



White Hat 38#1 and Oden A#2

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Directors

Peter Allchurch
Non-Executive Chairman

Neville Henry
Managing Director

James Hodges
Non-Executive Director

John D Kenny
Non-Executive Director

Larry Liu
Non-Executive Director

Nicholas Calder
Company Secretary

Contact Details

Australia
Level 3
18 Richardson Street
West Perth WA 6005
Australia

PO Box 641
West Perth WA 6872
Australia

Tel: +61 1300 133 921
Fax: +61(8) 6298 6191

USA
Two Riverway
17th Floor
Suite 1700
Houston Texas USA 77056

Tel: +1 713 333 0610

winchesterenergyltd.com

Highlights

- Based on oil shows during drilling and logging results, vertical well 38#1 is to be re-completed during June with a two stage frack in the Strawn Formation
- Three prospective zones have been identified in the Ellenburger Formation in Oden A#2 with completion work commencing this week

White Hat 38#1 Well

The White Hat 38#1 vertical well was spudded by the Operator, Carl E Gungoll Exploration LLC (**CEGX**) in September 2016 as an offset to the successful White Hat 21#4 well.

The 38#1 well recovered oil at low rates of 70-100 barrels of total fluid per day at 5-20% oil cut during swabbing from two separate zones of the Ellenburger Formation. The 38#1 well was then fracture stimulated in an attempt to improve the production rate however pump production only recovered water at high rates (300-400 bwpd). Micro seismic was used by Winchester to monitor the frack from the White Hat 38#1 well and that indicated the frack penetrated downwards into a deeper water bearing zone, near the base of the Ellenburger Formation.

Whilst drilling the White Hat 38#1 well, oil shows were observed in two intervals within the Strawn Formation. Subsequent logging results confirmed these two intervals within the Strawn Formation as being worth testing.

Similar to the successful re-completion of the nearby White Hat 20#2 well within a sand unit in the Strawn Formation (see announcement dated 19 April 2017) where initial production was 200 bopd, the Operator of White Hat 38#1, CEGX, has advised that they will formally abandon the Ellenburger Formation in the White Hat 38#1 well and will re-complete the White Hat 38#1 well during the month of June by conducting a two-stage frack of these 2 intervals within the Strawn Formation.

Oden A#2 Well

Winchester has a 25%WI in vertical well Oden A#2, located approximately 2 miles south-east of Winchester's producing wells on the White Hat ranch. Clear Fork Inc. (**Clear Fork**), an oil and gas company active in the Nolan County, Texas, is the operator of the Oden A#2 well.

Based on oil and gas shows during drilling and logging results, two formations in the Oden A#2 vertical well, the Strawn and the Ellenburger, are prospective for oil and gas.

The drilling unit for Oden A#2 is 40 acres and is offset to existing production wells, including a well that produced 81,000 bo from the Ellenburger Formation and another that produced 75,000 bo from the Strawn Formation. Oden A#2 is targeting the demonstrated 'stacked pay' potential including, but not limited to, the Ellenburger, Strawn and Cisco Formations. Oden A#2 provides Winchester and the other participants in the well with separate commercial oil targets.

Clear Fork has finished running casing and has advised that they will be commencing a three-stage completion across three highly prospective zones within the Ellenburger Formation. This three-stage completion of the Oden A#2 well within the Ellenburger Formation will commence this week.

10,000 ACRE OIL TRAP

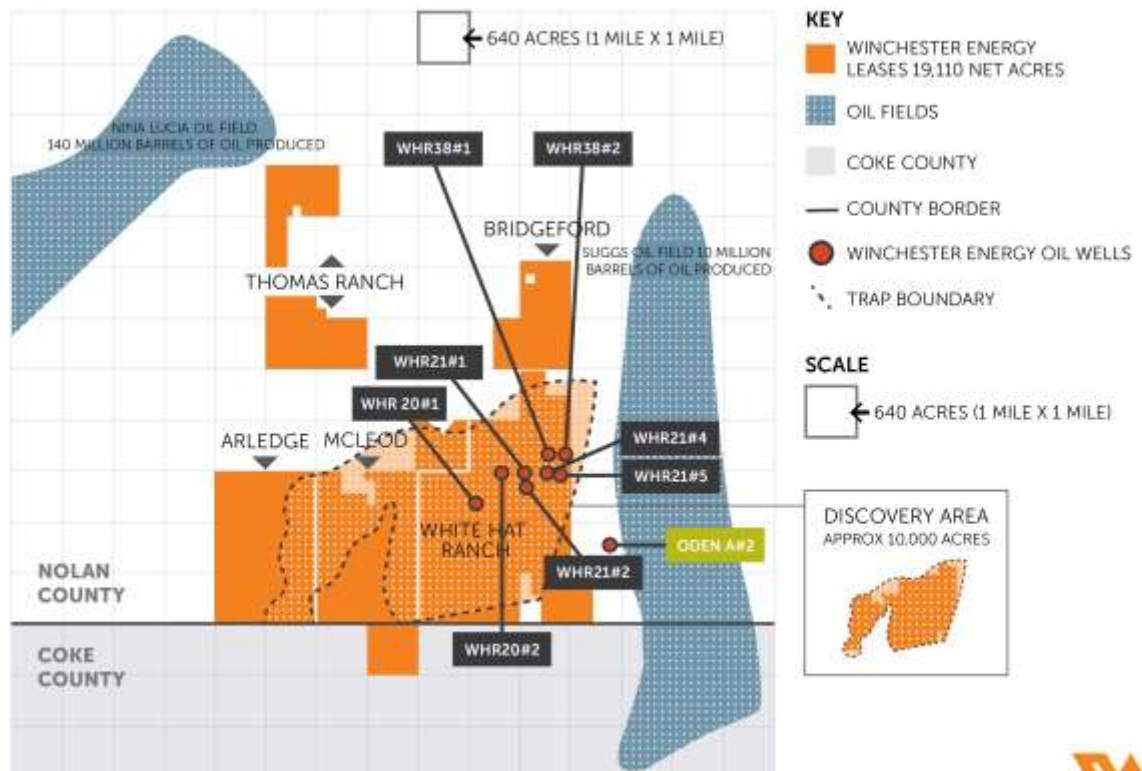


Figure 1: Location of 38#1 and Oden A#2



For further information, please contact:

Neville Henry

Managing Director

T: +1 713 333 0610

E: nh@winchesterenergyltd.com

Competent Person's Statement

The information in this ASX announcement is based on information compiled or reviewed by Mr Neville Henry. Mr Henry is a qualified petroleum geologist with over 43 years of Australian, USA and other international technical, operational and executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation, as well as new oil and gas ventures identification and evaluation. Mr Henry has a BA (Honours) in geology from Macquarie University.