

Wireline Logs Confirm Oil Pay in White Hat 20#5, Mustang Oil Field, Permian Basin, Texas

Highlights

- **White Hat 20#5 has reached a total depth of 6,300 feet and wireline logs have been run (Winchester operator – 75% working interest).**
- **Wireline logs of White Hat 20#5 indicate gross sand thickness of 50 feet with net oil pay of 20 feet in the target Strawn Fry Sand Member (Fry Sand) from 5,990 to 6,040 feet.**
- **This thickness and net pay thickness is similar to the interval found in the successful White Hat 20#3 (IP 306 bopd) well which continues to produce at rates of 200 bopd after commencing production in May 2019.**
- **Production casing is being run, then the well will be perforated and the Fry Sand will be fracture stimulated within the next two weeks with a similar design to that successfully used in the White Hat 20#2 and 20#3 wells.**
- **The Mustang Field has a Prospective Resource target best estimate P50 of 2 million boe recoverable and a high estimate P10 of 3.8 million boe recoverable¹.**
- **With success at White Hat 20#5, will extend the Mustang Oil Field to the west and Winchester plans to accelerate the development of the Mustang Field central lobe, with up to 9 wells over the next 12 months.**

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. boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Estimates are rounded to the nearest boe.

Winchester Energy Limited (Winchester), as operator, advises that White Hat 20#5 has reached a total depth of 6,300 feet targeting the oil producing Strawn Fry Sand Member (Fry Sand) of the Mustang Oil Field in the Permian Basin, Texas.

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ASX Code: **WEL**

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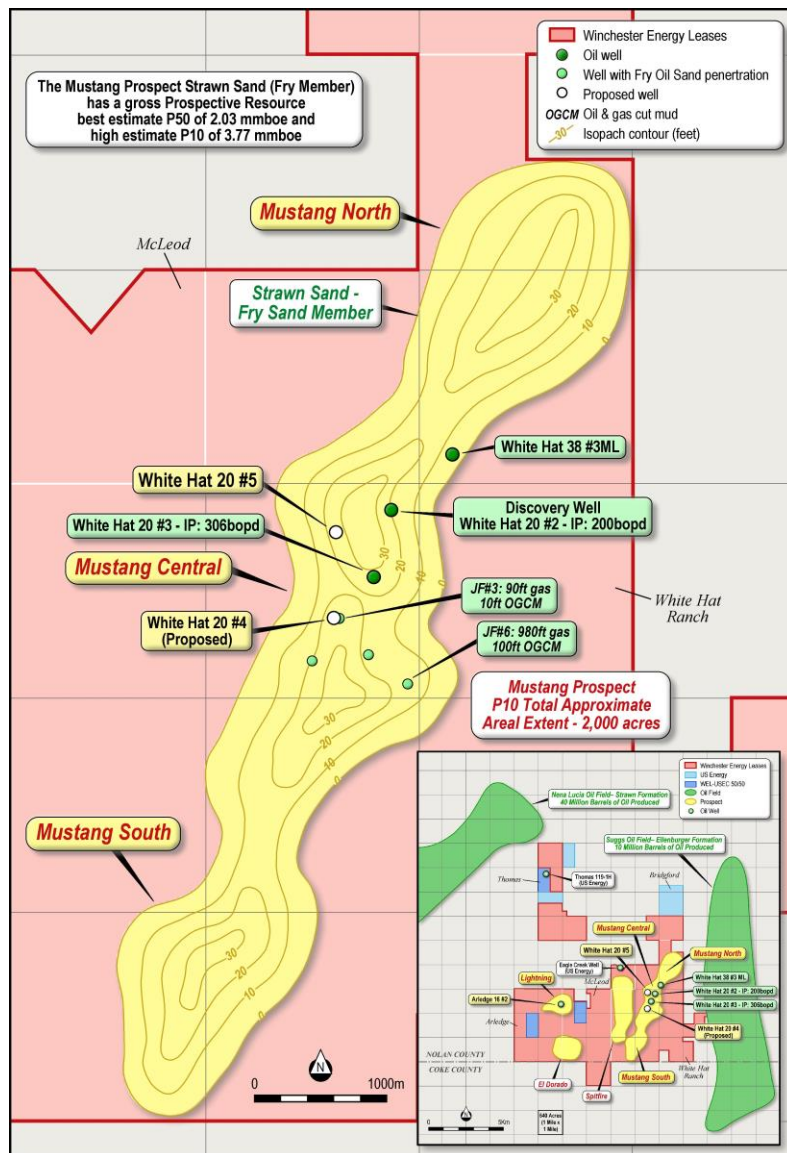
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Good oil and gas shows were observed through the primary target, the Fry Sand. Wireline logs were run with the wireline log interpretation indicating gross sand thickness of 50 feet and net oil pay of 20 feet with good porosity up to 15% through the Fry Sand. There is no indication of water in the sand.

