

Production Testing Activities Commence at Thomas 119-1H, Permian Basin, Texas

Highlights

- **US Energy Corporation of America (USEC) has re-entered Thomas 119-1H and plans to test the Odom Lime member of the lower Strawn Formation and then frack the Lower Penn Shale of the Wolfcamp 'D' Formation**
- **Success at Thomas 119-1H will potentially add significant value to Winchester's acreage as the Wolfcamp 'D', in particular the Lower Penn organic rich shales, extend across 15,000 acres of Winchester's acreage**
- **Winchester has the right to a 12.5% working interest (WI) back-in to Thomas 119-1H after USEC recovers all completion costs from the well from oil and gas revenues**

Winchester Energy Limited (ASX:WEL) (Winchester or the Company) has been advised by US Energy Corporation of America Inc (USEC) that they have re-entered the existing Thomas 119-1H well and commenced completion operations.

USEC, as operator, plan to test the Odom Lime member of the lower Strawn Formation before moving up hole and undertaking a hydraulic fracturing programme on the unconventional Lower Penn Shale in the Wolfcamp 'D' Formation.

The Wolfcamp 'D' shale is a known oil producing unit on the Eastern Shelf of the Permian Basin. The Wolfcamp shales in the Midland Basin portion of Texas' Permian Basin contain an estimated mean of 20 billion barrels of oil, 16 trillion cubic feet of associated natural gas, and 1.6 billion barrels of natural gas liquids, according to an assessment in November 2016 by the U.S.

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ASX Code: WEL

Directors

John Kopcheff
Non-Executive Chairman

Neville Henry
Managing Director

Peter Allchurch
Non-Executive Director

James Hodges
Non-Executive Director

Larry Liu
Non-Executive Director

Lloyd Flint
Company Secretary

Contact Details

Australia
Level 3
18 Richardson Street
West Perth WA 6005
Australia

PO Box 641
West Perth WA 6872
Australia

Tel: +61 1300 133 921
Fax: +61 (8) 6298 6191

USA

Two Riverway
17th Floor
Suite 1700
Houston Texas USA 77056

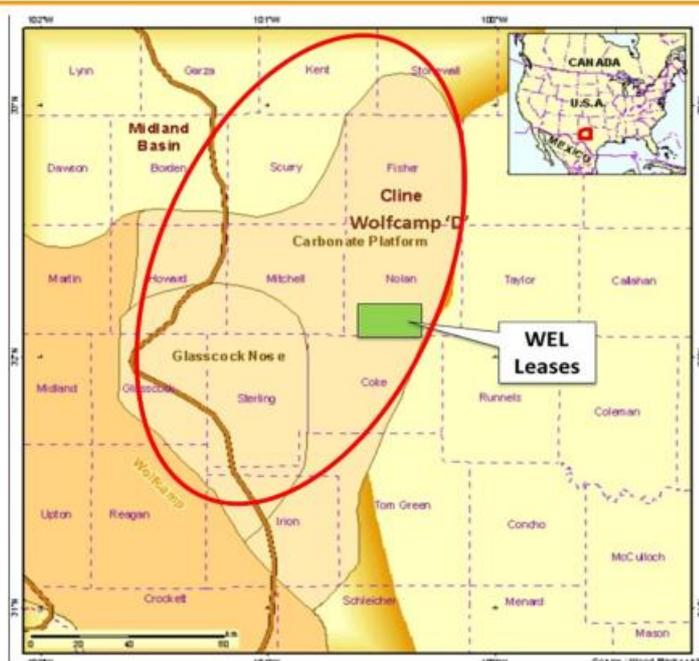
Tel: +1 713 333 0610

winchesterenergyltd.com

Geological Survey. This estimate is for unconventional oil, and consists of undiscovered, technically recoverable resources¹.

Wolfcamp "D"/ Penn Shales

Winchester Energy LTD



The area covers
175 x 75 km
13,000 Sq. Km
5000 sq miles
3 million acres

The Wolfcamp 'D' shale, also known as the Lower Wolfcamp and Cline Formation, is the lowest unit of the Wolfcamp sequence and is spatially extensive in the Permian Basin, extending over the Eastern Shelf. It is present across some 15,000 acres of Winchester's leasehold on the Eastern Shelf. Approximately 40 miles to the south west of Winchester's acreage, oil rates of up to 1,250 bopd have been reported from horizontal fracked wells in the Wolfcamp 'D' Formation.

