

Update - Testing of the Strawn Sand, White Hat 20#3, Mustang Prospect, Permian Basin, Texas

Date: 15 April 2019

ASX Code: **WEL**

Directors

John Kopcheff
Non-Executive Chairman

Neville Henry
Managing Director

Peter Allchurch
Non-Executive Director

Larry Liu
Non-Executive Director

Lloyd Flint
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

- **Completion and testing activities on the primary target of the White Hat 20#3 well, the Strawn Sand, have been carried out**
- **Initial testing operations commenced with an acid flush of the Strawn Sand oil zone and swabbing. Drilling fluids and spent acid with up to a 47% oil cut have been recovered with a total of 45 barrels of oil recovered in total**
- **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**
- **The completion and production test will be followed by a frack similar to that performed in White Hat 20#2 which had an initial production rate of 200 bopd**
- **Winchester Energy has all the completion and production facilities lined up to ensure White Hat 20#3 can be production tested and put on production rapidly**

Winchester Energy Limited (Winchester), as operator, advises that it has commenced production testing of the primary target, the Strawn Sand, in the White Hat 20#3 well targeting the Mustang Prospect. Initial preparation commenced with an acid flush of the Strawn reservoir and commencement of swabbing. Drilling fluids and spent acid with an oil cut up to 47% oil have been recovered with a total of 45 barrels of oil recovered in total.

This swabbing production test will be followed by fracture stimulation, similar to that performed in the successful White Hat 20#2 which had an initial completion rate of 20 barrels of oil per day (bopd) and, following fracture stimulation, a significant increase to an initial rate of 200 bopd.

Wireline log interpretation of the primary Strawn Sand target indicated net oil pay of 28 ft from a gross 52 ft oil bearing interval from 5,918 ft to 5,970 ft.

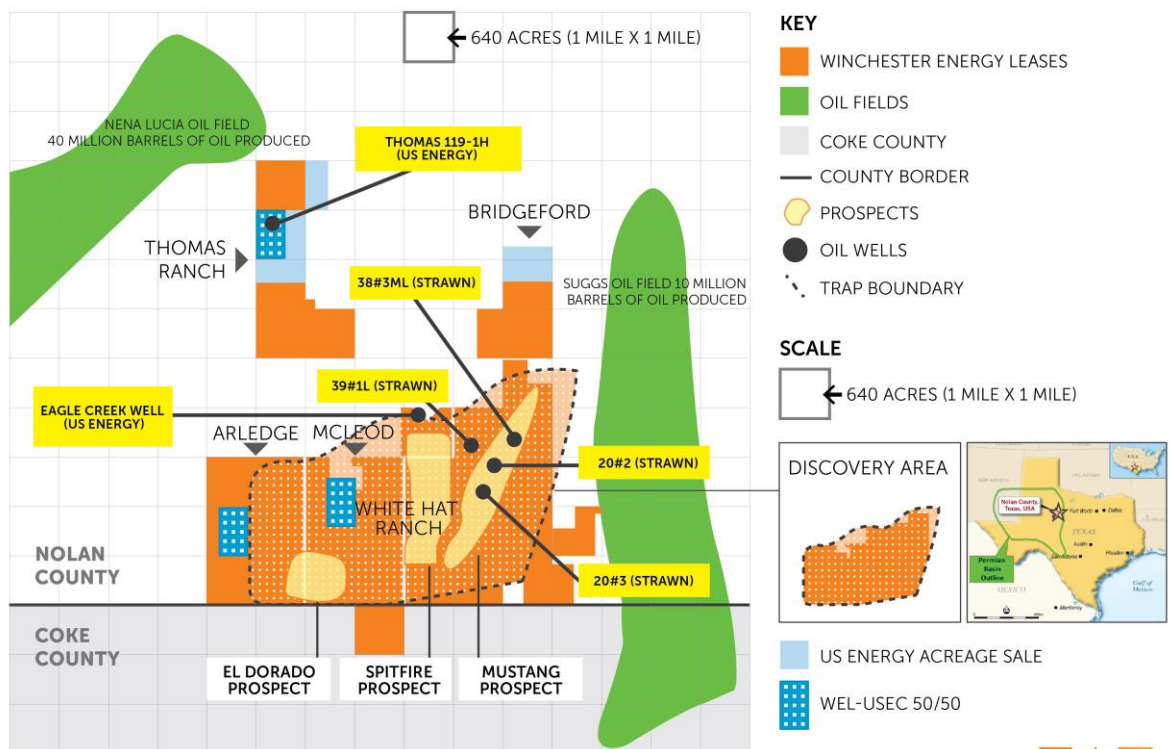
Carl E Gungoll Exploration LLC (CEGX), a private independent Texas based company, is participating for a 25% working interest in the drilling and completion of White Hat 20#3.