The gross sand thickness and net oil pay of the Fry Sand are highly encouraging and are consistent with previous successful wells drilled recently in the Mustang Oil Field, White Hat 20#2 (initial post frack production (IP) of 200 barrels of oil per day (bopd) and White Hat 20#3 (IP of 306 bopd).



Mustang Prospect – Conceptual Isopach Contour Map of the Fry Sand from Well Control and 3D Seismic

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Production casing is being run, then the well will be perforated and the Fry Sand will be fracture stimulated within the next two weeks with a similar design to that successfully used in the White Hat 20#2 and 20#3 wells.

Winchester is currently finalizing locations for the next Mustang Oil Field development wells, White Hat 20#4 and White Hat 39#2.

Carl E Gungoll Exploration LLC (CEGX), a private company, has the right to participate at a 25% working interest in all wells in the Mustang Prospect and has to date elected to participate in White Hat 20#5 and White Hat 20#4.

Stacked Pay – Further Potential Oil Pay in White Hat 20#5 (Winchester - 75% working interest)

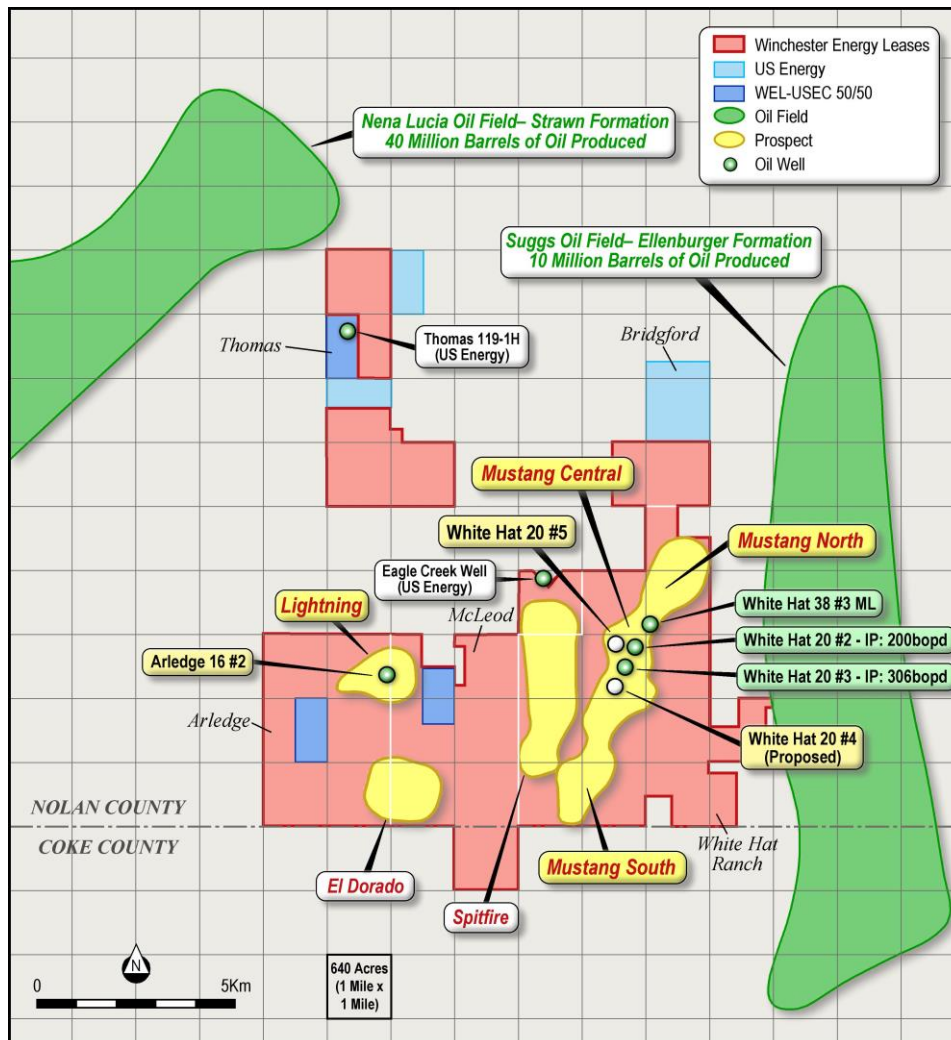
The drilling and logging of White Hat 20#5 has identified several additional intervals that have potential for future oil production and development. A summary of the various prospective intervals with oil shows while drilling in addition to the target Fry Sand is provided below.

