

Winchester to Participate in White Hat 245#1 Well, Permian Basin, Texas – 50%WI

Highlights

- Winchester is participating in new vertical well White Hat 245#1 with a 50% WI under an agreement that allows Carl E Gungoll Exploration LLC (CEGX) to drill a vertical well in an untested area in Winchester's White Hat ranch oil and gas lease.
- CEGX, as operator, has commenced the drilling of White Hat 245#1 and will first look to complete the well in the Ellenburger Formation with potential subsequent completion in the overlying Penn Carbonate and/or Strawn Formation as required.
- The drilling cost is estimated at US\$400,000 (net cost to Winchester of approximately US\$200,000). Participation in White Hat 245#1 provides the Company with:
 - A well in the Ellenburger Formation in an untested area of the White Hat lease at low cost;
 - Exposure to a potentially successful well defined by a seismic closure in the Ellenburger and additional Strawn and Canyon stratigraphic targets; and
 - Valuable information relating to the southern portion of the White Hat lease.

Winchester Energy Limited (**Winchester** or **Company**) is pleased to announce its 50% working interest (**WI**) participation in new vertical well White Hat 245#1 targeting the oil productive Ellenburger Formation and overlying horizons. The Company has now been advised by operator, Carl E Gungoll Exploration LLC (**CEGX**), an oil and gas company active in Nolan County, Texas, of the commencement of drilling of White Hat 245#1 (**WH 245#1**).

WH 245#1 is to be drilled over the course of the next 2 weeks to a total depth of 7,100 ft.

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ASX Code: WEL

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Non-Executive Chairman

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WH 245#1 is located approximately 2 miles south of the main group of oil producing White Hat Ranch wells (see map below). If successful with WH 245#1, CEGX can elect to drill additional contiguous wells (80 acre spacing - 5 additional locations) within 480 gross acres around the well at a 50% WI. Winchester, at its discretion, has the right (but not the obligation) to participate up to 50% in these wells.

WH 245#1 represents the first time the Company has participated in a well in the southern portion of the large White Hat Ranch lease and as such will provide important information relating to that area.

White Hat 245#1 is up-dip from Ellenburger Formation oil and gas production and appears on an interpreted Ellenburger structural closure. Furthermore, 3D seismic and adjacent offset well log analysis indicates oil bearing potential in the overlying Strawn and Penn Carbonate intervals including the Lazarus, Gardner, Goen and Cisco Sands.

CEGX will first look to complete the well in the Ellenburger Formation with potential subsequent completion in the overlying Penn Carbonate and/or Strawn Formation as required.

Drilling costs net to Winchester are US\$200,000. Should the drilling of WH 245#1 well prove successful and interpretation of the logs indicate encouraging oil and gas pay, Winchester has the option to participate in the completion of the well which will result in a further US\$270,000 net cost to Winchester.

Managing Director of Winchester, Mr Neville Henry, commented:

"At modest cost to the Company, participation in the White Hat 245#1 well will not only provide the opportunity to be part of a potentially successful well but will also provide the Company with important information relating to the southern portion of the White Hat lease.

Participation in the well also preserves the Company's ability to participate in further offset wells at a 50% working interest in the event of a commercial oil discovery at White Hat 245#1.

The Company's participation in this well is in keeping with the Company's aim for an aggressive drilling program over the next six months to significantly increase oil production."

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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.

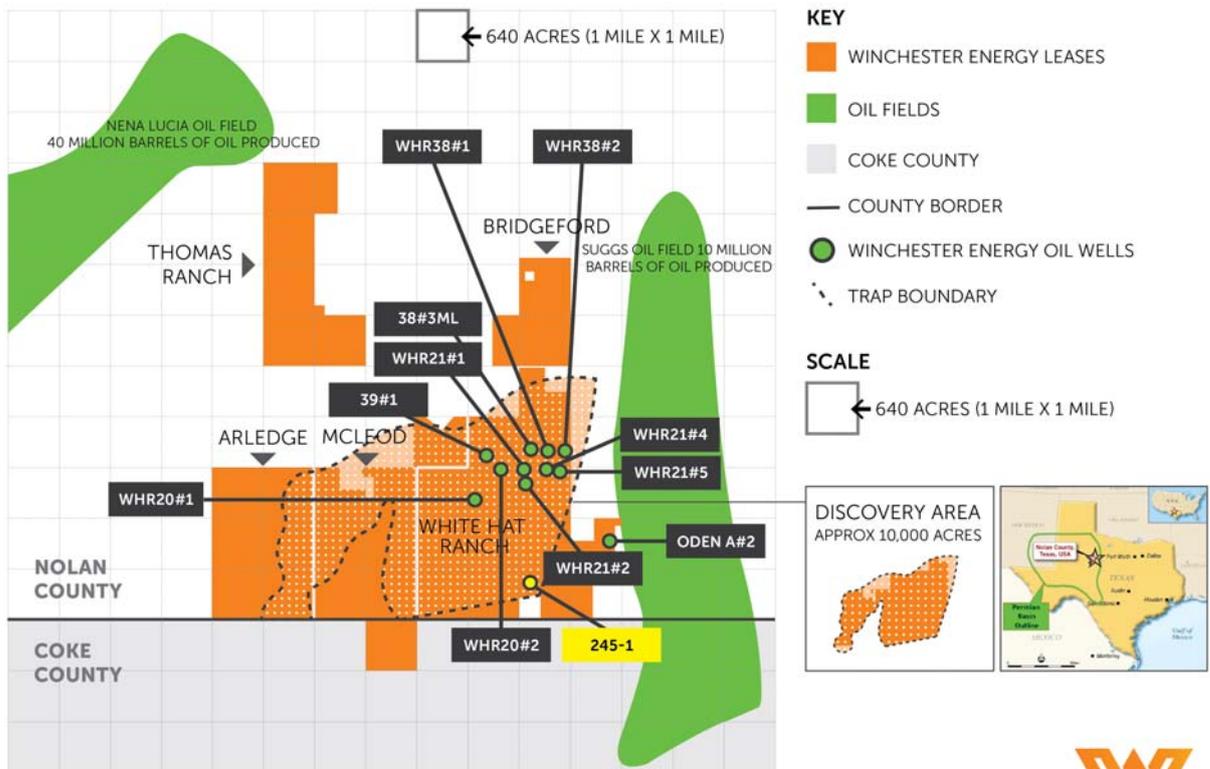


Figure 1: Location of White Hat 245#1 in Nolan County, Texas

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