



Wireline Logs Confirm Oil Pay in Strawn Sand, White Hat 20#3, Mustang Prospect, Permian Basin, Texas

Highlights

- Wireline logs have been run targeting oil and gas shows observed while drilling through the Wolfcamp 'D' Shale, Strawn Lime, Strawn Sand and Caddo Formation.
- Wireline log interpretation of the primary Strawn Sand target indicates net oil pay of 28 ft from a gross 52 ft oil bearing interval from 5,918 ft to 5,970 ft. This net pay exceeds the 20 ft found in the successful White Hat 20#2 well.
- The Strawn Sand is high to prognosis, has greater average porosity and is thicker than the 3D seismically predicted thickness of 35 – 45 gross feet.
- Additional cumulative possible net oil pay of 71 ft is interpreted from wireline logs for the Wolfcamp 'D' Shale (33 ft), Strawn Lime (16 ft) secondary targets and the Caddo Formation (22 ft).
- The well has been cased for production testing of the Strawn Sand and preparations are taking place to continue drilling in order to open-hole test the other primary target in the well, the Ellenburger Formation.
- Winchester Energy has all the completion and production facilities lined up so the well can be production tested and put on production rapidly.

Winchester Energy Limited (Winchester), as operator, advises that wireline logging has been completed in the White Hat 20#3 well targeting the Mustang Prospect.

Wireline log interpretation of the primary Strawn Sand target indicates net oil pay of 28 ft from a gross 52 ft oil bearing interval from 5,918 ft to 5,970 ft. This net pay exceeds the 20 ft found in the successful White Hat 20#2 well (initial production of 200 bopd).

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ASX Code: WEL

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The Strawn Sand is high to prognosis, has greater average porosity and is thicker than the 3D seismically predicted thickness of 35 – 45 gross feet.

In a reflection of the stacked nature and thus production potential of Winchester's broad 17,000 acreage position in the eastern Permian Basin, additional cumulative net oil pay of 71 ft was interpreted from the wireline logs, including:

- Wolfcamp 'D' Shale – 33 ft net oil pay
- Strawn Lime – 16ft net oil pay
- Secondary targets combined with the Caddo Formation – 22 ft net oil pay

Winchester notes that the Strawn Lime is oil productive to the west in its nearby White Hat 39#1 well.

The logs of the Wolfcamp 'D' Shale support Winchester's mapping that this shale unit is present over some 15,000 acres of Winchester's leasehold. The oil productive potential of the Wolfcamp 'D' shale unit is currently being tested as a resource target by US Energy Corporation (USEC) in the Thomas 119-1H well (Winchester WI - 12.5% back-in right after pay out).

The results to date from the White Hat well 20#3 well are significant as the well provides a successful second penetration of the 3D seismically mapped Strawn Sand stratigraphic trap. Incorporation of the sonic log from this well will enable refinement of the 3D seismic mapping and further confirmation that the Mustang Prospect is contained totally within Winchester's leasehold.

Winchester has run and set 5 1/2 inch casing at 6,270 ft. The main rig is being released and a workover rig is being set up at the well location and will then drill ahead in the Ellenburger carbonate formation. The workover rig will be used for production testing operations

The well will be drilled 150 feet into the fractured Ellenburger with light potassium chloride (KCL) water to minimize formation damage, followed by an open-hole test of the Ellenburger. The Ellenburger formation has produced 150,000 bbls of oil with an initial production rate of 100 bopd from the JF#3 well 420 metres down dip to the south west of White Hat 20#3.

Following the open hole testing of the Ellenburger formation, Winchester will move up the hole, perforate the interpreted oil bearing Strawn Sand and carry out a production test.



