



New Well to Spud at Mustang Prospect

Permian Basin, Texas

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ASX Code: **WEL**

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Highlights

- Winchester to spud a step-out well in July 2019 420 metres from the successful Mustang Prospect well White Hat 20#3 which returned initial production (IP) of 306 barrels of oil per day (bopd) and continues to produce consistently.
- The new well, White Hat 20#4, is a development well on the newly discovered Mustang Oil Field and is designed as a low risk well which, if successful, will further increase Winchester's net oil production.
- Winchester is planning a drilling programme to develop the central lobe of the Mustang Prospect which will include approximately 15 well locations.
- The Mustang Prospect has a Prospective Resource target best estimate P50 of 1.43 million bbls recoverable and a high estimate P10 of 3.76 million bbls recoverable from the Strawn Sand¹.

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.

White Hat 20#4 – Mustang Prospect

Winchester is formulating an expanded development drilling program for the Mustang Prospect initially focussing on well locations immediately offset to the successful White Hat 20#3.

Accordingly, Winchester, as operator, has located immediate step-out development well White Hat 20#4 in the central lobe of the Mustang Prospect, 420 metres south west of the successful White Hat 20#3 well.



White Hat 20#4 is a high-confidence step-out well targeting the Fry Sand member within the Strawn Sand and is intended to rapidly and significantly increase Winchester's oil production.

Permitting of White Hat 20#4 has commenced with the well scheduled to spud in July 2019. Carl E Gungoll Exploration LLC (CEGX), a private independent Texas based company, has the right to participate at a 25% working interest in White Hat 20#4.

White Hat 20#3 Production Update – Mustang Prospect (WI 75%)

Following a successful frack of the Strawn Sand, the recently drilled White Hat 20#3 well returned an initial production rate (IP) of 306 bopd with oil from this well already going to sales.

After six days of production, White Hat 20#3 is producing an average of 296 barrels of oil and 34 barrels of water per day. Winchester notes that during this period pumping was stopped for short periods to gauge the fluid level in the hole which may account for a minor reduction in production levels.

White Hat 20#3 is the second well in the field following the success of White Hat 20#2 that had an IP of 200 bopd and has been ascribed an Estimated Ultimate Recovery (EUR) of 112,000 barrels of oil by Mire and Associates. **The success of White Hat 20#3 is significant in that it is now the second successful producing oil well drilled on the Mustang Prospect.**

