

White Hat 20#3 Produces 306 BOPD Mustang Prospect - Permian Basin, Texas

Highlights

- **The White Hat 20#3 well targeting the Strawn Sand in the Mustang Prospect produces at 306 barrels of oil per day (bopd) after a modest X-link gel frack.**
- **Facilities have been fully installed and initial oil sales have commenced.**
- **The current flow rate is limited by the pump setting with the potential to increase the flow rate once reservoir parameters are established and the well cleans up.**
- **Winchester is planning an early oil production development programme across the Mustang Prospect starting with several immediate offset locations as well as further 15 well locations across the broader Mustang stratigraphic trap.**
- **The impressive oil flow rate is a significant development and confirms the prospectivity of the Mustang Prospect which has a Prospective Resource target best estimate P50 of 2 million bbls recoverable and a high estimate P10 of 5 million bbls recoverable.¹**

¹ 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.

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ASX Code: **WEL**

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White Hat 20#3 – Mustang Prospect (75% working interest)

Winchester, as operator, completed a successful frack of the Strawn Sand in the recently drilled White Hat 20#3 well targeting the Mustang Prospect.

A steady increase in the oil cut was observed in White Hat 20#3 as swabbing was undertaken in order to remove frack fluid and stimulate oil flow. During breaks in swabbing the well flowed oil intermittently to surface at rates of over 40 bopd and a decision was made to place the well on pump.

White Hat 20#3 is currently producing on pump at 265 – 342 bpd of fluid with an approximate 90% oil cut over the past few days with the well still cleaning up. Facilities are fully installed and oil sales have begun.

The flow rate is dictated by the current pump setting as Winchester assesses the optimal rate of production at White Hat 20#3, seeking to maximise production without adversely impacting the reservoir. Previous pumping and swabbing results indicate the well is capable of greater flow rates. Winchester will closely monitor the flow rate of White Hat 20#3 over the next weeks.

Winchester is formulating a development drilling programme for the Mustang Prospect which will initially focus on well locations immediately offset to White Hat 20#3. The company is also remapping the potential northern and southern extensions of the field that may include up to a further 15 well locations across the greater Mustang stratigraphic trap.

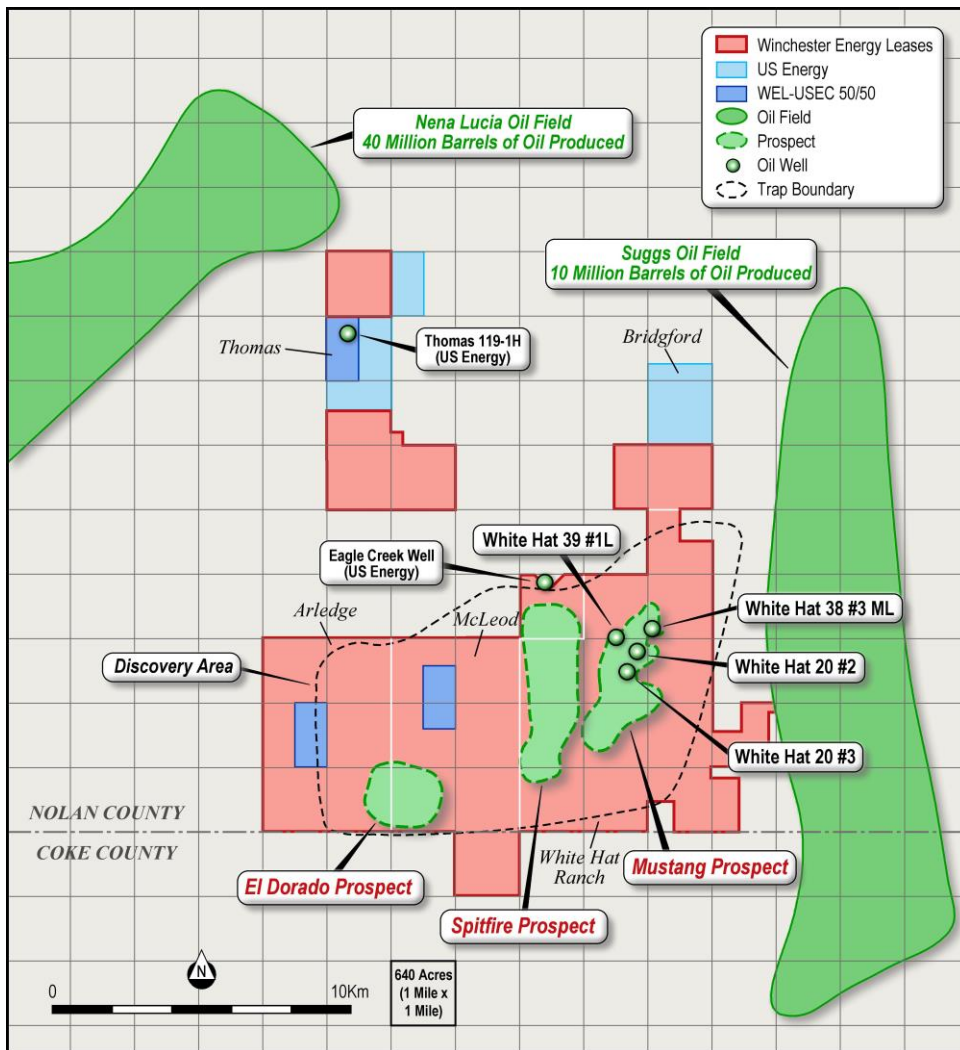
Planning of the early step-out development wells and an independent prospective resource review is well underway.

