

## Spudding of Fifth White Hat Well - White Hat 21#4

Winchester Energy Limited (**Winchester** or **Company**) has been informed by Carl E Gungoll Exploration LLC (**CEGX**), the Operator of the existing 4 vertical wells on the White Hat ranch lease, that they will spud a fifth vertical well during the next 7 days.

Current aggregate oil production from the existing 4 vertical wells is 300 to 350 bopd (gross). The new vertical well, called White Hat 21#4, is located approximately 1,200 feet (366 meters) to the east of White Hat 21#1. White Hat 21#1 is the most successful of the existing 4 vertical wells and it has produced 55,000 bo since it began oil production in September 2015. White Hat 21#1 is currently producing oil at an average rate of 240 bopd with negligible water production. No decline in oil production has yet been observed in this well.

CEGX will have a 50% working interest (**WI**) in the new White Hat 21#4 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 21#4 vertical well. CEGX's budgeted cost for the White Hat 21#4 well is a total of US\$975,000. This is comprised of US\$379,800 for drilling and US\$595,200 for completion. Winchester's 50% share therefore is US\$190,000 for drilling and US\$297,500 for completion.

Being an offset well, CEGX's primary target in the White Hat 21#4 well will be oil in the Ellenburger Formation. Proposed total depth (**TD**) of White Hat 21#4 is 7,300 feet. In drilling to total depth 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 and an FMI will be run to analyse all these potential pay zones prior to any decision to complete the well.

Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75% working interest (**WI**) in the oil and gas mineral rights of the 7,378 acres which surround and adjoin the existing 4 White Hat wells (Winchester 50% WI) and the new White Hat 21#4 vertical well. CEGX owns the remaining 25%WI in these 7,378 acres.

**Date:** 24 May 2016

**ASX Code:** WEL

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Non-Executive Chairman

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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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