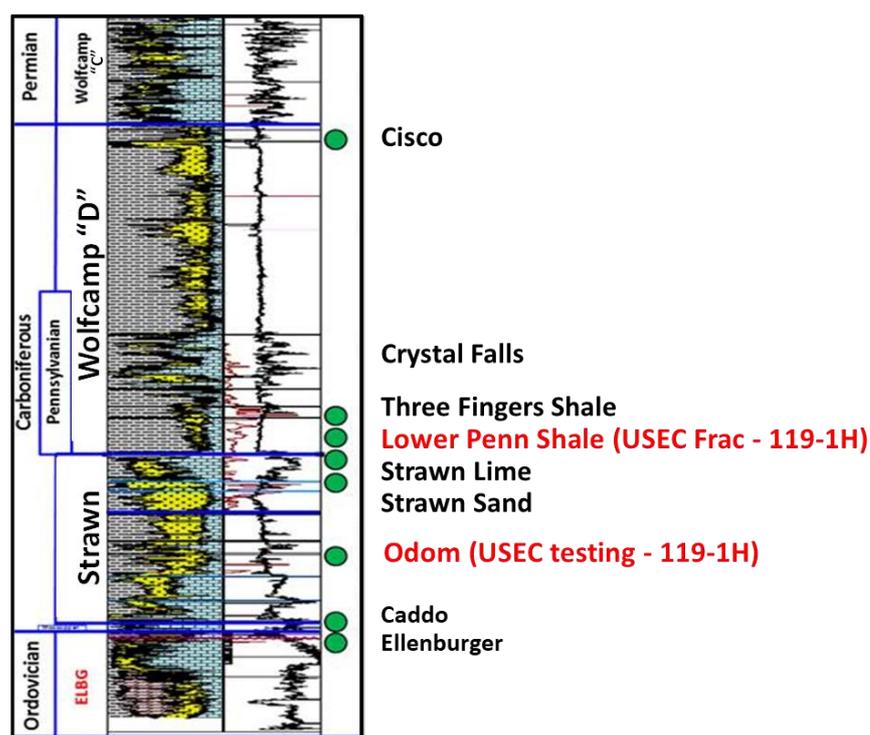
USEC is a USA based oil and gas exploration and production company that is interested in several of the stacked pay horizons that occur across Winchester's acreage position. USEC is initially targeting the unconventional oil potential of the Lower Penn Shale of the Wolfcamp 'D' Formation that overlies the Strawn and Ellenburger formations.

¹ <https://www.usgs.gov/news/usgs-estimates-20-billion-barrels-oil-texas-wolfcamp-shale-formation>

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In the event of successful oil and gas production from Thomas 119-1H, Winchester has the right to a 12.5% WI back-in following the recovery by USEC of all costs associated with completion activities at Thomas 119-1H.

On top of the opportunity to back-in to a potentially producing well, any success with completion activities undertaken by USEC at Thomas 119-1H will add significant value to Winchester's surrounding Wolfcamp 'D' leasehold position given that Winchester's acreage position contains both Lower Penn Shales as well as other Wolfcamp 'D' intervals including the productive Three Fingers Shale.



Simplified Stratigraphic Column - Thomas 119-1H Targeted Intervals

Thomas 119-1H Well – Background

CraRuth Energy Corporation (CraRuth) was the previous operator of the Thomas 119-1H well, drilling and completing the well in 2014. At that time, through a joint venture with CraRuth and its partner MCG Drilling, Winchester earned a 50%WI in the Thomas 119-1H well.

Well logs run after the vertical pilot hole portion of the Thomas 119-1H well was drilled indicate two zones of potential oil pay in the Lower Penn Shale of the Wolfcamp 'D' Formation.

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Subsequent to the completion of the vertical pilot hole, CraRuth as operator, successfully drilled a 2,500ft horizontal in the Ellenburger Formation.

Although good oil and gas shows were observed while drilling the horizontal well bore in the Ellenburger Formation, the horizontal portion of the well when placed on production produced non-commercial volumes of oil.

