

Operations Update Permian Basin, Texas

Highlights

Lightning Prospect

- Flow testing from the lowermost sands continues at the Arledge 16#2 well (100% WI) - the well continues to be intermittently free flowing at rates between 200 and 300 bopd through a 32/64th inch choke.
- Winchester plans to put the well on pump as the flow subsides to establish stabilised flow rates from this interval.
- Significant upside remains in the Arledge 16#2 well with an aggregate of approximately 75 feet of additional interpreted net pay uphole yet to be tested.
- Winchester plans to re-enter the Arledge 16#1 well in early October 2019 to test shallow sands with oil potential.

Mustang Oil Field

- Post-frac flowback testing at Winchester's White Hat 20#5 development well has concluded with the load water now mostly recovered from the well. Oil cuts have averaged 80% in final swabbing runs.
- Bottom-hole pressure testing confirms similar reservoir pressure to the very successful White Hat 20#3 well.
- A pump jack is currently being installed for production.
- Drilling at Winchester's next Mustang Oil Field development well, White Hat 20#4, expected to commence in mid-October, 2019.

Arledge 16#2 (Winchester - 100% Working Interest and Operator)

Winchester Energy Limited (Winchester) is pleased to provide an update of testing operations at the Arledge 16#2 well at its Lightning Prospect.

Arledge 16#2 is intermittently flowing oil to surface at rates of between 200 and 300 barrels of oil per day (bopd) on a 32/64th inch choke (90% oil cut). The well flows unassisted when opened up - after a short period production will ease, requiring a small number of swabs to re-stimulate the flow. The continuing flow, on an intermittent basis, is considered to be highly encouraging.

Approximately 1,700 barrels of oil have been recovered to date with 540 barrels already having been sold. An estimated 23% of the load water from the fracture stimulation program has now been recovered from the well.

Date: 1 October 2019

ASX Code: WEL

Directors

Laurence Roe
Non-Executive Chairman

Neville Henry
Managing Director

John Kopcheff
Non-Executive Director

Larry Liu
Non-Executive Director

Tony Peng
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

winchesterenergytld.com



Winchester will put the well on pump to establish stabilised flow rates from the test interval. A separator has been installed in order to measure associated gas production. It is critical for the future development of the Lightning Prospect that Winchester understand the long term productivity of this new lower section prior to deciding on how to maximise oil and gas recovery from Lightning.

Extensive additional pay zones have been identified in the well. These zones are yet to be tested and represent considerable upside for both the well and the broader Lightning Prospect.

Winchester will first fully evaluate the production characteristics of the zone currently being tested before assessing testing and completion works for the overlying highly prospective pay zones. Winchester notes the remaining untested pay in the lower sands (which includes 24.5 feet of interpreted net pay correlating with a thick conventional sand unit) as well as the entire upper sand unit - interpreted to contain up to 50ft of additional net pay.

Arledge 16#1 (Winchester - 100% Working Interest and Operator)

Winchester plans to re-enter the Arledge 16#1 well, located 990 feet to the south of Arledge 16#2.

Arledge 16#1 is an old well which Winchester had attempted to re-enter in 2018, but was forced to abandon operations after encountering junk in the borehole at approximately 2,000 feet. During the re-entry attempt, Winchester observed potentially significant oil and gas shows in a shallow sand unit.

The company now plans to re-enter the well, re-log the shallow sand unit, run new casing and test the shallow sand unit. Anticipated cost of this operation is US\$60,000 with work commencing in the next 10 days.

White Hat 20#5 (Winchester - 75% Working Interest and Operator)

Completion and testing activities have concluded at the White Hat 20#5 development well in the Mustang Oil Field.

The Strawn Fry Sand was successfully fracture stimulated on September 12, 2019 using a similar procedure to that performed at the successful White Hat 20#3 and 20#2 oil production wells.

The load water has now largely been recovered with the oil cut in final swabbing runs averaging 80%.

A bottom-hole pressure test showed similar pressures to those observed at the very successful White Hat 20#3 well (IP of 306 bopd). There does not appear to be any significant depletion.

A pump jack is being installed and Winchester will update the market on production rates from White Hat 20#5 once they have stabilized.