The current strategy is to focus on the primary Strawn sand target and Ellenburger formation. The company has no immediate plan to production test the secondary targets interpreted to have net oil pay from wireline logs and oil shows while drilling,

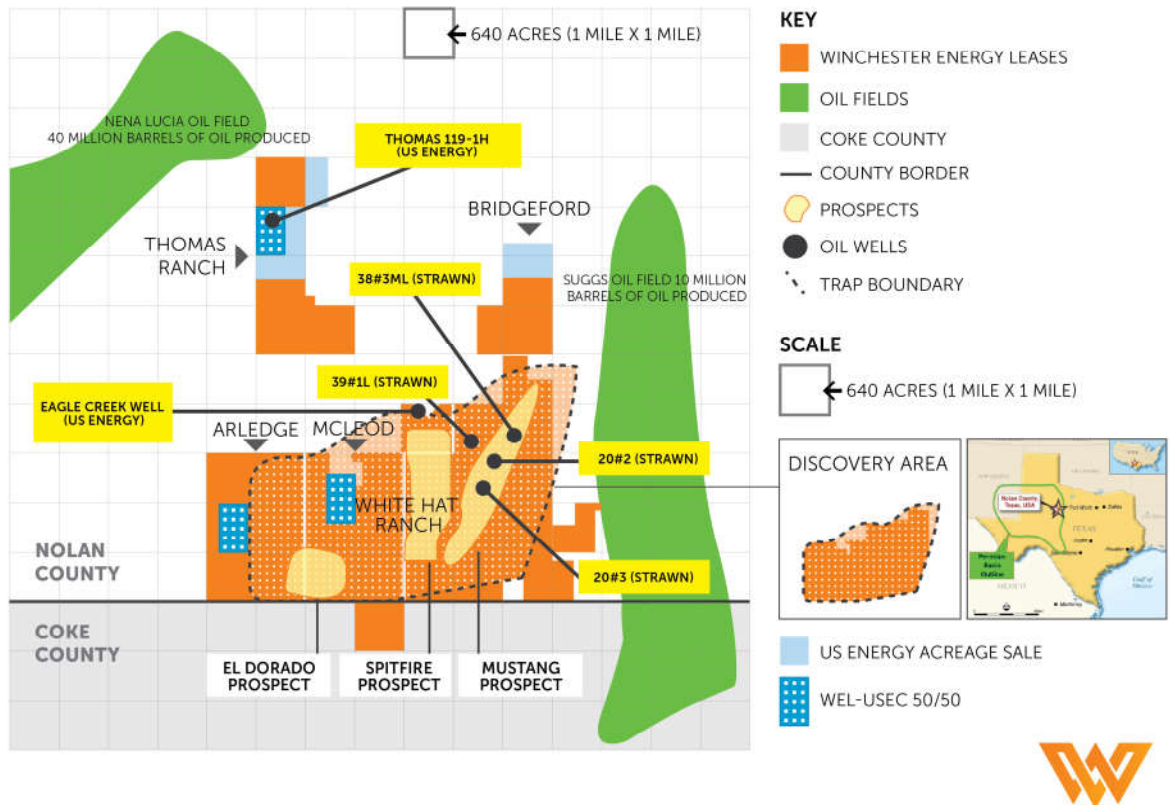
Carl E Gungoll Exploration LLC (CEGX), a private independent Texas based company, is participating for a 25% working interest in the drilling of White Hat 20#3.

Neville Henry, Managing Director of Winchester commented,

“Winchester is excited by the results of White Hat 20#3 as it means we now have two wells on the Mustang prospect that support our interpretation from 3D seismic mapping and extensive well control that a significant Strawn Sand stratigraphic trap is present that has not been previously recognized.

Further wells are required to be drilled to determine the ultimate size of the oil resource present in the Strawn Sand.

The result of this well gives us confidence that our seismic modelling of the Mustang Prospect is working and has de-risked the expected results from future wells to be drilled on the Mustang Prospect.”



Mustang Prospect Background - Winchester 75% Working Interest (WI)

The area of the Eastern Permian Basin surrounding Winchester's large leasehold position has produced over 100 million barrels of oil from the Strawn Formation and the Ellenburger Limestone.

