

Spud of New Well - White Hat 38#2

Winchester Energy Limited (**Winchester** or **Company**) will participate with a 50% working interest (**WI**) in a new well (White Hat 38#2) on the White Hat ranch oil lease. White Hat 38#2 was spud yesterday and becomes the seventh vertical well on the White Hat ranch oil lease.

The White Hat 38#2 vertical well is located 1,470 feet directly east of the White Hat 38#1 vertical well and 2,200 feet north-east of the recent commercially successful White Hat 21#4 vertical well. The primary target in the White Hat 38#2 well will be oil in the Ellenburger Formation. Proposed total depth (**TD**) of the White Hat 38#2 well is approximately 7,100 feet.

Winchester will participate with a 50%WI in White Hat 38#2 and Carl E Gungoll Exploration LLC (**CEGX**), the Operator of the White Hat 38#1 vertical well currently being completed and the existing 5 producing vertical wells on the White Hat ranch lease, will also have a 50%WI in the new White Hat 38#2 vertical well.

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.

Winchester will have a 50%WI in the new White Hat 38#2 vertical well along with a 50%WI in the surrounding 40 acre drilling unit. CEGX 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#2 vertical well. The Operator's (being CEGX) budgeted cost for the White Hat 38#2 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), the White Hat 38#1 well which is currently the subject of completion (Winchester 50% WI) and this new White Hat 38#2 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.

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ASX Code: WEL

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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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