Winchester Spuds New Well - Arledge 16#2, Lightning Prospect, Permian Basin, Texas

Highlights

- **Winchester commenced drilling Arledge 16#2, on July 9, 2019.**

- **Arledge 16#2 has a planned total depth of 5,500ft.**

- **The well target is the relatively shallow Cisco Sands in the Lightning Prospect.**

- **The Lightning Prospect has a Gross Prospective Resource best estimate P50 of 1.95mmbo[1] in the Cisco Sands.**

- **Cisco Sands are a proven producer in the Permian Basin, historically producing a cumulative 5 million barrels of oil and 2.25 billion cubic feet of gas.**

- **Arledge 16#2 will target 300ft of untested potential gross oil pay interpreted from offset wells.**

- **Development drilling on the Mustang Prospect White Hat 20#4 will commence following the drilling of Arledge 16#2.**

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[1] Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See ASX release of 25 June 2019 for further details.

Winchester Energy Limited (Winchester) commenced drilling of new well Arledge 16#2 on July 9, 2019 targeting the relatively shallow Cisco Sands at the newly defined Lightning Prospect.

The well will essentially twin the Arledge 16#1 well drilled in 1982 targeting the Ellenburger Formation. Arledge 16#1 encountered 300ft of laminated sands (Cisco Sand) with potential gross oil pay as interpreted from wireline logs and oil shows. Down dip oil production recorded from historic wells supports the possible presence of oil in the Lightning Prospect target zone.

Arledge 16#2 has a planned total depth of 5,500ft.

Gross Prospective Resources calculated for the Lightning prospect are estimated in the table below.

Prospective Resources Estimate for the Lightning Prospect (Cisco Sands)

Mustang Prospect	Low Estimate P90*	Best Estimate P50*	High Estimate P10*
Gross Prospective Resources	0.602mmbo	**1.95mmbo**	6.392mmbo

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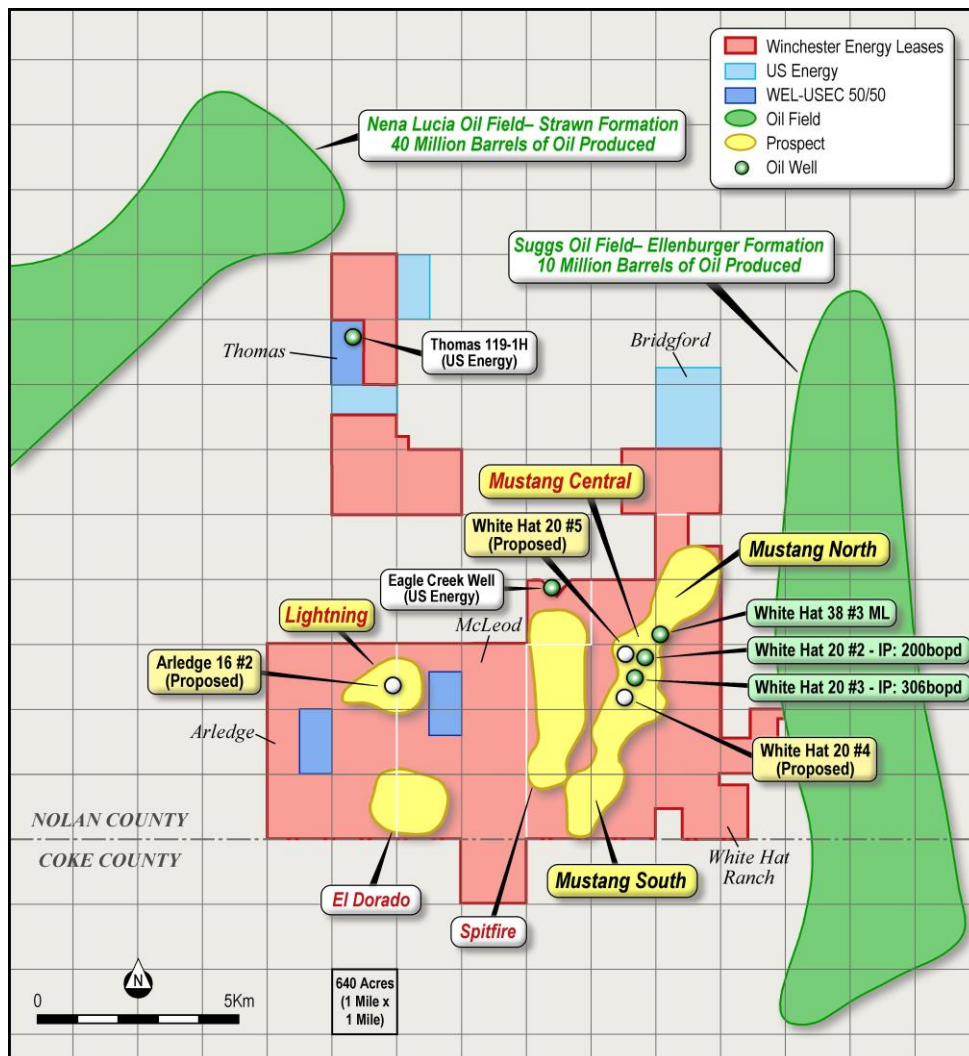
Location of Lightning Prospect and the Arledge 16#2 well

