

White Hat 21#4 – Oil Production Commenced

Winchester Energy Limited (**Winchester** or **Company**) is pleased to report that the White Hat 21#4 well was placed on production by the Operator, Carl E Gungoll Exploration LLC (**CEGX**), on 28 July 2016 after perforating both a deep zone and an upper zone in the Ellenburger Formation.

White Hat 21#4 is being produced by beam pump at rates of 170 to 200 barrels of fluid per day (**bfpd**) and oil rates have progressively increased each day of production as the well cleans up. On 31 July 2016 the well produced 145 barrels of oil (**bo**) and 30 barrels of water (**bw**). Gas was produced to sales at less than 100 mcfpd. As the well cleans up the pump rate and fluid levels will be monitored to optimize oil recovery. Next month, a 30 day initial production (**IP**) report will be released.

The average total oil production of the 4 other oil wells in the White Hat Oil Field prior to the addition of oil production from the White Hat 21#4 well has consistently been approximately 300 bopd over the past 3 months.

Petrophysical analysis conducted on 24 June 2016 from the White Hat 21#4 well samples indicates better porosity than the successful White Hat 21#1 well, with approximately 47 feet of pay in the upper Ellenburger zone and approximately 11 feet of deeper pay in the Ellenburger Formation. Both these zones successfully tested oil when swabbed. These two oil producing zones are the same oil producing zones in the successful White Hat 21#1 well.

White Hat 21#4 is located approximately 1,200 feet (366 meters) to the east of White Hat 21#1. The primary target in the White Hat 21#4 well is oil in the Ellenburger Formation. The White Hat 21#4 well is the first well of the 5 oil wells in the White Hat Oil Field where Winchester had a fully interpreted and completed 3D seismic data set prior to the selection of the drilling location.

CEGX has a 50% working interest (**WI**) in White Hat 21#4 along with a 50%WI in the surrounding 40 acre drilling unit. Winchester owns the other 50%WI in the well and the drilling unit. Each party is paying 50% of the costs of White Hat 21#4.

Date: 2 August 2016

ASX Code: WEL

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CEGX's costs for the White Hat 21#4 well of US\$975,000, drilled and completed for production, are on budget. Winchester's 50% share therefore was US\$487,500 drilled and completed for production.

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.

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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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