



# WINCHESTER

ENERGY LIMITED

## Oil Production & Development

Permian Basin - Texas , USA

**ASX:WEL**

Update

12 November 2019



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***The estimated total prospective resources referred to in this presentation were first announced to the ASX on 15 October 2018, 21 June 2019 and 25 June 2019.***

***The estimated quantities of petroleum that may potentially be recovered by the application of future exploration and 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. The Company confirms that it is not aware of any new information or data that in its opinion materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.***

## **COMPETENT PERSON'S STATEMENT**

*The information in this document relating to petroleum resources and exploration results is based on information compiled by Mr Neville Henry. Mr Neville Henry has a BA (Honours) in geology from Macquarie University and has over 43 years experience in the technical, commercial and managerial aspects of the oil and gas industry. Mr. Henry has consented in writing to the inclusion of the information stated in the form and context in which it appears.*

*The Prospective Resources estimates in this report have been compiled by Kurt Mire, P.E. of Mire & Associates, Inc. from information provided by Winchester Energy. 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 and their associated calculations may be subject to revision if amendments to mapping or other factors necessitate such revision. Gas quantities are converted to boe (barrels of oil equivalent) using 6,000 cubic feet of gas per barrel. Quoted estimates are rounded to the nearest barrel.*



## Investment Summary - Winchester Energy Ltd (ASX: WEL)

### ✓ Growing Production

*381 bopd production net to Winchester WI (average bopd week-ending 23 Oct 2019)*

### ✓ Strong Revenue Growth

*A\$1.24 million net revenue in September 2019 quarter*

### ✓ Active growth strategy to boost production, cash-flow and deliver a consistent news flow

### ✓ Debt-free

### ✓ Operator

**Growing oil production** from conventional exploration & development drilling in Strawn Formation Fry Sand (Mustang) and Cisco Sands (Lightning) along with newly defined shallow stratigraphic prospects mapped on 3D seismic.

**Winchester has 100% WI in the Lightning Prospect**, which has an appraised gross high estimate prospective resource of 6.4 million barrels of oil\*.

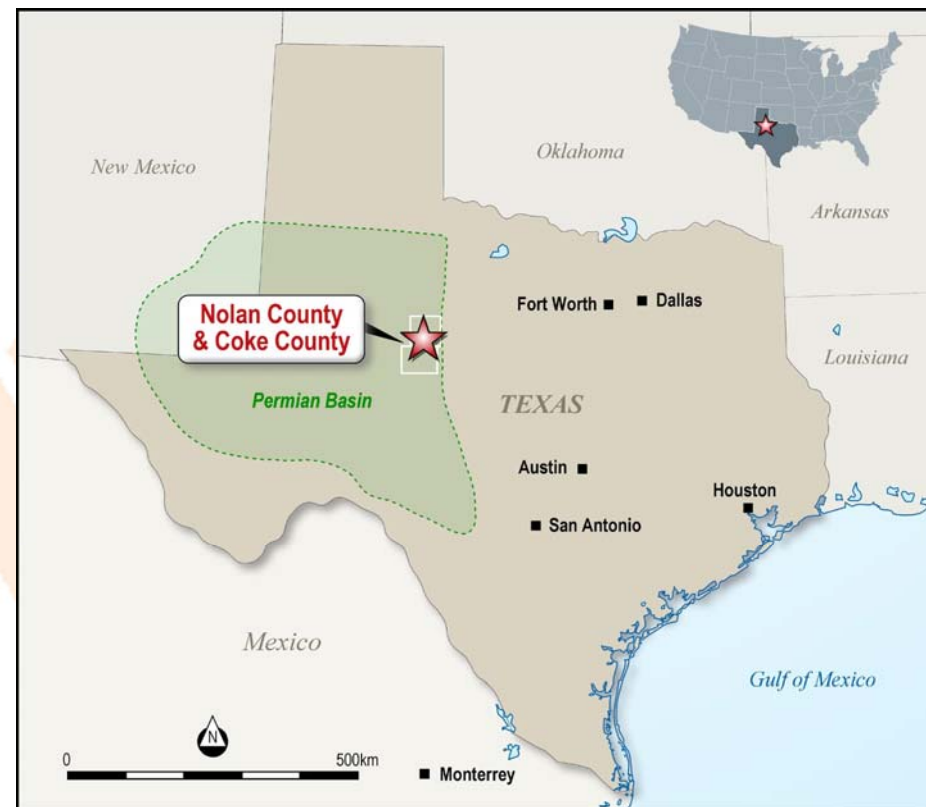
**Winchester has a 75% WI in the Mustang Oil Field**, which has an appraised gross high estimate prospective resource of 3.8 million barrels of oil\*.