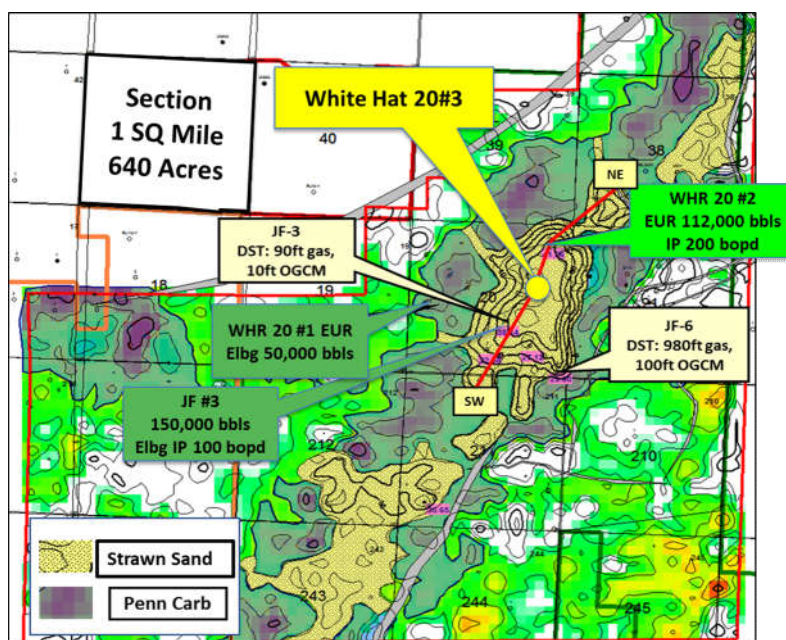
Reprocessing of 3D seismic data and detailed analysis of past wells drilled within Winchester's large leasehold has defined several overlooked stratigraphic traps in Strawn Formation sands. The first evidence of the oil bearing potential of this 'new' stratigraphic play (the Mustang Prospect) was the successful White Hat 20#2 well.

White Hat 20#3 is a 3D seismically defined step out well of the initial 'discovery' well, White Hat 20#2, to determine whether the Mustang Prospect stratigraphic trap as interpreted extends over an area of up to 2,000 acres.

The location of White Hat 20#3 is approximately 510 metres to the south west of the White Hat 20#2 well. White Hat 20#2 produces oil from the Strawn sand. This well had an initial

production rate of 200 barrels of oil per day (bopd) following a frack stimulation and continues to produce oil at 40 bopd. Mire and Associates recently increased the estimated ultimate recovery (EUR) from the White Hat 20#2 well to 112,000 barrels of oil (bo).

In more detail, the Mustang Prospect is a Strawn sand stratigraphic trap interpreted to be composed of a series of Strawn quartz, low stand sand lobes deposited in a linear NE-SW trend in front of the regional Pennsylvanian carbonate shelf located to the east.



Mustang Prospect, Strawn Sand Isopach (ft) showing Strawn & Ellenburger oil production