Winchester Managing Director, Neville Henry, commented,

“Preliminary production testing operations have been carried out in the Strawn Sand oil zone, the main target for the well.”

The initial results from the swab production testing are encouraging as they appear greater than seen in the producing White Hat 20#2 oil well.

Fracking of the Strawn Sand zone is expected to commence in approximately ten days.”



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

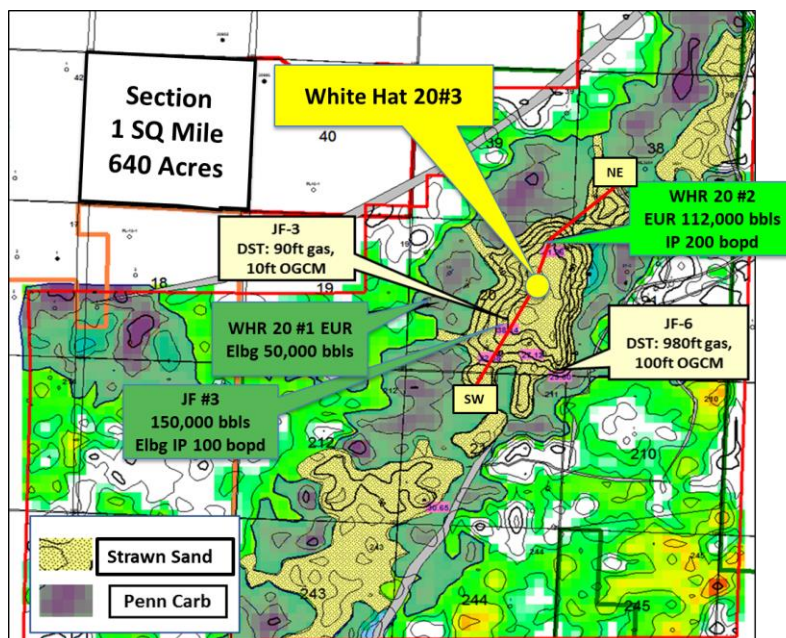
The area of the Eastern Permian Basin surrounding Winchester’s large leasehold position has produced over 100 million barrels of oil from the Strawn Formation and the Ellenburger Limestone.

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.