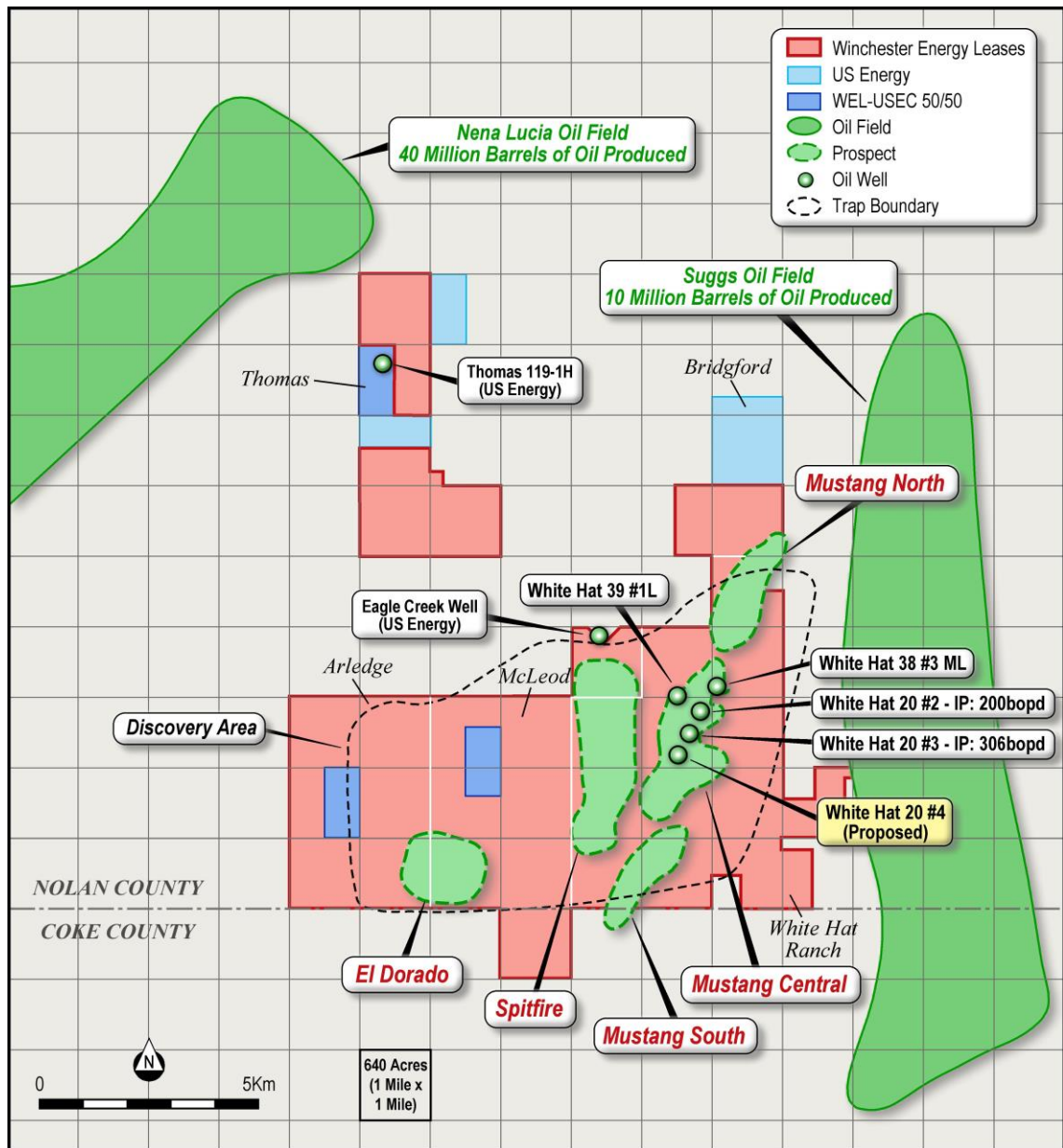
White Hat 20#2 produces oil from the same 'Fry' Sand within the Strawn Formation as White Hat 20#3 following a similar frack stimulation. This well continues to produce oil at 40 bopd.

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.

Mustang Prospect Future Development

Following the incorporation of the results of White Hat 20#3 into the Mustang Prospect 3D seismic and well data base, further interpretation of the 3D seismic data is in progress to enable immediate development of the Mustang Prospect central lobe which may include up to a further 15 well locations across the central lobe of the Mustang stratigraphic trap.

The planned White Hat 20#4 development well is the first of these relatively low risk development wells on the Mustang Prospect central lobe.



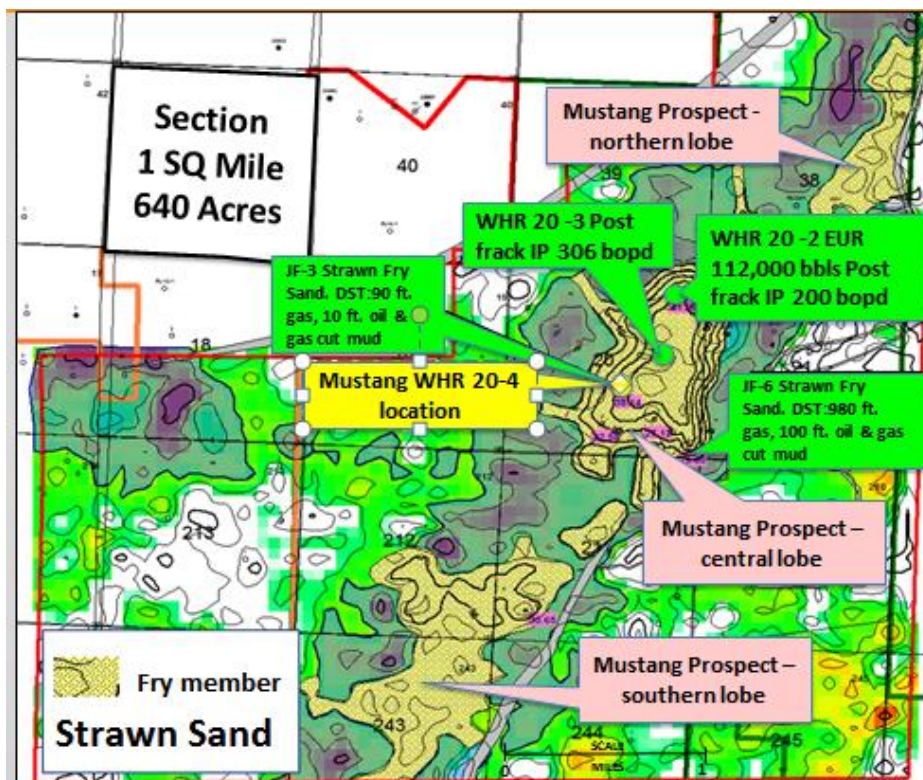
Location of Mustang Prospects and Proposed White Hat 20#4 Well

