

Spud of New Well – White Hat 38#1

Winchester Energy Limited (**Winchester** or **Company**) has been informed by Carl E Gungoll Exploration LLC (**CEGX**), the Operator of the existing 5 producing vertical wells on the White Hat ranch lease, that they have decided to immediately spud a sixth vertical well on the White Hat lease. Winchester has decided to participate in the well with a 50% working interest.

The White Hat 38#1 vertical well is located 1,200 feet to the north-east of the recent commercially successful White Hat 21#4 vertical well. Being an offset well to White Hat 21#4, CEGX's primary target in the White Hat 38#1 well will be oil in the Ellenburger Formation. Proposed total depth (**TD**) of the White Hat 38#1 well is approximately 7,000 feet.

In drilling to TD, the well will first pass through the Cisco Sands, the Canyon Sands and the Strawn Formation along with unconventional oil targets in the Cline Shale and the Barnett Shale equivalent, all prior to reaching the targeted pay zones in the Ellenburger Formation. Standard well logs will be run to analyse all these potential pay zones prior to any decision to complete the well.

CEGX will have a 50% working interest (**WI**) in the new White Hat 38#1 vertical well along with a 50%WI in the surrounding 40 acre drilling unit. Winchester will own the other 50%WI in the well and the drilling unit. Each party will pay 50% of the costs of the White Hat 38#1 vertical well. CEGX's budgeted cost for the White Hat 38#1 well is a total of US\$893,000.

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 existing 5 White Hat wells (Winchester 50% WI) and this new White Hat 38#1 vertical well. CEGX owns the remaining 25%WI in these 7,378 acres, all of which are located in Nolan County, Texas in the Eastern Shelf of the Permian Basin.

—ENDS—

For further information, please contact:

Neville Henry
Managing Director
T: +1 713 333 0610
E: nh@winchesterenergy.com

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Directors

Peter Allchurch
Non-Executive Chairman

Neville Henry
Managing Director

James Hodges
Non-Executive Director

John D Kenny
Non-Executive Director

Larry Liu
Non-Executive Director

Nicholas Calder
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

winchesterenergy.com



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 40 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.

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