

White Hat 38#1 and Oden A#2

Highlights

- **White Hat 38#1 vertical well producing 28bopd from re-completion within the Strawn Formation**
- **Oden A#2 well producing an average of 21bopd from the Ellenburger Formation, assessment of re-completion potential in the Strawn Formation is underway.**

White Hat 38#1 Well

The White Hat 38#1 vertical well was spudded by the Operator, Carl E Gungoll Exploration LLC (**CEGX**) in September 2016 as an offset to the successful White Hat 21#4 well.

The 38#1 well recovered oil at low rates of 70-100 barrels of total fluid per day at 5-20% oil cut during swabbing from two separate zones of the Ellenburger Formation. The 38#1 well was then fracture stimulated in an attempt to improve the production rate however pump production only recovered water at high rates (300-400 bwpd). Micro seismic was used by Winchester to monitor the frack from the White Hat 38#1 well and that indicated the frack had penetrated downwards into a deeper water bearing zone, near the base of the Ellenburger Formation.

Whilst drilling the White Hat 38#1 well, oil shows were observed in two intervals within the Strawn Formation. Subsequent logging results confirmed these two intervals within the Strawn Formation as being worth testing.

Similar to the successful re-completion of the nearby White Hat 20#2 well within a sand unit in the Strawn Formation (see ASX announcement dated 19 April 2017) where initial production was 200 bopd, the Operator of White Hat 38#1, CEGX, abandoned the Ellenburger Formation and re-completed by fracking prospective intervals within the Strawn Formation.

For the three days of production ending 11 July 2017, White Hat well 38#1 produced an average of 28 bopd and 76 bwpd on beam pump. Given Winchester's 50% working interest (**WI**) in the well and the inexpensive nature of re-entering an existing well, the total additional cost attributable to Winchester for this re-completion in a sand unit within the Strawn Formation was USD\$175,000.

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ASX Code: WEL

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Oden A#2 Well

Winchester has a 25%WI in vertical well Oden A#2, located approximately 2 miles south-east of Winchester's producing wells on the White Hat ranch. Clear Fork Inc. (**Clear Fork**), an oil and gas company active in the Nolan County, Texas, is the operator of the Oden A#2 well.

Based on oil and gas shows during drilling and logging results, two formations in the Oden A#2 vertical well, the Strawn and the Ellenburger, are prospective for oil and gas.

The drilling unit for Oden A#2 is 400 acres and is offset to existing production wells, including a well that produced 81,000 bo from the Ellenburger Formation and another that produced 75,000 bo from the Strawn Formation. Oden A#2 is targeting the demonstrated 'stacked pay' potential including, but not limited to, the Ellenburger, Strawn and Cisco Formations. Oden A#2 provides Winchester and the other participants in the well with separate commercial oil targets.

Clear Fork has advised that they have completed Oden A#2 within the Ellenburger Formation. For the ten days of production ending 10 July 2017, Oden A#2 produced an average of 21 bopd and 91 bwpd. Given Winchester's 25% working interest (**WI**) in the well, the total cost attributable to Winchester for Oden A#2 is USD\$170,000.

Clear Fork is currently assessing the highly prospective sampling and log results returned from drilling through the overlying Strawn Formation with a view to determining the merits of re-completing vertical well Oden A#2 within the Strawn Formation in the near term.

Winchester continues to be encouraged about the potential of the Strawn Formation to be a commercial oil producer. Eight wells have now been drilled to date on the White Hat lease, all of which are now producing oil.

As previously disclosed, the Company intends to soon commence multiple ultra-short radius lateral drilling which the Company believes will be able to increase productivity in both the Strawn and Ellenburger Formations.

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10,000 ACRE OIL TRAP

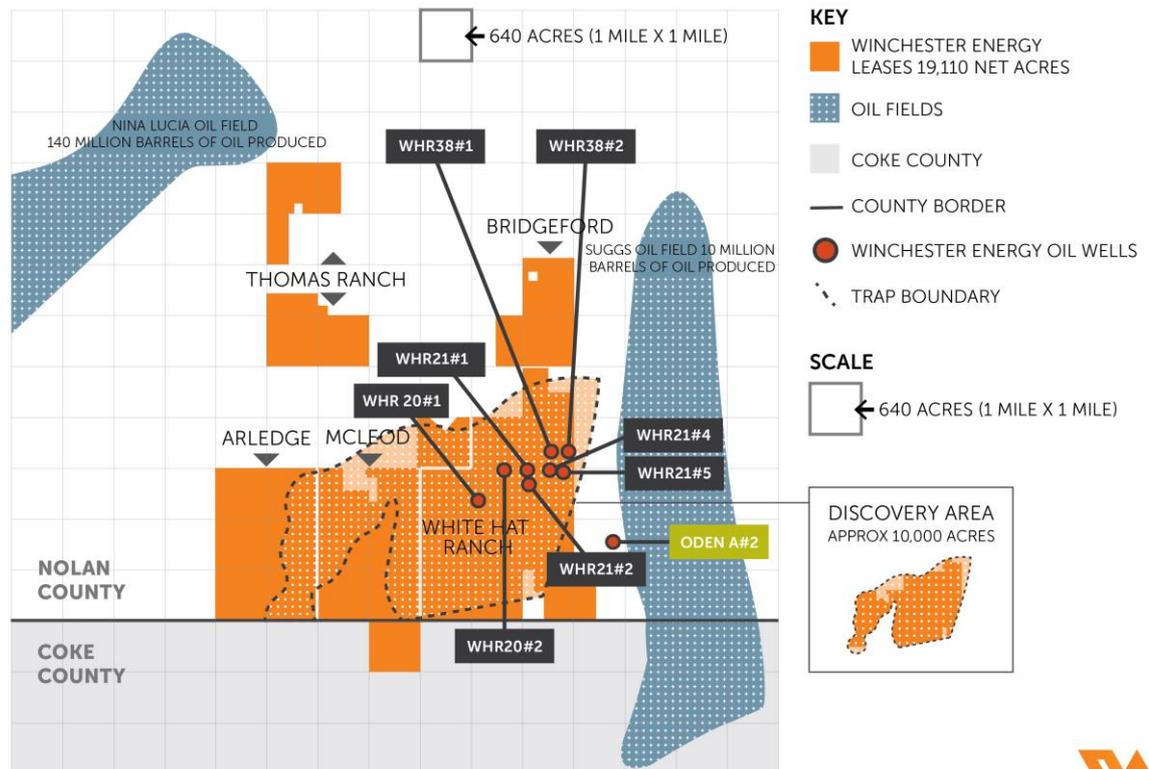


Figure 1: Location of 38#1 and Oden A#2

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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 43 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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