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 Persons Statement

The information in this ASX announcement is based on information 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.

The Prospective Resources estimates in this report have been compiled by Kurt Mire, P.E. Mr Mire is a registered professional Engineer in the State of Texas and has over 30 years' experience in petroleum engineering. These Prospective Resource estimates may be subject to revision if amendments to mapping or other factors necessitate such revision.

Mr Mire consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Prospective Resource Estimates Cautionary Statement
The estimated quantities of petroleum in this report that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources
All Prospective Resource estimates provided in this report are prepared as of 25 June 2019.
The prospective resource estimates provided in this report are low estimate, best estimate and high estimate and represent that there is a 90%, 50% and 10% probability that the actual resource volumes will be in excess of the amounts reported. The estimates are on a 100% basis and have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System "PRMS" approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisked and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the gross total prospective resource. The net to WEL prospective resource estimates include royalty interests payable to royalty interest holders.

Prospects
The meanings of "Prospects" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target.

Prospective Resources Reporting Notes for the Lightning Prospect Reported for the First Time

• *The prospective resources information is effective as at 25 June 2019 (Listing Rule (LR) 5.25.1).*
• *The prospective resources information has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2).*
• *The prospective resources information in this document has been estimated and prepared using the probabilistic method (LR 5.25.6).*
• *Prospective resources are reported on a P10-P50-P90 basis (LR 5.28.1).*
• *For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2).*
• *The Lightning prospect is located on private leases. In respect of the prospective resources for the prospects referred to in this report, Winchester currently owns a 100% working interest in the Lightning prospect - however it is noted that third-party companies may additionally farm-in to the prospects, leases and/or wells (LR 5.35.1).*
• *The P10-P50-P90 and mean prospective resource volumes for the three prospects were estimated using modern onshore 3D seismic data. Such data are standard in the oil and gas industry as a tool for identifying prospects and these data currently provide the industry's most accurate method of estimating prospective resource volumes and attendant risks. The parameters used in the acquisition and processing of the seismic surveys is commensurate with the industry standard for the East Permian Basin area. Exploration drilling will be required to assess these resources. (LR 5.35.2):*
• *The chance of discovery for each of the three prospects is outlined in the report. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development (LR 5.35.3).*
• *Prospective resources in this report are un-risked and have not been adjusted for an associated chance of discovery and a chance of development. The report includes volumes which are the probabilistic addition of the risked prospective resource distributions. See below for further explanation (LR 5.35.4).*

Further Notes on the Prospective Resources Calculation of the Lightning Prospect.
Winchester has accumulated a massive proprietary regional East Permian Basin database comprising well drilling and production information from private and public sources. This database is used by Winchester and Mire and Associates, Inc in generating probabilistic estimates for future wells and programs where the data can be tailored to the specific parameters required for analysis such as depth, play type, etc.

The Prospective Resources were calculated utilising the abovementioned regional database. From the regional database Mire and Associates, Inc developed a series of expectation curves from which the P90-P50-P10 outcomes shown have been extracted. Winchester has undertaken its own due diligence on these data and is satisfied that they represent a good estimate for the portfolio of opportunities to be drilled.

For the prospect, a probabilistic prospective resource was calculated using analogue offset well information and high-quality 3D seismic data. The probabilistic additions above have been undertaken using a Monte Carlo approach to each prospect's expectation curve.

Forward Looking Statements *- This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Winchester Energy Limited's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Winchester Energy Limited believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these*

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forward looking statements. Winchester Energy Limited confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially change.