

White Hat 39#1L Operations Update

Permian Basin, Texas

Highlights

- **White Hat 39#1L has swabbed at a rate of up to 200 bopd following simple perforation and acidisation – hydraulic fracturing has not yet been undertaken.**
- **Winchester has a working interest in White Hat 39#1L of 40% after payout.**

Winchester Energy Limited (the Company or Winchester) is pleased to report that a simple perforation and acidisation programme has been completed across a 20 feet section of the Strawn Formation in existing well White Hat 39#1L. It is noted that the original completion plan for this well comprised a hydraulic fracturing programme which has not yet been undertaken.

Following simple perforation and acidisation, the well was shut in overnight and immediately flowed 88 barrels of oil (bo) upon opening of the well the following morning.

Swabbing of the well was then undertaken with initial production rates of approximately 200 bopd at an oil/water cut of 75 – 100%.

Winchester has placed a pump jack on White Hat 39#1 and has observed some variability in production rates as the well stabilizes. The frac crew originally booked for the completion has been placed on standby and may be deployed depending on ongoing monitoring of flow rates at White Hat 39#1.

Should production rates persist, this is an exciting result for Winchester given the Strawn Formation is the largest producing stratigraphic interval in Nolan and Coke Counties with over 65 million barrels of oil produced. Further, the Company is well

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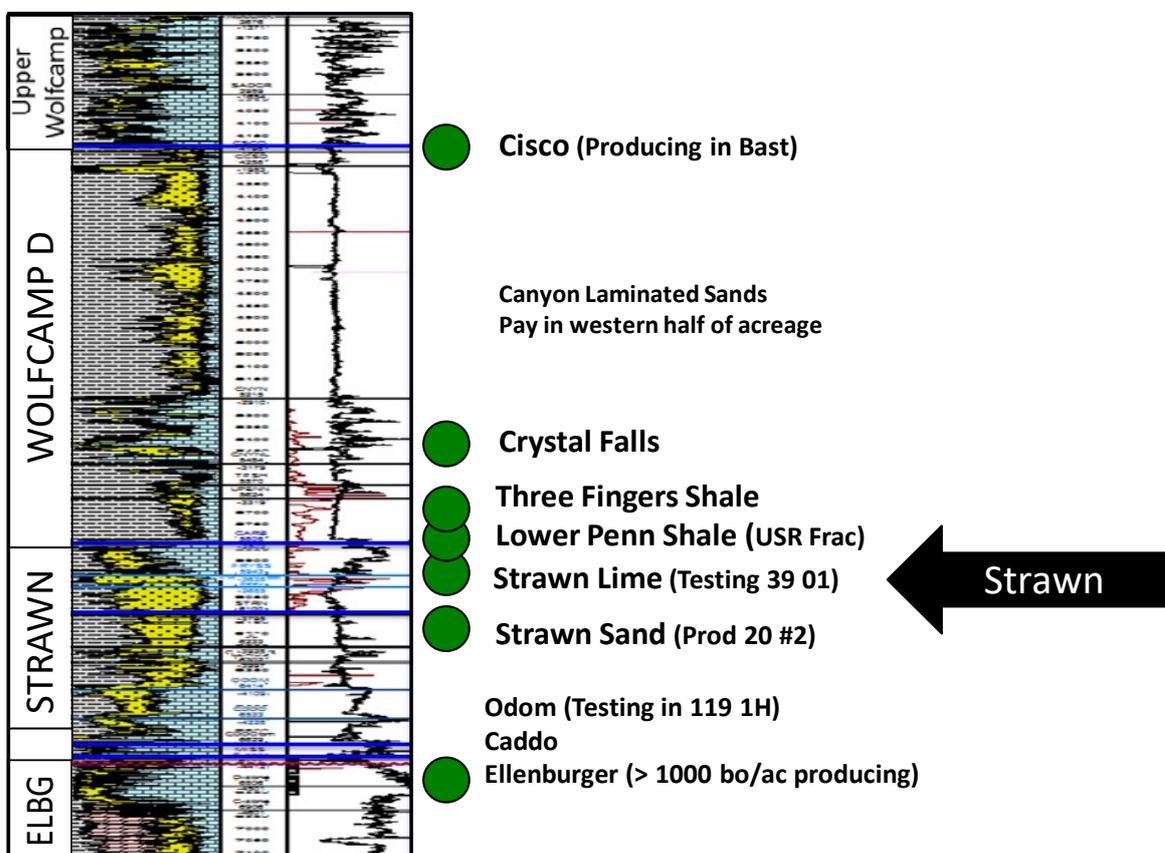
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placed going forward given the Strawn has been mapped over the entire acreage with well and 3D seismic data.

The Strawn is considered the prime target in the Mustang, Spitfire and El Dorado prospects which the Company has identified for drilling in the near term (refer to Winchester Energy's Good Oil Conference presentation of 12 September 2018).

