

## Winchester Increases its Lease Holding in Nolan County, Texas to 17,432 Net Acres

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Winchester Energy Limited's (**Winchester** or **Company**) wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., has purchased a 100% working interest (**WI**) in the oil and gas mineral rights of 8,062 acres immediately due west of the package of leases which surround and adjoin both the White Hat 20#1 and White Hat 21#1 vertical wells located in Nolan County, Texas (Winchester holds a 50% WI in both wells).

Over the past 6 months the Company has developed an extensive well and seismic database over Nolan County, Texas. The Company has undertaken detailed analysis of old well logs and then reprocessed those old well logs based on new rock data (from the White Hat 20#1 and White Hat 21#1 vertical wells) in conjunction with new and reprocessed old seismic. In addition, Winchester has collected cuttings and core samples from old vertical wells and reexamined these samples using multiple technologies, an undertaking which included the application of proprietary geological, geotechnical and geophysical intellectual property that the Company owns. This technical work has enabled Winchester to identify, map and extrapolate potential pay zones in the Ellenburger and other shallower oil plays across Nolan County, Texas. Conclusions derived from this extensive well and seismic database over Nolan County, Texas formed the basis of this purchase of these 8,062 gross acres.

Winchester's purchase of a 100% working interest (**WI**) in these 8,062 acres results in Winchester's net acreage increasing from 9,370 net acres to 17,432 net acres (an 86% increase). Winchester's primary target in these 8,062 acres is conventional oil in the Ellenburger Formation.

The purchase price for these 8,062 acres is confidential. Lease purchase prices in Nolan County, Texas have fallen dramatically in the past 6 months and this purchase has been concluded after taking into consideration this dramatically reduced oil lease price environment.

Neville Henry, the Managing Director of Winchester, commented:

*"Winchester has been able to purchase these 8,062 acres at a low cost and with low commitments due to the current low oil price and the current subdued oil business climate in Texas. This purchase almost doubles our acreage position in Nolan County, Texas. The White Hat 20#1 vertical well is a successful, commercial oil producing well at today's low oil price. After*



*extensive technical work, we believe that the Ellenburger oil play runs west into these 8,062 acres. These leases are contiguous with our current lease holdings (75%WI) which surround and adjoin both the White Hat 20#1 and White Hat 21#1 wells. In addition to the Ellenburger Formation, due to our extensive technical work, we believe that these acres have the potential for pay in the Cisco Sands, the Canyon Sands, the Strawn Formation, along with unconventional oil targets in the Cline Shale and the Barnett/Woodford Shale equivalents".*

Winchester is focused on its shallow depth conventional oil play in the Ellenburger Formation as the Board believes this type of play is more likely to remain viable at low oil prices because of the inherently lower development and production costs of shallow conventional fields. The recent substantial falls in the price of oil and gas leases have allowed Winchester to increase its footprint in the Ellenburger at a much lower cost than previously expected.

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