avshare price (p)		**0.055**	**0.039**	**0.025**	**0.030**	**1.60**	**1.60**	**1.60**	**1.60**
Basic YE NOSH (m)		**6,954**	**12,821**	**22,982**	**49,985**	**500**	**500**	**500**	**500**
Av $/AUD		**0.67**	**0.66**	**0.65**	**0.68**	**0.71**	**0.71**	**0.71**	**0.71**
YE $/£		**1.27**	**1.25**	**1.37**	**1.33**	**1.35**	**1.35**	**1.35**	**1.35**
Market cap (£m)		**3.8**	**5.0**	**5.7**	**15.0**	**8.0**	**8.0**	**8.0**	**8.0**
Market cap ($m)		**4.9**	**6.3**	**7.9**	**19.9**	**10.8**	**10.8**	**10.8**	**10.8**
EV ($m)		**4.5**	**5.7**	**5.3**	**12.7**	**6.2**	**7.4**	**8.7**	**10.3**
Income Statement		**2023A**	**2024A**	**2025A**	**2026A**	**2027E**	**2028E**	**2029E**	**2030E**
Helium gas	$/mcf	450.0	450.0	450.0	400.0	450.0	450.0	450.0	450.0
WTI	$/bbl	81.0	79.6	70.2	71.3	71.0	71.0	71.0	71.0
HH natural gas	$/mcf	4.8	2.5	3.1	3.4	3.5	3.5	3.5	3.5
Revenue	$m	1.5	0.1	0.3	0.5	1.1	0.9	0.8	0.7
Opex	$m	-1.1	-0.1	-0.1	-1.2	-0.5	-0.5	-0.5	-0.5
EBITDAX	$m	-0.7	-0.9	-1.2	-2.3	-0.6	-0.8	-0.9	-1.1
Exploration W/O	$m	0.0	0.0	-0.4	-0.1	0.0	0.0	0.0	0.0
EBITDA	$m	-1.1	-0.9	-4.7	-2.2	-0.6	-0.8	-0.9	-1.1
DDA	$m	-0.3	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
EBIT	$m	-1.4	-1.0	-4.8	-2.2	-0.7	-0.9	-1.0	-1.1
Exceptionals	$m	-0.4	0.0	-3.0	0.1	0.0	0.0	0.0	0.0
Net finance income	$m	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
EBT	$m	-1.4	-1.0	-4.7	-2.3	-0.6	-0.8	-1.0	-1.1
Tax	$m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	$m	**-1.3**	**-1.4**	**-6.6**	**-2.4**	**-0.6**	**-0.8**	**-1.0**	**-1.1**
EPS (basic)	Cents	0.0	0.0	0.0	-0.7	0.0	-0.2	-0.2	-0.2
EPS (diluted)	Cents	0.0	0.0	0.0	-0.7	0.0	-0.2	-0.2	-0.2
Balance Sheet		**2023A**	**2024A**	**2025A**	**2026A**	**2027E**	**2028E**	**2029E**	**2030E**
Cash	$m	0.4	0.6	2.6	7.2	4.6	3.4	2.1	0.5
Debt	$m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/(cash) BV	$m	-0.4	-0.6	-2.6	-7.2	-4.6	-3.4	-2.1	-0.5
Total Assets	$m	5.8	6.2	3.4	10.2	9.8	8.9	7.9	6.8
Total Liabilities	$m	0.9	1.6	0.6	0.6	0.3	0.3	0.3	0.2
Net Assets	$m	4.9	4.6	2.8	9.6	9.5	8.7	7.7	6.5
Equity	$m	4.9	4.6	2.8	9.6	9.5	8.7	7.7	6.5
Cash Flow		**2023A**	**2024A**	**2025A**	**2026A**	**2027E**	**2028E**	**2029E**	**2030E**
Cash flow from Operations	$m	-0.8	-0.3	-1.0	-2.2	-0.8	-0.7	-0.9	-1.1
Cash used in Investing	$m	-1.7	-0.6	-1.3	-2.0	-2.1	-0.5	-0.5	-0.5
Cash used in Financing	$m	1.3	1.2	4.2	8.8	0.0	0.0	0.0	0.0
Change in cash	$m	-1.2	0.2	1.9	4.6	-2.9	-1.2	-1.4	-1.5
FCF	$m	-2.4	-0.9	-2.8	-4.0	-2.6	-1.2	-1.4	-1.6
DACF	$m	-0.9	-0.4	-1.3	-2.6	-0.8	-0.7	-0.9	-1.1
Production (WI)									
Oil production	kbo/d	0.05	0.04	0.03	0.03	0.03	0.02	0.02	0.02
Gas production	mmcf/d	0.04	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Hydro production	kboe/d	0.05	0.04	0.03	0.03	0.03	0.02	0.02	0.02
Production growth	%	-49%	-23%	-29%	-10%	-3%	-7%	-7%	-7%
Valuation									
Share price	(p)	0.055	0.039	0.025	0.030	1.60	1.60	1.60	1.60
Market cap	$m	4.9	6.3	7.9	19.9	10.8	10.8	10.8	10.8
EV	$m	4.5	5.7	5.3	12.7	6.2	7.4	8.7	10.3
P/E	(x)	-1.6	-1.8	-0.5	0.0	-235.5	-7.0	-5.8	-5.1
EV/DACF	(x)	-5.2	-13.5	-4.1	-4.9	-7.5	-10.0	-9.7	-9.8
EV/2P	($/boe)	nm	nm	nm	nm	nm	nm	nm	nm
EV/boe/d	$/bo/d	84.4	138.3	183.6	485.1	241.1	310.8	398.0	504.7
Div yield	(%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	(%)	-50%	-15%	-35%	-20%	-24%	-11%	-13%	-14%
Net debt/EBITDA	(x)	0.3	0.7	0.5	3.3	7.9	4.5	2.2	0.5
Net debt/Equity	(%)	-7%	-12%	-91%	-75%	-49%	-40%	-27%	-8%
Net debt/EBITDAX	(x)	0.5	0.7	2.2	3.1	7.9	4.5	2.2	0.5
EBITDAX/interest	(x)	-209.2	-265.1	-359.0	54.0	9.9	19.9	33.8	72.2
Interest cover	(x)	-410.4	-309.5	-1480.5	50.9	11.7	22.3	36.9	77.6
ROACE	(%)	-80%	-59%	-189%	-44%	-10%	-13%	-18%	-25%
EV/EBITDAX	(x)	na	na	na	na	na	na	na	na

Source: SP Angel estimates

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