The Strawn, which is Lower Pennsylvanian (Carboniferous), contains both sand and carbonate intervals, is approximately 500 feet thick in White Hat Ranch and increases in thickness westward over McLeod and Arledge leases and north over Bridgford and Thomas leases. The upper section of the Strawn is Limey and grades into the "Penn Carbonate" while the lower member is sandier with the base defined as the top of the Odom Formation. The interval has interbedded "hot shales" with high gamma ray indicative of good quality source rocks and in some areas of the Permian Basin the Strawn is developed using modern horizontal drilling techniques.



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Winchester currently derives production from the Strawn interval in the White Hat 20#2 well. The White Hat 20#2 well was fracture stimulated, with an initial production rate of 200 bopd and continues after 17 months of production to be an excellent producer at an average of 40 bopd in the month of August 2018 - producing over 30,000 bo to date.

Carl E Gungoll Exploration LLC (CEGX) has farmed-in to White Hat 39#1L. Winchester has a 31.5% interest before payout retaining a 40.6% working interest (WI) after payout through the program (GEGX 50% WI, Ultra Short Radius (USR) Drilling Services 5% WI and a syndicate of technical consultants familiar with the area a 4.4% WI).

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

As reported in the June 2018 quarterly report, the 38#3ML was perforated and tested 20 bopd over three days from the Strawn sand. The Company is planning to fracture stimulate the Strawn sand interval in 38#3ML once 39#1L has stabilized and been successfully brought online.

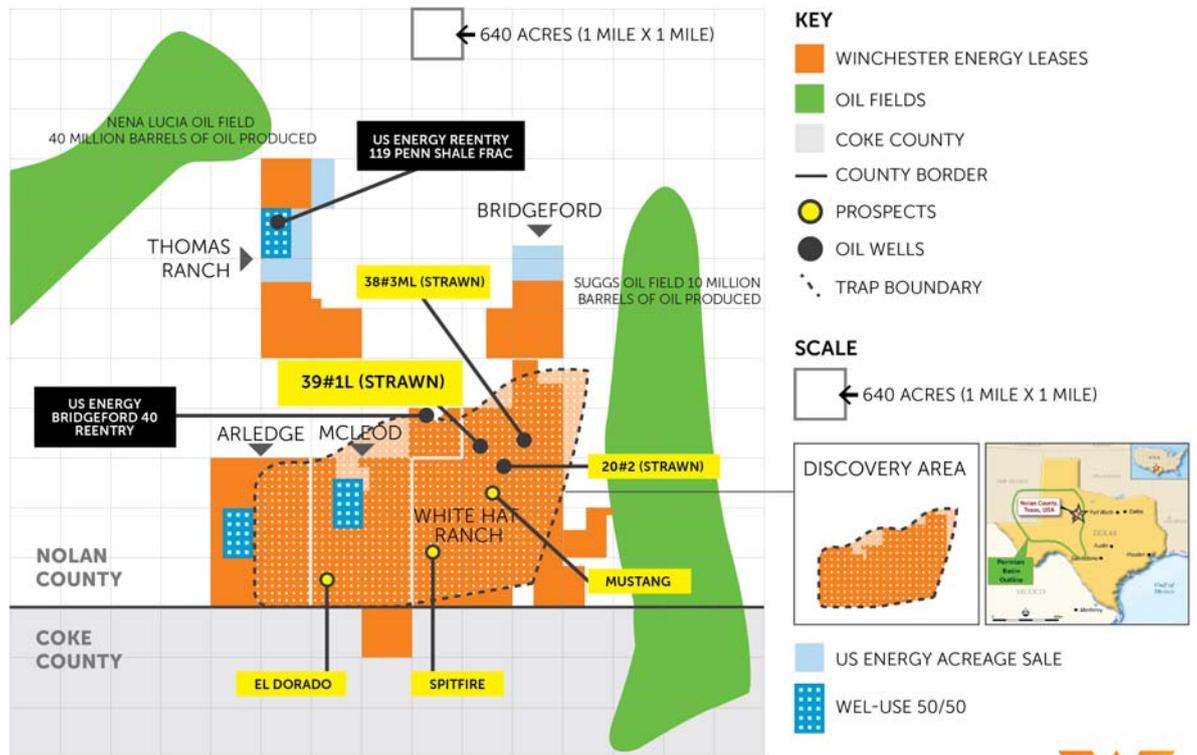
Managing Director of Winchester, Mr. Neville Henry, commented:

"This is the second well drilled in White Hat Ranch in which the Ellenburger proved non-commercial, but appears to have a potential commercial and successful outcome in the shallow "bail out" Strawn Formation. The Company is now focusing on further developing the Strawn interval and has high hopes it can become a significant producer over our entire 17,000 net acres."

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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 17,000 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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