



White Hat 21#1 – 2P Reserves

Winchester Energy Limited (**Winchester** or **Company**) is pleased to provide the following estimates of 1P, 2P and 3P reserves for the White Hat 21#1 well (Winchester 50%WI):

	1P	2P	3P
Estimate of Gross Reserves (100%WI)	84 MBO	162 MBO	515 MBO
Estimate of Net Reserves to Winchester (50%WI)¹	42 MBO	81 MBO	257.5 MBO

Note 1: The above figures are pre-royalty. Winchester is entitled to 50% of net proceeds after royalty payments of 23.5% to the oil and gas mineral rights owners.

As reported on 22 October 2015, the average daily production rate over the first 30 days of production (Initial 30 Day Production Rate or IP30) from the White Hat 21#1 well was 201 barrels of oil (**bo**) and 2 barrels of water (**bw**) for a total production of 6,030 barrels of oil. Winchester is entitled to 50% of net proceeds after royalty payments of 23.5% to the oil and gas mineral rights owners. Carl E Gungoll Exploration LLC (**CEGX**), the Operator of White Hat 21#1, is entitled to the other 50% of net proceeds.

The estimate of gross 1P reserves is 84,000 bo. The estimate of gross 2P reserves is 162,000 bo. The estimate of gross 3P reserves is 515,000 bo. Using the gross 2P reserve estimate of 162,000 bo as the estimated ultimate recovery (**EUR**), the White Hat 21#1 well has an internal rate of return (**IRR**) of 106%. This IRR of 106% assumes the following: (a) that the capital outlay is US\$1,100,000 (100%WI); (b) that the recovered oil is the gross 2P reserve estimate of 162,000 bo (100%WI); (c) is after payment of the royalty of 23.5%; (d) is after payment of all Texas taxes; and (e) is exclusive however of all corporate income taxes.

This modelling has been undertaken by Mire & Associates, Inc. These estimates are based on future pricing of oil as listed by the NYMEX future strip price of oil (as of today) and average decline rates for Ellenburger oil production from Nolan County, Texas as determined by Mire & Associates, Inc. The date of evaluation of these estimates of 1P, 2P and 3P reserves for the White Hat 21#1 well is 4 November 2015.

Winchester owns a 50% working interest (**WI**) in the White Hat 21#1 well along with a 50%WI in the surrounding 40 acre drilling unit. The remaining 50%WI is owned by CEGX, the Operator of the White Hat 21#1 well.

Date: 4 November 2015

ASX Code: WEL

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Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75%WI in the oil and gas mineral rights of the 7,378 acres which surround and adjoin the White Hat 20#1 well (Winchester 50%WI), the White Hat 21#1 well (Winchester 50%WI) and the White Hat 21#2 well (Winchester 50%WI). CEGX owns the remaining 25%WI in these 7,378 acres.

Winchester's wells and oil and gas mineral rights holdings referred to in this ASX announcement are located in Nolan County, Texas, USA. Nolan County is located over part of the Eastern Shelf of the Permian Basin, the major onshore oil producing basin in the USA.

METHODOLOGY

The estimates of 1P, 2P and 3P reserves for the White Hat 21#1 well have been calculated by using the probabilistic estimation method. This methodology incorporates a range of uncertainty relating to each of the key reservoir input parameters to predict the likely range of outcomes. The approach used is consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS). Analytical procedures used to estimate 1P, 2P and 3P reserves for the White Hat 21#1 well were interpretation of reprocessed 3D seismic data, quantitative geophysical study to investigate lithology and hydrocarbon distribution, detailed time/depth conversion, petrophysical and hydrocarbon analysis from the historical oil wells drilled in the White Hat acreage, integration of geological, geophysical and engineering data into static and dynamic simulation modelling, interpretation of 30 days of production data and estimation of recovery factors by simulating production profiles based on the 40 acre well unit development scenario.

CAUTIONARY NOTE

The preliminary estimated quantities of petroleum that are potentially to be recovered from the White Hat 21#1 well have an associated production risk. They have been estimated based on average decline curves for oil wells producing from the Ellenburger Formation in Nolan County, Texas, USA. However, the actual results in the future may not be a reflection of the average curve.

QUALIFIED PETROLEUM RESERVES EVALUATOR STATEMENT

The information contained in this ASX announcement regarding the estimates of 1P, 2P and 3P reserves for the White Hat 21#1 well is based on and fairly represents information and supporting documentation reviewed by Mr. Kurt Mire of Mire & Associates, Inc., a full-time independent consulting Petroleum Engineer and who is qualified in accordance with ASX listing rule 5.41 and who has consented to the inclusion of this information in the form and context in which it appears.

—ENDS—

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