The success of White Hat 20#3 is significant in that it builds on the previously drilled White Hat 20#2 well targeting the Mustang Prospect located approximately 510 metres to the north east. The effect of the greater thickness of the Strawn Sand unit drilled in White Hat 20#3 relative to White Hat 20#2 is reflected in the greater initial flow rate observed in White Hat 20#3. White Hat 20#2 produces oil from the same Strawn Sand as White Hat 20#3 following a similar frack stimulation with initial production of 200 bopd in April 2017. This well continues to produce oil at 40bopd. Mire and Associates recently increased the estimated ultimate recovery (EUR) from the White Hat 20#2 well to 112,000 bo.

White Hat wells 20#2 and 20#3 drill results and 3D seismic coverage confirm the highly prospective nature of the Mustang Prospect and relatively low risk of drilling further potentially oil productive Strawn Sand oil reservoirs. 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.

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Existing wells White Hat 38#3ML and White Hat 39#1L were fracked in the Strawn and have been placed on pump. The wells are producing low rates of oil and have unloaded the majority of frack fluid. Winchester is reviewing the frack jobs on both wells and may conduct additional workover on these well in order to increase production. The costs attributable to Winchester for the re-entry and frack of these wells are less than US\$150,000 total.

White Hat 38#3ML, a multi-lateral well targeting the Ellenburger formation, was originally located through 3D seismic interpretation of the Ellenburger formation, not the Strawn Formation. Likewise the 39#1L was a single lateral well targeting the Ellenburger formation and was also not sited with the Strawn stratigraphic trap in mind. Both wells have recovered oil on pump, but are interpreted to be located on the periphery, or just outside, of the Mustang Prospect stratigraphic trap.

Neville Henry, Managing Director of Winchester commented:

"The success of the White Hat 20#3 and the exceptional flow rate of the well is an important development in that by utilizing 3D data and analysis of old wells we have established a new stratigraphic trap in a sand unit of the Strawn Formation, the Mustang Prospect. We hope to extend the play further to the north and south and expect a series of large basin-floor sand lobes to occur within the Mustang Prospect area.

The Company is formulating a development plan focussed on relatively low risk locations initially stepping out from White Hat 20#3. This should see Winchester steadily expand its oil production and cash flow and with the El Dorado and Spitfire Prospects representing yet more genuine upside for the Company."

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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.

