

# Desert Mountain Energy

## From gold to helium



Just as striking gold can make you rich, supplying helium could be a lucrative business with the noble gas rising price. At the Bureau of Land Management's (BLM) annual action in August 2018, the average price per thousand cubic feet (Mscf) of crude helium was \$279.95, a rise of 135% from the previous year's average price of \$119.

The worldwide helium shortage, pending privatisation of the BLM-operated Federal Helium Reserve, and sharply rising prices for the gas caught the eye of Desert Mountain Energy Corp., formerly named African Queen Mines Ltd., and led it to turn its attention from gold exploration to helium.

"We enjoy the potential for making new discoveries," CEO Irwin Olian said, "For me, that's exciting. It's always been the focus of what our company has done in the past when it was in the gold mining business."

"I think 135% was a stunning increase year-to-year that far exceeded what most industry participants anticipated... We had been talking to sources in the industry who felt that 50-55% over the next 12 months or 18 months might be in line with the supply and demand imbalance – I don't think anybody projected a 135% increase and it's caught everyone by surprise."

### Helium opportunities

Canadian junior resource company Desert Mountain Energy started life in 2009 as African Queen Mines. African Queen

had a parent company called Pan African Mining Corp, which was the largest exploratory company in Madagascar. That company successfully developed three projects in Madagascar – a gold project, a thermal coal project and a uranium project – and was sold to a big Asian mining group in mid-2008.

"As part of that buy out, we spun out our assets on the African continent as part of a new company called African Queen Mines," Olian explained. "African Queen at that time was focused on developing properties in continental Africa – Kenya, Ghana, Botswana, Namibia and Mozambique... Then the recession hit the mining industry in 2010/2011 and the financing window closed. It became nearly impossible for us and most small juniors at the time to obtain good financing to develop our grassroots exploration projects."

In autumn 2018, African Queen took a keen interest in helium opportunities in the US Southwest and began exploration of Arizona's prolific Holbrook Basin. In February 2018 it acquired its first tranche of key helium leases there, on its way to establishing its current land position – which amounts to 39,742 acres in all from the Arizona Department of Land and the BLM, covering six distinct target areas within the Basin.

The Holbrook Basin has several of the world's richest historic producing helium gas fields, namely the Pinta Dome, Navajo Springs and E. Navajo Springs fields. Concentrations of crude

helium gas produced from these fields has traditionally been in the range of 8% to 10%, compared to the industry benchmark of 0.3% to 1% for commercial grade crude helium.

The company promptly announced in April 2018 that it was changing its name from African Queen to Desert Mountain Energy. The change in name reflected Desert Mountain Energy's new focus as a junior resource company across the spectrum from helium to oil and gas to minerals in the US Southwest, and its shift away from mineral exploration in Africa.

### Seismic studies, seismic potential

The Holbrook Basin of northern Arizona has been hailed as the 'Saudi Arabia of Helium' and Olian hopes Desert Mountain Energy's Heliopolis project will become a convenient, alternative source of the in-demand gas for US customers – particularly the growing number of high-tech buyers on the nearby West Coast.

The Canadian company decided to call its Holbrook Basin helium project 'Heliopolis' after the ancient Egyptian city. It means City of the Sun (helium makes up 24% of the sun). The company believes it has the potential for 50 wells in the Basin as part of Heliopolis. Olian is also optimistic about the Holbrook Basin's chances due to its anticlinal features, favourable reservoir rocks, and impermeable caprock traps throughout.

"We think several of these anticlinal traps are actually larger than the anticline that hosted the Pinta Dome, Navajo Springs and E. Navajo Springs fields, and potentially they could host reservoirs of helium gas equal or exceeding what has already been produced."

"So we are pretty bullish and think that the numbers could be very exciting."

"We are anticipating the first well to be drilled in the first half of 2019. Right now, we are doing targeting work and we are going to be doing some seismic studies in the coming months. We've been on the ground regularly throughout the year."

"We are very excited to have our exploration programmes underway and look forward to drilling results next spring."