**Development drilling at Mustang continuing** with White Hat 20 #4 drilled in October and White Hat 39 #2 planned for late November.

**Further exploration & appraisal drilling planned for 4Q 2019/ 1Q 2020 on Lightning and Mustang oil discoveries, Spitfire and El Dorado prospects** with total cumulative gross best estimate prospective resource of 9.8 million barrels of oil and high estimate of 22.7 million barrels of oil\*.

\* The cumulative total gross best and high prospective resource estimates quoted above were announced to the ASX on 15 October 2018, 21 June 2019 and 25 June 2019. See Disclaimers for further information.

Note: In this presentation: bo = Barrels of Oil; bopd = barrels of oil per day; TCF = trillion cubic feet (of gas); BCF = Billion cubic feet (of gas); boe = Barrels of Oil equivalent.

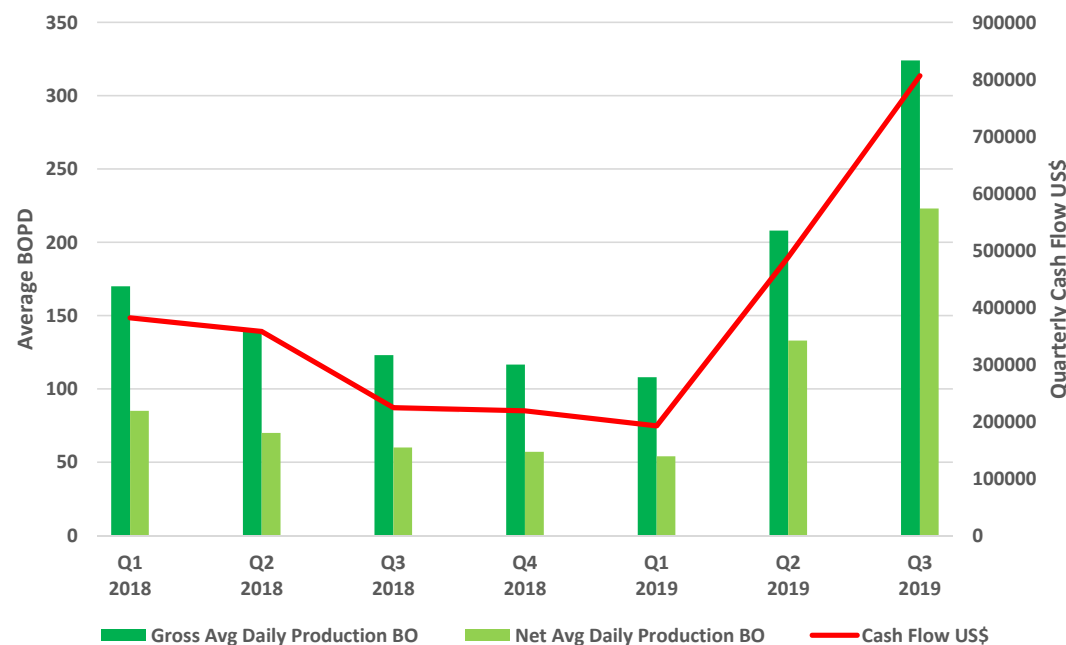