- Oil shows were observed in the San Angelo sands from approx. 800 – 900 ft.
- 20 feet of net log potential oil pay identified in the Canyon Formation (Wolfcamp 'D') Crystal Falls unit.
- The approximately 200 feet thick Wolfcamp "D" Three Fingers Shale interval exhibited oil and gas shows. The Three Finger Shale interval is the same interval recently completed with a production rate of up to 29 bopd in the Thomas 119-1H well following a frack over a vertical interval of 100 feet by the operator US Energy Corporation.
- 20 feet of net log potential oil pay identified in the Strawn Lime (above the Fry Sands). Good oil shows were encountered throughout the Strawn Lime.

The intervals identified above with interpreted net oil pay represent additional upside for Winchester in White Hat 20#5 and will be production tested at a later date.

The current focus for Winchester will be to complete White Hat 20#5 as a Fry Sand oil producer to add to current Mustang Oil Field gross production of 306 bopd.

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Winchester's Lease Position, Prospects and Wells

Mustang Field Background

The area of the Eastern Permian Basin surrounding Winchester's large leasehold position has produced over 100 million barrels of oil from the Strawn Formation and the Ellenburger Limestone.

Reprocessing of 3D seismic data and detailed analysis of past wells drilled within Winchester's large leasehold has defined several overlooked stratigraphic traps in Strawn Formation sands. The first evidence of the oil bearing potential of this 'new' stratigraphic play (the Mustang Prospect) was the successful White Hat 20#2 well.

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The Mustang Oil Field is a Strawn sand stratigraphic trap interpreted to be composed of a series of quartz, low stand sand lobes deposited in a linear NE-SW trend in front of the regional Pennsylvanian carbonate shelf located to the east.

Winchester has formulated a development plan to accelerate oil production from the Strawn Fry Sand member of the Mustang Field.

Following the success of White Hat 20#3, Winchester commissioned independent U.S. based petroleum consultants, Mire & Associates, Inc. to conduct an optimization study and update of the gross Prospective Resources of the Strawn Sand Fry member within the Mustang Field. Development optimisation studies identified a further 9 well locations within the central Mustang area followed by up to a possible further 25 wells across Mustang North and South (total of 34 wells) subject to ongoing development drilling success.

The Mustang Field has a gross Prospective Resource target best estimate P50 of 2 million bbls recoverable and high estimate P10 of 3.8 million bbls recoverable. Only the Strawn sand is considered in the determination of the Prospective Resources for the Mustang Prospect.

Prospective Resources Estimate for the Mustang Prospect (Strawn Fry Sand Only)

Mustang Prospect	Low Estimate P90*	Best Estimate P50*	High Estimate P10*
Gross Prospective Resources⁺	1.078 mmmboe	2.029 mmmboe	3.773 mmmboe

* *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.*

mmmboe (million barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Estimates are rounded to the nearest boe.

+ - WEL's working interest in the Mustang Prospect is 75%. WEL's future entitlement share may be subject to reduction in the event of farmout in the future, should any farmout occur. WEL's future entitlement may also increase should the 25% working interest party (CEGX) not exercise its right to participate.

The importance of the Strawn Formation as a potentially significant exploration and development target within Winchester's leasehold is demonstrated by successful industry activity 18 miles to the northwest of Winchester's leasehold in the Hermleigh Field.

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Recent horizontal drilling and multi stage fracture programs in the Hermleigh Field have produced initial flow rates of up to 1,461 bopd from the Strawn Formation. As vertical wells, they produced at low rates of 35 bopd and 40 thousand cubic feet of gas per day.

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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 has identified several prospects across its leasehold and is currently undertaking development drilling at the newly discovered Mustang Oil Field where the recently drilled and highly successful White Hat 20#3 has initial production (IP) of 306 bopd.

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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