Production testing activities as per this announcement are now focused on the shallower potentially oil producing zones in the Strawn and Wolfcamp 'D' formations.

Pursuant to the transaction with USEC announced on 20 December 2017, USEC currently hold operatorship of the Thomas 119-1H well.

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

"The initial evaluation of the oil producing potential of the Lower Penn/Wolfcamp 'D' shale within the Company's leasehold has commenced with US Energy planning a fracture stimulation of the Lower Penn/Wolfcamp 'D' Formation in the vertical wellbore of Thomas 119-1H.

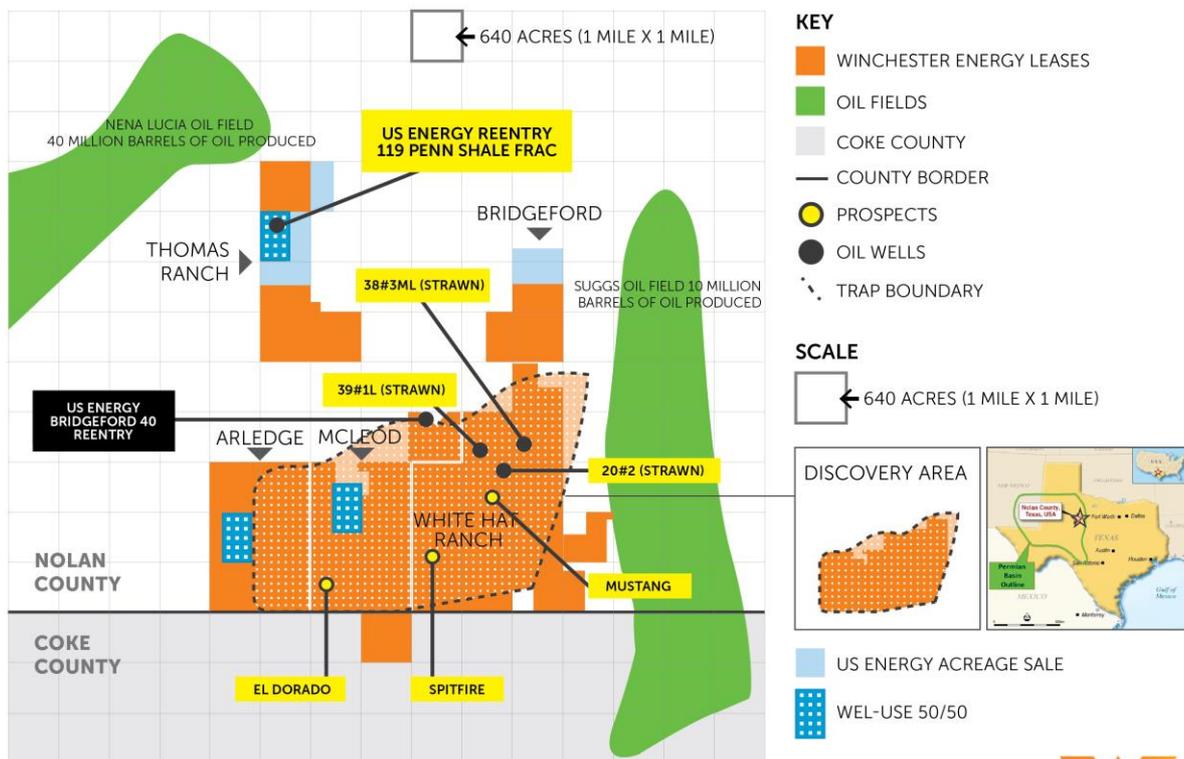
A successful result from fracking with even a modest oil rate of 20 - 50 boepd from a single stage vertical frack over a 200 feet interval of the Lower Penn/Wolfcamp 'D' Formation in Thomas 119-1H would be significant. That translates into a much higher number in a 5,000 ft or longer horizontal well and this has the potential to re-rate the value of Winchester given the ubiquitous presence of these units throughout the Company's leasehold position and existing wells."

For further information, please contact:

Neville Henry
Managing Director
T: +1 713 333 0610
E: admin@winchesterenergy.com

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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.