## Oil Production & Sales Revenue Status

### Winchester Energy

- Gross oil production in October 2019 averaged **442 bopd**, a 37% increase over the September quarter average.
- Net WI production in October 2019 averaged **323 bopd**.\*
- Net revenue of **US\$806,000** during the September 2019 quarter – an **increase of 65%** over the June 2019 quarter.
- Increase in oil production and sales revenue a direct result of successful development drilling at Winchester's Mustang Oil Field and a new oil discovery at the Lightning Prospect.
- Average WEL oil sale price in Sep 2019 quarter:  
US\$52.91/bbl
- Average WEL cost of oil production in Sep 2019 quarter:  
US\$8.26/bbl

### Oil Production (BOPD, Gross & Net to Winchester's WI) & Quarterly Cash Flow

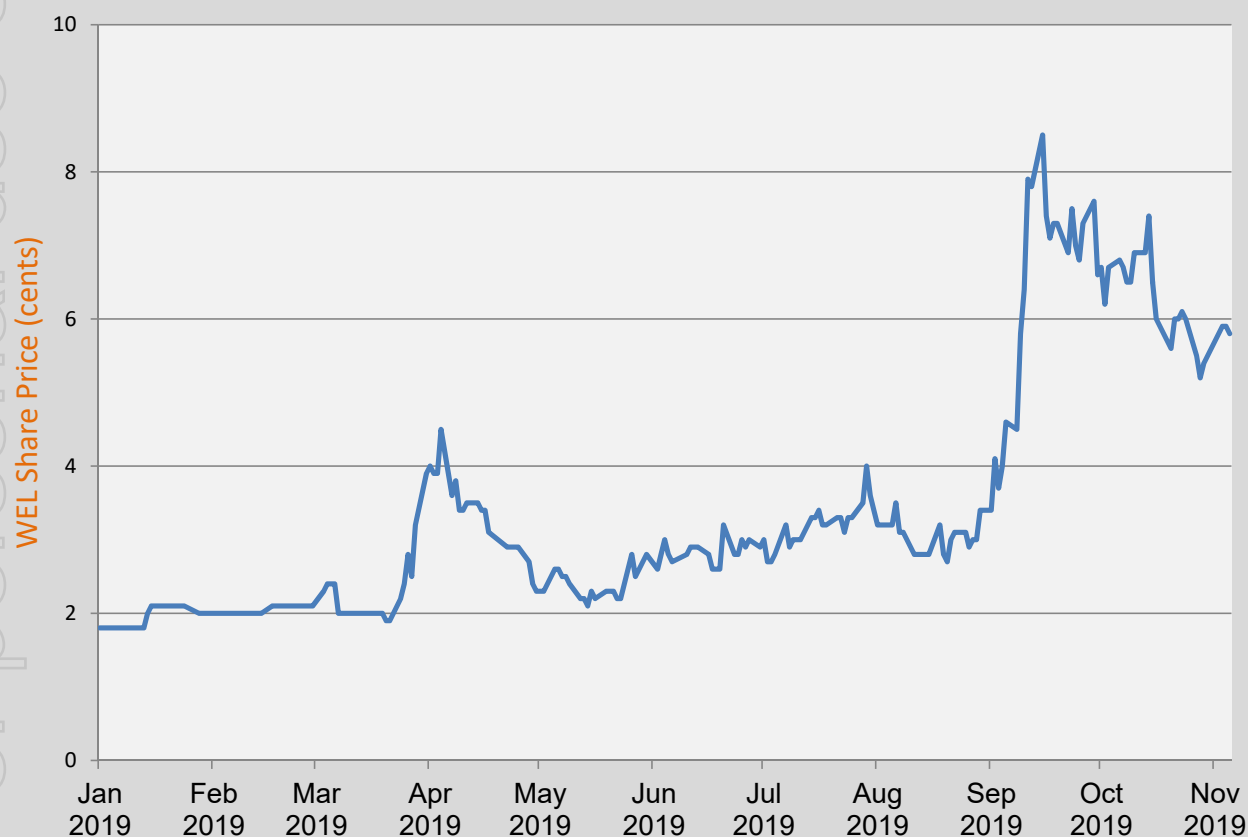


\* Note that all oil and gas production is subject to royalty payments to the oil and gas rights owners. The figures represented above are for oil production only (and exclude gas sales) and are pre-royalty.

