

White Hat 20#1 Well – Oil Production Increased

Winchester Energy Limited (**Winchester** or **Company**) is pleased to report that the daily production rate of its first White Hat well, White Hat 20#1, has increased from 11 barrels of oil per day (**bopd**) to an average 58 bopd after an innovative down-hole chemical treatment. This increased daily rate exceeds its initial 30 day production rate after it began production in April 2015.

The successful and inexpensive chemical treatment was designed by an expert enhanced oil recovery group after their analysis of produced fluids indicated the falling production rate was due to mineral precipitation in the reservoir and well bore. This is an important result for Winchester as it opens the possibility of improving oil productivity in other wells in the area at low cost. Winchester is evaluating a range of improved oil recovery and well completion technologies, with the object of increasing oil production from existing wells and maximising oil production in new wells. This treatment of the White Hat 20#1 well was Winchester's first application of one of these technologies.

The daily gross (100%) production rate from the first three Winchester wells drilled in the White Hat Ellenburger Formation target (White Hat 20#1, White Hat 21#1 and White 21#2) is now about 350 bopd. Completion operations are in progress on Winchester's fourth well on the White Hat lease, White Hat 20#2.

Winchester owns a 50% working interest (**WI**) in the White Hat 20#1 well along with a 50%WI in the surrounding 40 acre drilling unit. The remaining 50%WI is owned by the Operator, Carl E Gungoll Exploration (**CEGX**). The White Hat 20#1 well is located about 1500 metres south-west of the White Hat 21#1 well which continues to produce at about 240 bopd. The White Hat 21#2 continues to produce steadily at about 50 bopd.

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 both the White Hat 20#1 well (Winchester 50%WI), the White Hat 21#1 well (Winchester 50%WI), the White Hat 21#2 well (Winchester 50%WI), and the White Hat 20#2 well (Winchester 50%WI). CEGX owns the remaining 25%WI in these 7,378 acres.

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ASX Code: WEL

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The wells are all located in Nolan County, Texas USA. Nolan County is located over part of the Eastern Shelf of the Permian Basin, the major oil producing basin in the USA.

—ENDS—

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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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