

White Hat 39#1L Operations Update

Permian Basin, Texas

Highlights

- 1,000 barrels of oil have been produced over 10 production days following simple perforation and acidisation of a 20 feet interval of the Strawn Formation in White Hat 39#1L
- Oil production to date has been limited to the acidized zone around the well bore
- Winchester will monitor the well for another week, then run a build-up pressure test in order to determine whether to proceed with fracture stimulation or a larger acid job
- Winchester has a 40% Working Interest in the White Hat 39#1 after payout

Winchester Energy Limited (the Company or Winchester) is pleased to report that after simple perforation and acidisation the White Hat 39#1 well has produced 1,000 barrels of oil from the Strawn Formation over 10 producing days of swabbing and pumping. The well was perforated across a 20 feet section of the Strawn and, following initial swab rates of 200 barrels of oil per day (bopd), was put on pump to assess production.

As expected, the total fluid rate has diminished as the acidized area surrounding the well bore has been produced. The current rate has stabilized at 40 – 50 barrels of fluid per day with a 50% oil cut. This rate of production is significant for an un-fracked Strawn well.

The Company will closely monitor the well for another week for any further changes in the fluid rate or water cut. A full formation build-up test will then be completed to assess the reservoir pressure and determine potential near wellbore damage, areal

Date: 12 October 2018

ASX Code: **WEL**

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extent, potential formation barriers as well as any potential depletion.

Carbonate reservoirs commonly have dual porosity networks and after the initial near-well bore flush occurs, water which has a higher affinity to flow through the permeability network will initially increase. As this porosity is dewatered over time, oil cut tends to increase. However, the oil is in the tighter reservoir and to increase the rate the company would likely have to fracture stimulate or re-acidize with a larger acid job.

The frac crew originally booked for the completion remains on standby and may be deployed depending on ongoing monitoring of flow rates and the build-up pressure test.

This result is important 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. Winchester's leasehold is situated in Nolan and Coke Counties.

Further, the Company is well 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).

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 barrels of oil to date.

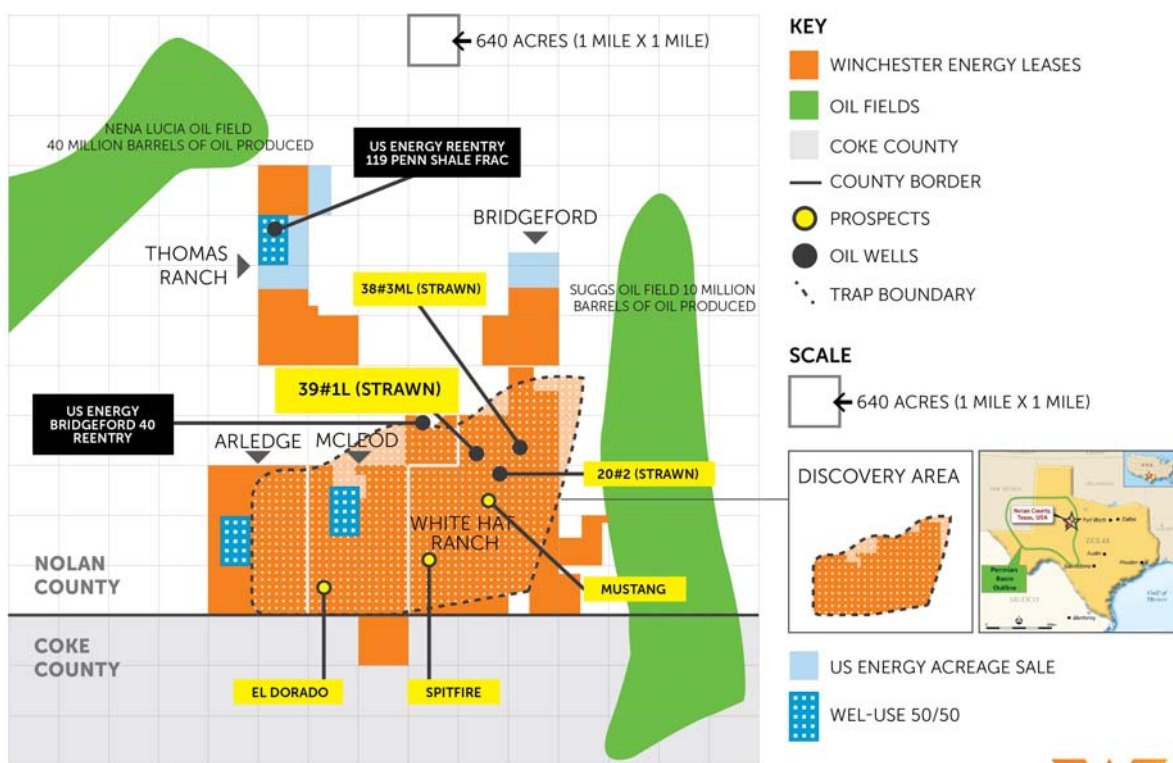
Carl E Gungoll Exploration LLC (CEGX) has farmed-in to White Hat 39#1L. Winchester has a 31.5% interest before payout retaining a 40.6% working interest (WI) after payout through the program (GEGX 50% WI, USR Energy, LLC 5% WI and a syndicate of technical consultants familiar with the area a 4.4% WI).

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

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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

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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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