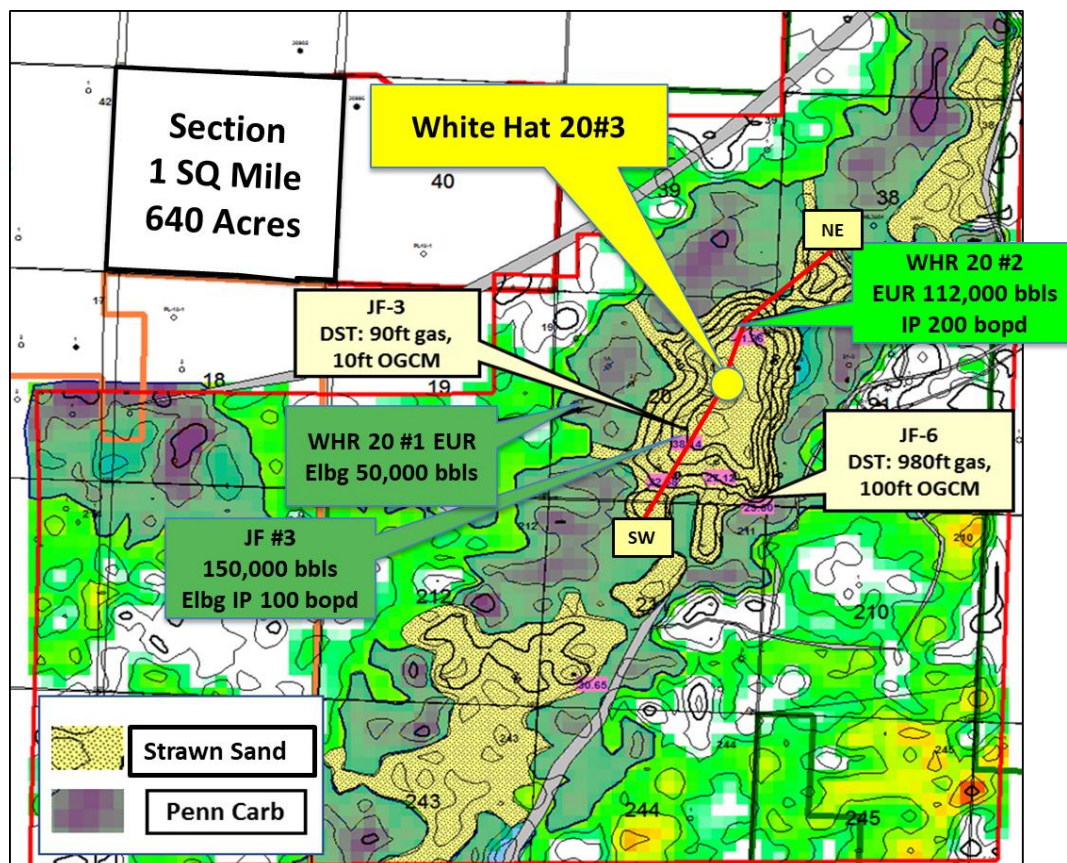
Competent Person's Statement

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.

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

The Mustang prospect is a Strawn sand stratigraphic trap interpreted from 3D seismic and well control data. The prospect is 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.

The location of White Hat 20#3 is approximately 510 metres to the south west of the productive 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 40bopd. Mire and Associates recently increased the estimated ultimate recovery (EUR) from the White Hat 20#2 well to 112,000bo.



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 barrels of oil (bo) from the Ellenburger formation with an initial production rate of 100bopd.



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The importance of the Strawn Formation 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 Hermleigh Field.

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

The White Hat 20#3 well penetrated the Ellenburger Formation carbonate target, a known oil producer in the Mustang Prospect, as well as the Cisco sand, Strawn lime and Penn carbonate levels. Although significant oil shows were observed, oil was not able to be recovered from swabbing the Ellenburger Formation.

The Wolfcamp "D", which has a rich organic interval known as the Three Fingers Shale (TFS), was also penetrated.

Winchester regards all of these units as potentially prospective for oil and/or gas in further development drilling to be carried out in the Mustang Prospect and Mustang Trend.