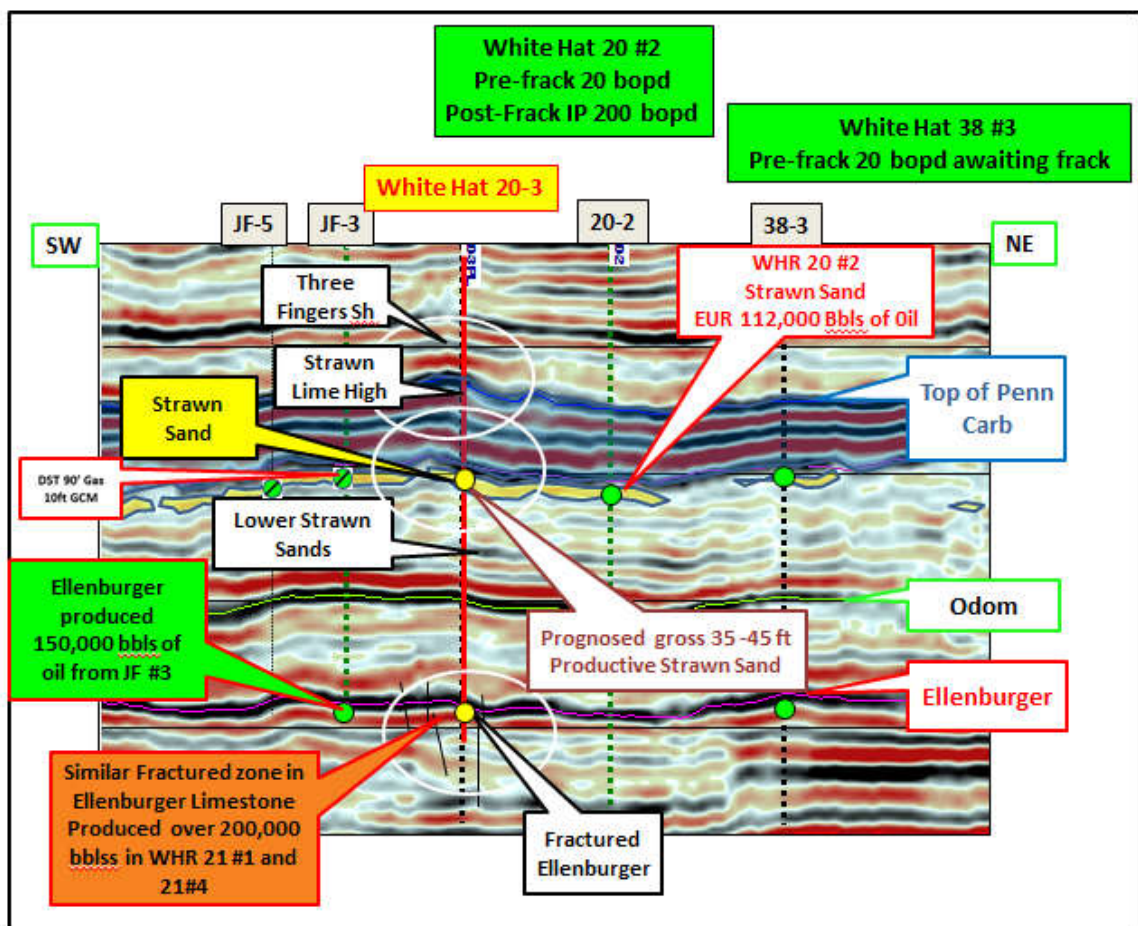
A secondary target is the underlying Ellenburger Limestone. The JF#3 well, 420 metres to the southwest of White Hat 20#3, has produced 150,000 bo from the Ellenburger formation with an initial production rate of 100 bopd.

The pre-drill control over the Mustang Prospect is provided by the 3D seismic, a producing well in the primary Strawn target zone 510 metres to the northeast of the drill location (White Hat 20#2), past Ellenburger oil production 420 metres to the southwest (JF#3) and 220,000 bo from Winchester's White Hat 21#1 and White Hat 21#4 wells to the northeast. The results to date from White Hat 20#3, support the pre-drill estimated probability of success for both targets of 58%.

