

Update of Completion Activities at White Hat 39#1L, Permian Basin, Texas

On 13 June 2018 Winchester Energy Limited (Winchester or the Company), as operator, announced the commencement of completion activities at horizontal lateral well White Hat 39#1L.

The White Hat 39#1L well was completed from the lateral section of the Ellenburger Formation. The completion comprised a 20,000 gallon acid stimulation.

The well was placed on pump and initially returned an encouraging oil cut on daily production volumes of 100 to 200 barrels of fluid. Initial production rates were indicative of good fluid entry into the well bore from the targeted fractures in the Ellenburger Formation.

Despite encouraging initial oil recoveries, over the course of several weeks of subsequent production testing on pump the oil cut continued to decline to current trace levels.

Continuing completion and production testing operations at White Hat 39#1L will now move up-hole to focus on the oil bearing Strawn Formation in which encouraging oil shows were observed whilst drilling.

Winchester currently derives production from the Fry Sand and Strawn Formation in the White Hat 20#2 well. This well, which was fracture stimulated, continues after nearly a year of production to be an excellent producer at 45 bopd and has produced approximately 30,000 barrels of oil.

The location of the White Hat Ranch 39 #1L is over 1.5 miles west of the producing White Hat Ranch Ellenburger wells.

White Hat 39#1ML is also 0.5 miles northwest of the Fry sand and Strawn Formation oil producing White Hat Ranch 20#2 well.

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ASX Code: WEL

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Winchester has a 85% working interest (WI) in the White Hat 39#1L Ellenburger lateral, Ultra Short Radius (USR) Drilling Services a 5% WI and a syndicate of technical consultants familiar with the area hold a 10% WI.

In the shallow Fry sand and Strawn Formation interval CEGX retains a 50% WI, USR 5% WI and the syndicate has 5% while Winchester holds 40% and retains operatorship.

White Hat 38#3ML

Winchester has been informed by the contractor undertaking fracture stimulation activities in the Strawn Formation at White Hat 38#3ML that a rig will be available during the month of August.

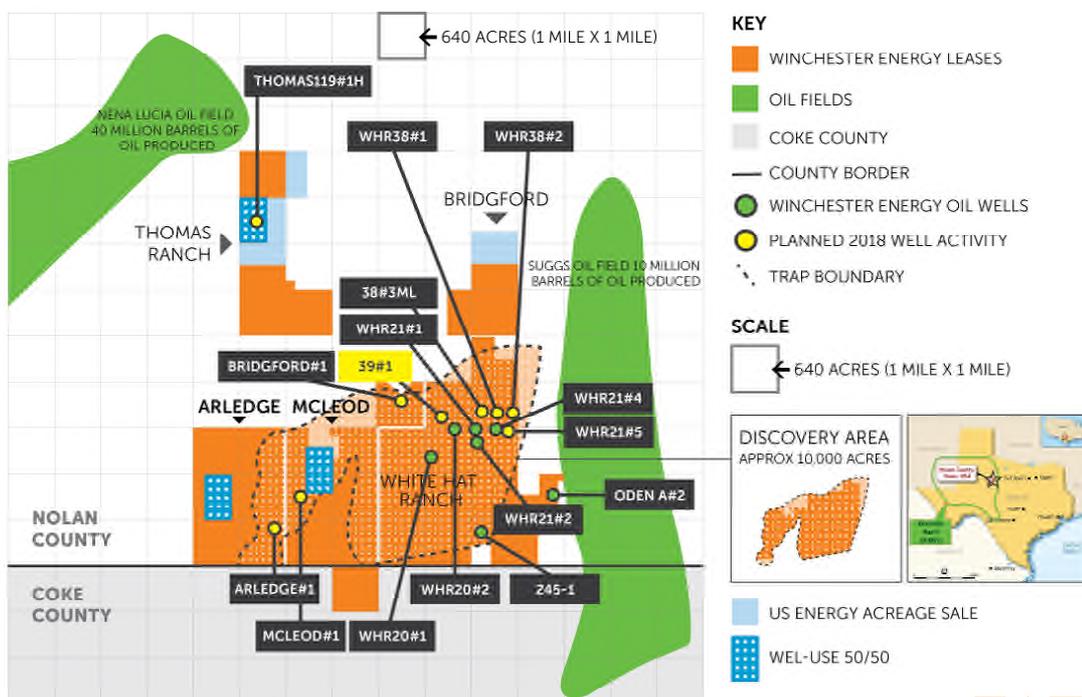
Neville Henry, Managing director of Winchester Energy said;

“This is the second short radius lateral/horizontal that has had initial positive results only to underperform when placed on pump. We are evaluating both engineering and reservoir properties to attempt to understand these outcomes. It is early in the application of the USR short radius technology and the ability to complete wells after drilling has shown to hold several challenges. We still have potential to bring in an economic well and plan to proceed up into the shallower zones that had oil shows and calculated oil pay zones immediately after completing a formation pressure buildup test on the Ellenburger.”

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About Winchester Energy Ltd (ASX Code: WEL)

Winchester Energy Ltd (ASX Code: WEL) is an Australian ASX listed energy company with its operations base in Houston, Texas. The Company has a single focus on oil exploration, development and production in the Permian Basin of Texas. The Company has established initial oil production on its large 17,402 net acres leasehold position on the eastern shelf of the Permian Basin, the largest oil producing basin in the USA. Winchester's lease position is situated between proven significant oil fields. Winchester is of the view that with the several known oil productive horizons in its lease holding, that it can build through the application of modern geology, 3D geophysical analysis, drilling and completion methods, a potentially significant proven reserves and oil production asset.

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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