## Capital Structure

WEL Shares trading at \$0.059 on 5 November 2019

WEL Share Price Graph



<b>Cash on hand*</b> 30 Sept 2019	A\$2.6 mill
<b>Total shares on issue*</b>	538.2 mill
<b>Total options on issue</b> @A\$0.12/share	39 mill
<b>Current Market Cap</b> @ 5.9 cents/share	A\$31.8 mill
<b>DEBT</b>	NIL
<b>Board &amp; Management holdings</b> (% ownership of the Company)	32%

### Board and Management

<b>Laurence Roe (Non-Exec Chairman)</b> Technical experience & exploration success - Permian Basin, Texas
<b>Neville Henry (MD)</b> Successful start up-Aurora, business & technical experience – Texas
<b>John Kopcheff (NED)</b> Ex Vicpet/Senex MD & founder - technical experience
<b>Larry Liu (NED)</b> Commercial & investment experience - China
<b>Tony Peng (NED)</b> Finance & merchant banking experience, USA, CFO Helios Energy
<b>Hugh Idstein (CFO)</b> Financial and Leasing Manager

## Why explore in the Permian Basin, Texas?

*"The Permian Basin is currently the best oil address in the world outside of the Middle East – 2nd largest oil field after Ghawar."*  
Forbes 2017

Winchester Energy is the only ASX-listed company with its sole focus in the Permian Basin.

### Permian Basin

Stacked, proven, prolific oil producing horizons = world-class production

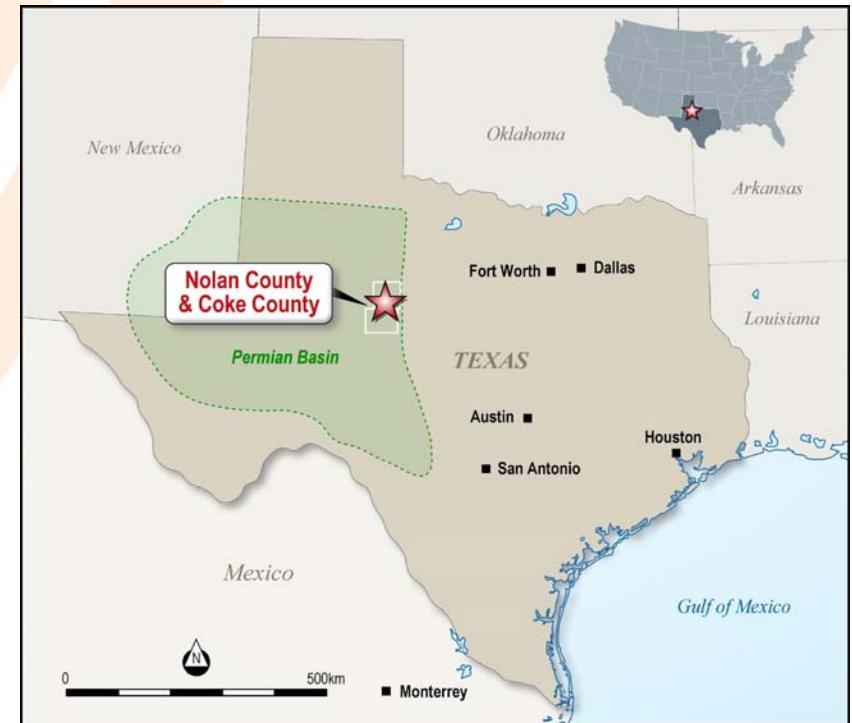
Total oil and gas production to date: **34 billion bo & 121 TCF**