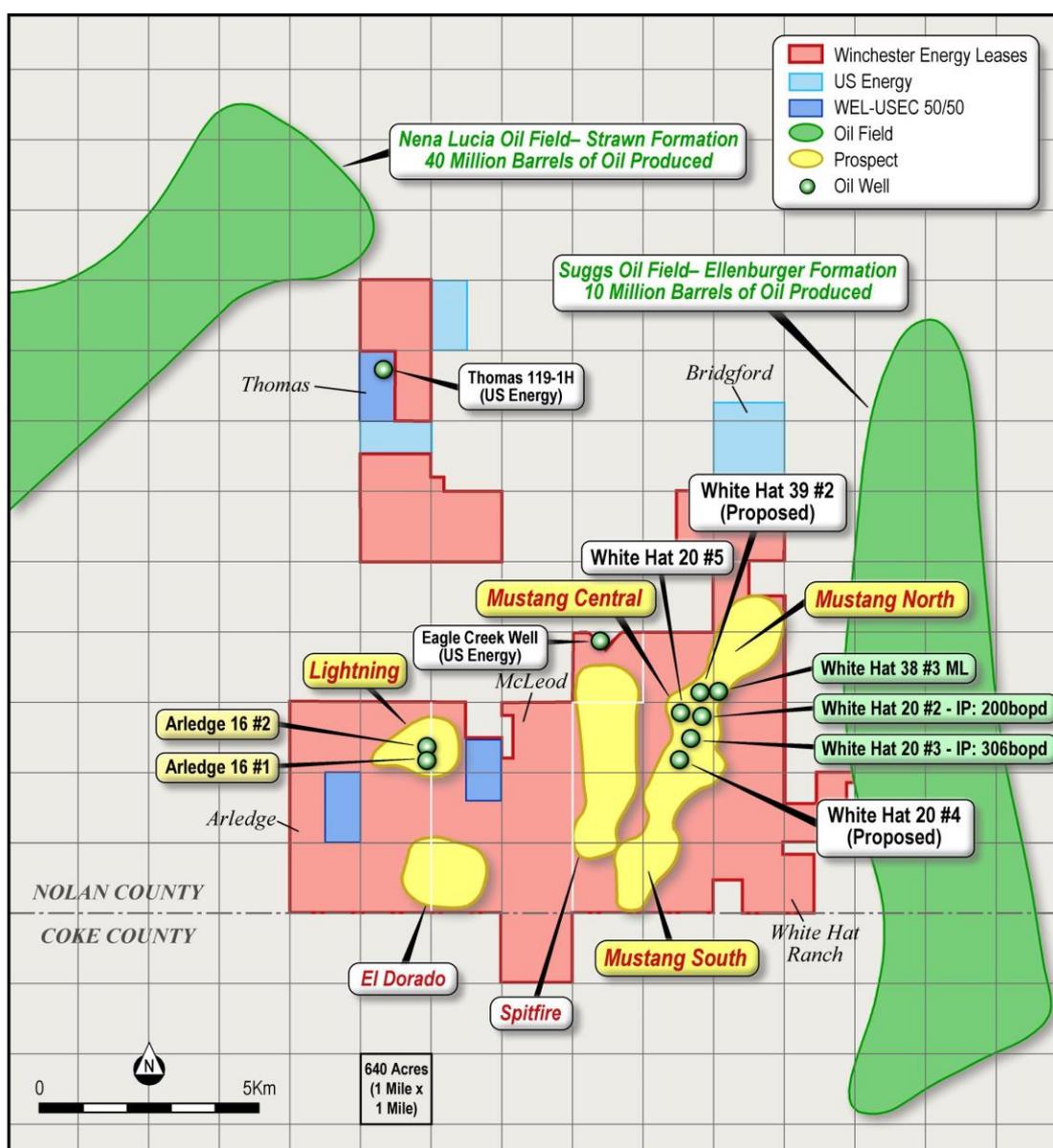
For personal use only

White Hat 20#4 (Winchester - 75% Working Interest and Operator)

Preparations for the drilling of the next Mustang Oil Field development well, White Hat 20#4, are well advanced with spudding scheduled to occur in mid-October 2019. The well is located 1,200 feet south west of White Hat 20#3, with the well location supported by high amplitude on the 3D seismic as well as nearby well control.

White Hat 20#3 (Winchester - 75% Working Interest and Operator)

Following some minor mechanical adjustments, White Hat 20#3 has increased production rates to over 220 bopd.



Location of Arledge 16#1, 16#2 and White Hat 20#5

For personal use only



For further information, please contact:

Neville Henry
Managing Director
T: +1 713 333 0610

E: admin@winchesterenergyltd.com

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 as well as several exploration prospects.

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.