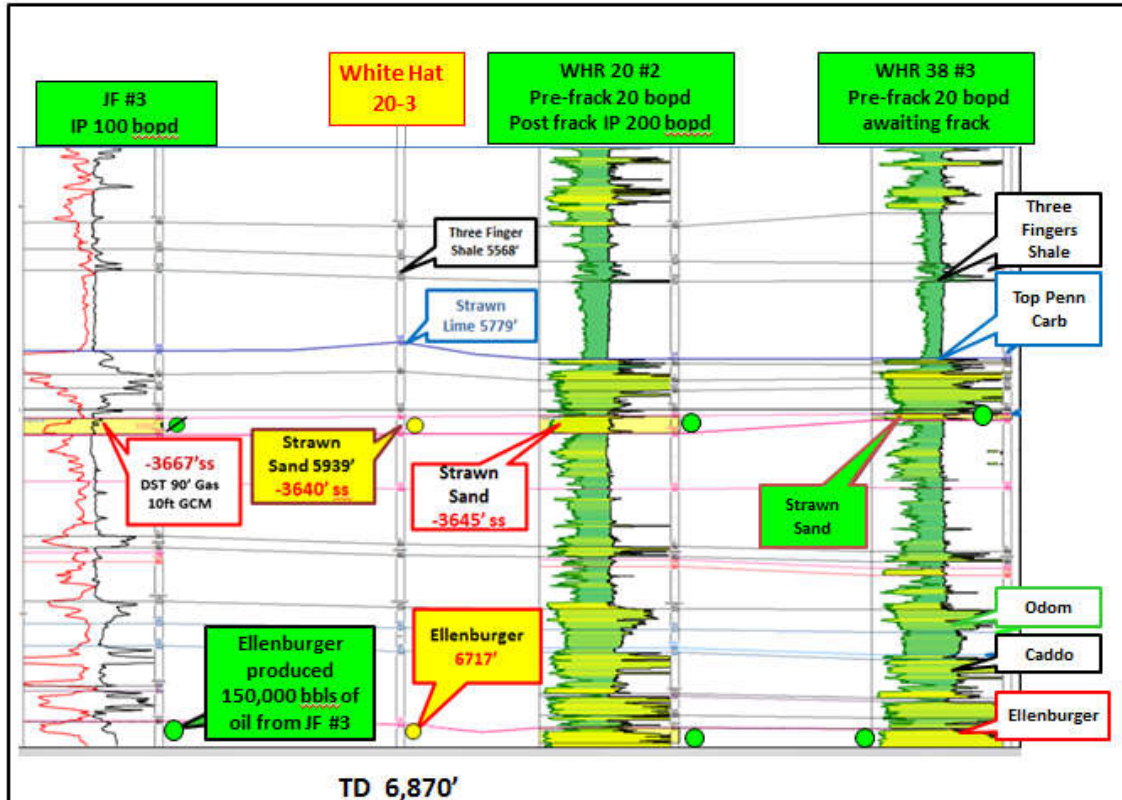
Cautionary Statement: Estimated probability of success in finding oil is based on Winchester's analysis of the risk relating to presence of: Trap X Reservoir X Seal X Charge.

The Mustang Prospect has a gross Prospective Resource target best estimate P50 of 2 million bbls recoverable and high estimate P10 of 5 million bbls recoverable. Only the Strawn Sand and Ellenburger carbonates are considered in the determination of the Prospective Resources for the Mustang Prospect.

Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See announcement dated 15 October 2018 for further detail.



SW – Pre-drill NE 3D Seismic Line through Proposed Drill Location White Hat 20#3



Pre-drill SW – NE Geologic well cross section through White Hat 20#3 - Mustang Prospect

The importance of Strawn Formation sands as a potentially significant exploration and development target within Winchester’s leasehold is demonstrated by successful industry activity 18 miles to the northwest of Winchester’s leasehold in the Hermligh Field.

Recent horizontal drilling and multi stage fracture programs in the Hermligh Field have produced initial flow rates of up to 1,461 bopd from the Strawn Formation. As vertical wells, they produced at low rates of 35 bopd and 40 thousand cubic feet of gas per day.

White Hat 20#3 represents the first well in a significant forthcoming exploration drilling campaign. In an exciting time for the company, over the coming months Winchester will be drilling several new vertical wells targeting Prospective Resources within the Mustang, Spitfire and El Dorado prospects.



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About Winchester Energy Ltd (ASX Code: WEL)

Winchester Energy Ltd (ASX Code: WEL) is an Australian ASX listed energy company 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. The Company has established initial oil production on its large 17,000 net acres leasehold position on the eastern shelf of the Permian Basin, the largest oil producing basin in the USA. Winchester's lease position is situated between proven significant oil fields. Winchester is of the view that with the several known oil productive horizons in its lease holding, that it can build through the application of modern geology, 3D geophysical analysis, drilling and completion methods, a potentially significant proven reserves and oil production asset.

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.