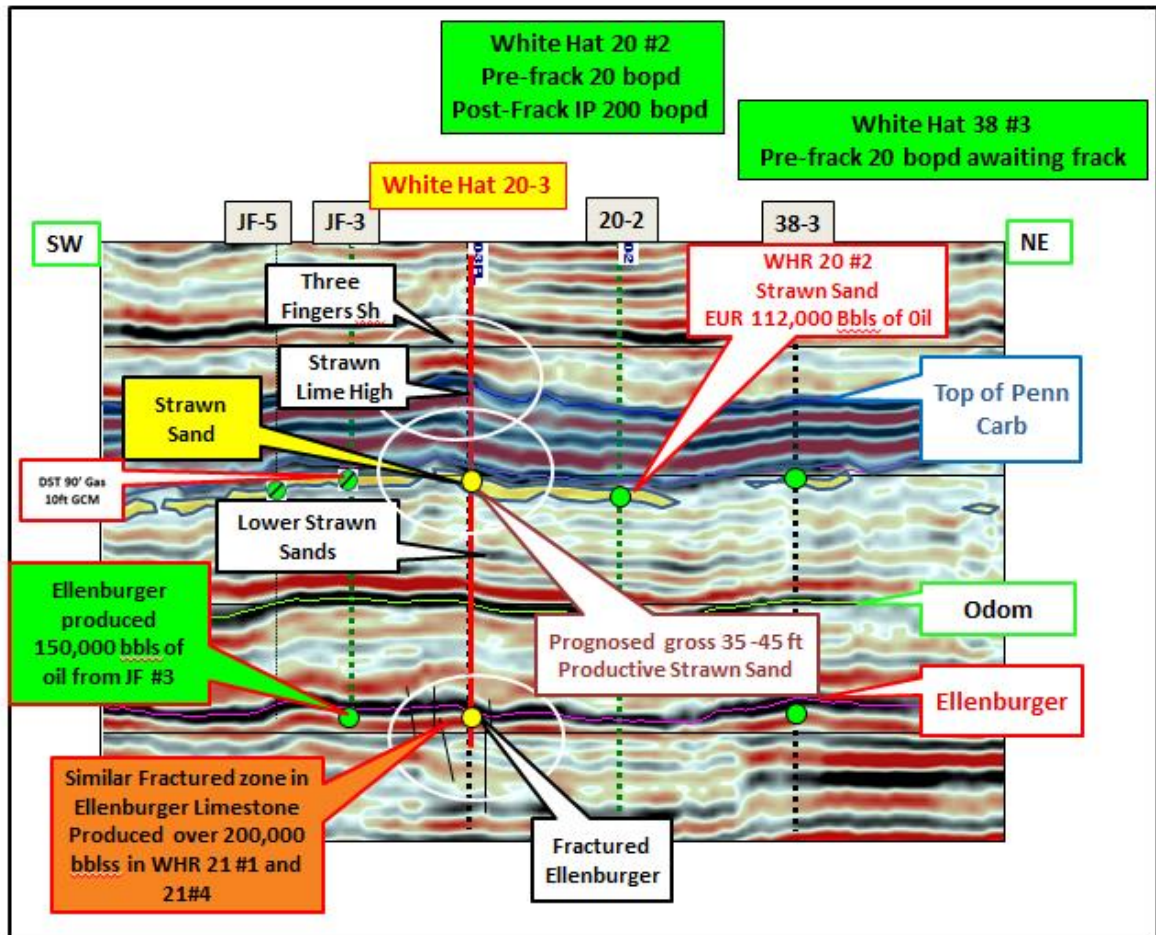


The pre-drill control over the Mustang Prospect is provided by the 3D seismic, a producing well in the primary Strawn target zone 510 metres to the northeast of the drill location (White Hat 20#2), past Ellenburger oil production 420 metres to the southwest (JF#3) and 220,000 bo from Winchester's White 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%.

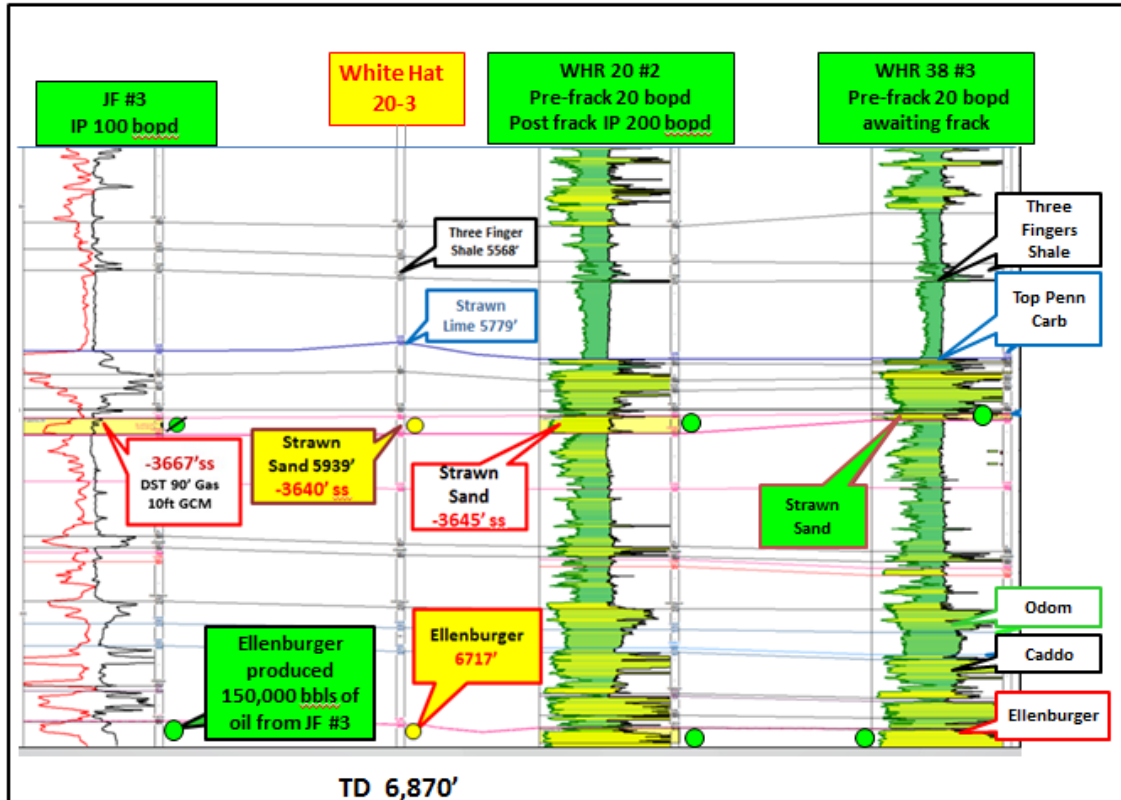
Cautionary Statement: Estimated probability of success in finding oil is based on Winchester's analysis of the risk relating to presence of: Trap X Reservoir X Seal X Charge.

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.

For further information, please contact:

Neville Henry
Managing Director
T: +1 713 333 0610
E: admin@winchesterenergy ltd.co



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.