3D Seismic mapping has identified additional potential sand lobes to the northeast (Mustang North) and southwest (Mustang South) of the current discoveries in the central lobe of the Mustang prospect. The potential gross Prospective Resources of the Mustang north lobe and Mustang south lobe are contained within the high P10 estimate.

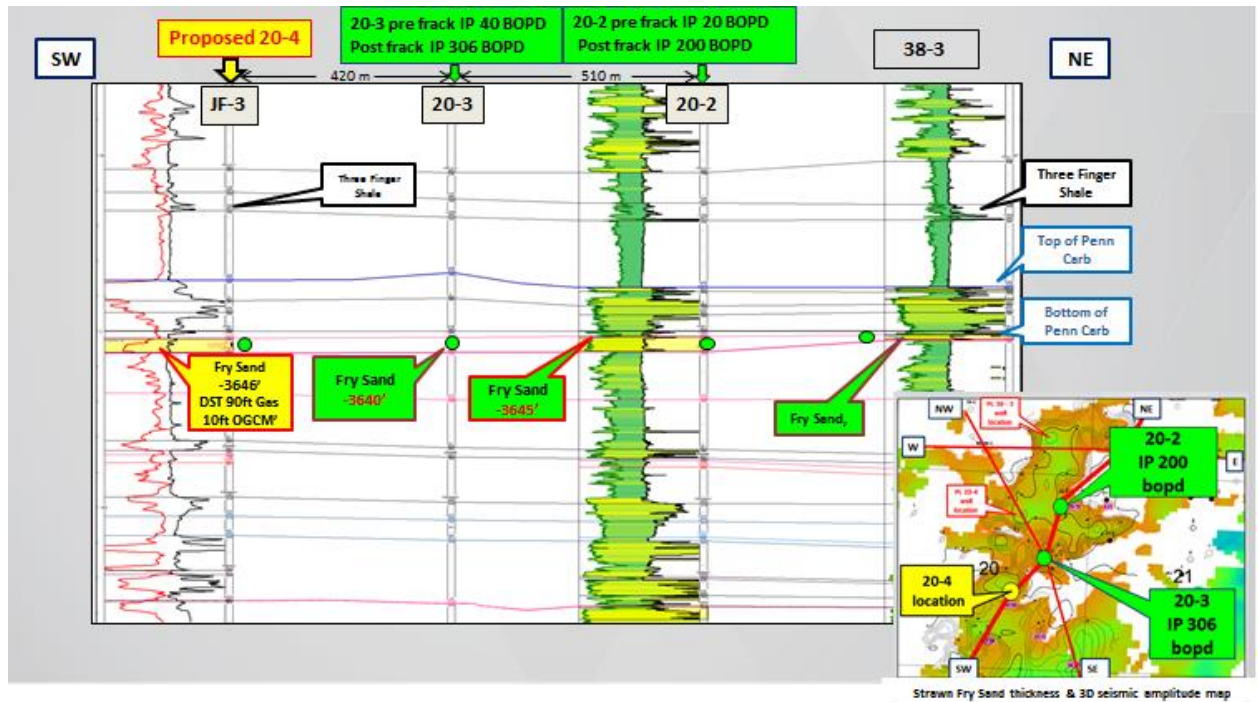
The Mustang Prospect Strawn Sand has a gross Prospective Resource target best estimate P50 of 1.43 million bbls recoverable, mean of 1.86 million bbls recoverable and high estimate P10 of 3.76 million bbls recoverable.

<i>Mustang Prospect</i>			Prospective Resources (MBO)			Mean
Fry	P ₉₀	P ₁₀	Fry			(MBO)
Area (Acres)	350	2,000	P ₉₀	P ₅₀	P ₁₀	
Net Pay (Ft)	10	25	510	1,428	3,756	1,864
Unit Recovery (BO/AF)	80	160				

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Mustang Prospect Strawn Sand - Fry Member Isopach Map (ft.)



