WINCHESTER
ENERGY LIMITED

Date: 26 August 2021

ASX Code: WEL

Capital Structure
Ordinary Shares: 863,806,109
Current Share Price: 1.4c
Market Cap: $12M
Cash: $1.0M
Debt: Nil

Directors

James Allchurch
Non-Executive Director

Larry Liu
Non-Executive Director

Tony Peng
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White Hat 2106 Produces 217 BOPD

2.6 times increase in Winchester's Net Oil Production

- **The recently drilled White Hat 2106 (100% working interest) well is on pump, producing 217 barrels of oil per day plus gas at a relatively slow initial pump rate – flow rate expected to increase with increased pump rate**
- **The highly successful White Hat 2106 increases Winchester's total current net production to 347 barrels of oil equivalent per day[1] (boepd) - representing a sharp increase in revenue**
- **Gas metering equipment to arrive in the coming days with oil production from White Hat 2106 containing considerable gas which is likely to be connected to sales adding further value**
- **Further production increases expected from well completion activities scheduled to commence at the McLeod 1703 and McLeod 1705 wells**

Winchester Energy Limited (Winchester or Company), as operator, is pleased to advise that the White Hat 2106 (Winchester - 100% WI) well, located within its extensive lease position in the East Permian Basin, Texas, has been placed on pump and is now producing 217 barrels of oil per day along with yet-to-be measured gas.

The pump is currently set at a slow initial rate whilst the well stabilizes with oil production expected to rise as the pump rate increases. Further, the 217 bopd rate is expected to increase as the oil cut rises (currently producing 26 barrels of water per day).

Figure 1: Beam pump producing oil at White Hat 2106

[1] boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The conversion ratio is based on energy equivalency and does not represent value equivalency. Estimates are rounded to the nearest boe.

Winchester perforated and acid-washed a 60 foot interpreted oil pay zone from 6,652-6,712 feet within the Ellenburger Formation. The well immediately surged and flowed periodically between swab runs prior to running production tubing and rods and installing a beam pump.

Oil production from White Hat 2106 is associated with considerable gas which will be measured in the coming days and connected with sales should the flow rate and quality of gas prove commercial. This will add further revenue on top of the current oil production.

All storage tanks and transfer facilities at the site are in place for oil production with over 400 barrels of oil presently awaiting sales.

The impressive result from White Hat 2106 has dramatically improved Winchester's net oil and gas production, increasing from 130 barrels of oil equivalent per day (boepd) (avge June 2021 quarter production) to 347 boepd presently, a 2.6 times increase. The inclusion of this production will have a significant impact on revenue going forward.

Winchester will provide an update on White Hat 2106 production once the oil production rate stabilizes and gas flow rates are known.

Forthcoming Activity

The following activities are anticipated to further increase oil and gas production in the short term.

1. **McLeod 1703 Re-Completion**

A perforation and fracture stimulation programme has been designed for the McLeod 1703 well, which was drilled in early 2020 and has produced oil and gas from the Upper Cisco formation. Formation image logs and modelling of this formation has indicated that oil and gas production rates could be enhanced by a large fracture stimulation designed to enhance permeability and access oil and gas across a broader area.

This programme will occur in conjunction with the McLeod 1705 completion in approximately 2-3 weeks' time.

2. **McLeod 1705 Completion**

McLeod 1703 was drilled in June 2021 with subsequent wireline logs identifying an encouraging 8 foot gross pay (5 foot net pay) interval (6,461 - 6,469 feet depth) in the Strawn Sand formation.

This same approximately 8 foot thick interval is interpreted to have produced some 200,000+ barrels of oil from 4 wells located approximately 3,000 feet to the east (Bast Oil Field). If productive, McLeod 1705 would significantly expand the areal extent of this field to the west which would open numerous opportunities to significantly and inexpensively lift oil production through re-completions of existing wells as well as new drill locations.

A perforation and fracture stimulation programme has been designed targeting the broad Strawn Sand section (incorporating the gross pay identified plus other prospective zones).

This programme will occur in conjunction with the McLeod 1703 re-completion in approximately 2-3 weeks' time.

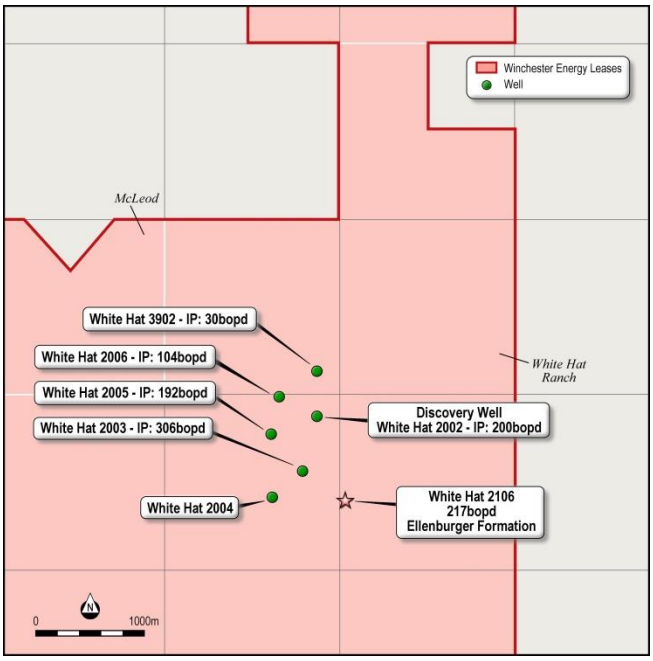

Figure 2: Beam pump producing oil at White Hat 2106 – initial production (IP) numbers quoted

This announcement has been authorised for release by the Board.

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About Winchester Energy Ltd (ASX Code: WEL)

Winchester Energy Ltd (ASX: WEL) is an Australian ASX-listed oil and gas explorer and producer with its operations base in Houston, Texas. The Company has a single focus on oil exploration, development and production in the Permian Basin of Texas.

Winchester currently produces approximately 130 barrels of oil equivalent per day (boepd) net to its Working Interests (WI), generating revenue of AUD$661,805 in the June 2021 quarter.

As at 31 December 2020 Winchester's Resources and Reserves were calculated at 495,800 barrels of oil equivalent of 3P reserves and a combined 11.1 million barrels of oil equivalent (mmboe) in Contingent and Prospective Resources. Please refer to Winchester's 16 March 2021 ASX release for more details.

Competent Persons Statement

The information in this report is based on information compiled or reviewed by Mr Keith Martens, consulting geologist/geophysicist to Winchester Energy. Mr Martens is a qualified petroleum geologist/geophysicist with over 45 years of Australian, North American and other international executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.