Cross Section Showing Proposed Development Well White Hat 20#4

Neville Henry, Managing Director of Winchester commented:

"The impending spud of White Hat 20#4 builds on the success of the White Hat 20#3 which returned exceptional flow rates of 306bopd. White Hat 20#4 represents a low risk opportunity to further increase oil production and also increase confidence in the newly discovered Mustang Oil Field. 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 area.

The Company intends to execute its Mustang development plan which focusses 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 Persons Statement

The information in this ASX announcement is based on information 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. Mr. Henry 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.

The Prospective Resources estimates in this report have been compiled by Kurt Mire, P.E. of Mire & Associates, Inc. from information provided by Winchester Energy. Mr Mire is a registered professional Engineer in the State of Texas and has over 30 years' experience in petroleum engineering. These Prospective Resource estimates may be subject to revision if amendments to mapping or other factors necessitate such revision.

Mr Mire consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum in this report 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.

Prospective Resources

All Prospective Resource estimates provided in this report are prepared as of 25 September 2018. The prospective resource estimates provided in this report are low estimate, best estimate and high estimate and represent that there is a 90%, 50% and 10% probability that the actual resource volumes will be in excess of the amounts reported. The estimates are on a 100% basis and have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 "PRMS" approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisked and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the gross total prospective resource. The net to WEL prospective resource estimates include royalty interests payable to royalty interest holders.

Prospects

The meanings of "Prospects" in this report are in accordance with the Petroleum Resource



Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target.

Prospective Resources Reporting Notes for the El Dorado, Spitfire and Mustang Prospects Reported for the First Time

- The prospective resources information is effective as at 25 September 2018 (Listing Rule (LR) 5.25.1).
- The prospective resources information has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2).
- The prospective resources information is reported according to the Company's economic interest in each of the resources and net of royalties (LR 5.25.5).
- The prospective resources information in this document has been estimated and prepared using the probabilistic method (LR 5.25.6).
- Prospective resources are reported on a P10-P50-P90 basis (LR 5.28.1).
- For prospective resources, 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 (LR 5.28.2).
- The El Dorado, Spitfire and Mustang prospects are located on private leases. In respect of the prospective resources for the prospects referred to in this report, Winchester currently owns a 75% working interest in the Spitfire and Mustang prospects leases and 100% of the El Dorado prospect. Texas-based oil company Carl E Gungoll Exploration LLC (CEGX) has a 25% WI in the Mustang and Spitfire prospects. However it is noted that third-party companies may additionally farm-in to the prospects, leases and/or wells (LR 5.35.1).
- The P10-P50-P90 and mean prospective resource volumes for the three prospects were estimated using modern 3D seismic data. Such data are standard in the oil and gas industry as a tool for identifying prospects and these data currently provide the industry's most accurate method of estimating prospective resource volumes and attendant risks. The parameters used in the acquisition and processing of the seismic surveys is commensurate with the industry standard for the East Permian Basin area. Exploration drilling will be required to assess these resources. (LR 5.35.2):
- The probability of discovery for each of the three prospects is outlined in the report. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development (LR 5.35.3).
- Prospective resources in this report are un-risked and have not been adjusted for an associated chance of discovery and a chance of development. The report includes volumes which are the probabilistic addition of the risked prospective resource distributions. See below for further explanation (LR 5.35.4).

Further Notes on the Prospective Resources Calculation at the El Dorado, Spitfire and Mustang Prospects

Winchester has accumulated a massive proprietary regional East Permian Basin database comprising well drilling and production information from private and public sources. This database is used by Winchester and Mire and Associates, Inc in generating probabilistic estimates for future wells and programs where the data can be tailored to the specific parameters required for analysis such as depth, play type, etc.

The Prospective Resources were calculated utilising the above mentioned regional database. From the regional database Mire and Associates, Inc developed a series of expectation curves from which the P90-P50-P10 outcomes shown have been extracted. Winchester has undertaken its own due diligence on these data and is satisfied that they represent a good estimate for the portfolio of opportunities to be drilled.

For each of the three prospects, a probabilistic prospective resource was calculated using analogue offset well information and high-quality 3D seismic data. The probabilistic additions above have been undertaken using a Monte Carlo approach to each prospect's expectation curve.