Daily oil & gas production: **4.6 million bopd & 14.6 BCFG**  
(EIA Nov 2019)

Proportion of current US oil production: **37%**

Proportion of US onshore drilling rigs in Permian Basin: **52%**

Remaining Permian Basin reserves: **46 billion bo & 281 TCF**  
(USGS 2018)



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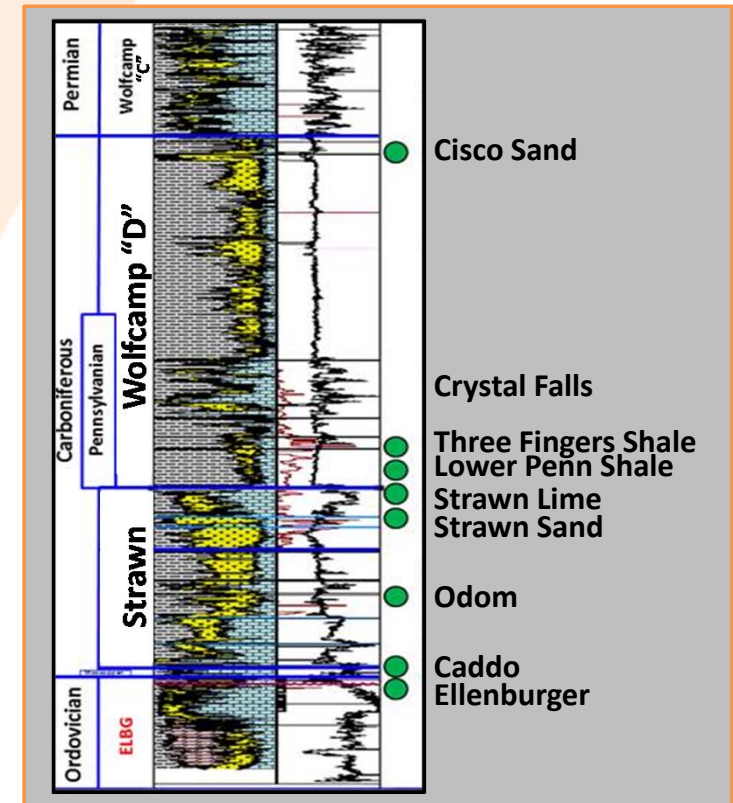
## Winchester Energy in the Permian Basin

*"The Permian Basin is currently the best oil address in the world outside of the Middle East – 2nd largest oil field after Ghawar."*  
Forbes 2017

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### Winchester Energy

- Over 17,000 net acres under lease, with multiple stacked conventional drilling targets.
- Current focus is on development of Mustang Field (Strawn Fry Sand) and Lightning Prospect (Cisco Sands) stratigraphic prospects.
- Total cumulative gross prospective resource for Mustang Field and the Lightning, Spitfire and El Dorado prospects range from a best estimate of 9.8 mill bbls to high estimate of 22.7 mill bbls\*.
- Company actively identifying opportunities to materially expand lease-holdings.
- Significant unconventional oil potential in Wolfcamp D shale within Winchester leases.



\* The cumulative total gross best (P50) and high estimate prospective (P10) resources quoted above were announced to the ASX on 15 October 2018, 21 June 2019 and 25 June 2019. See Disclaimers for further information.



## Increasing Winchester shareholder value

### Building on Success

#### Winchester Energy

- Focus on shallow conventional oil targets with vertical drilling, low production costs and high working interest.
- Grow production and cash flow with accelerated Mustang development drilling and follow on Lightning Prospect discovery appraisal drilling.
- Use Winchester's exclusive 3D seismic over its leasehold to define for exploration drilling potentially significant oil bearing stratigraphic traps – success at Mustang and Lightning.
- Active exploration drilling program to provide upside – one exploration well every two development wells.
- Expand contiguous lease-holdings
- Maintain watching brief on 3<sup>rd</sup> party-planned horizontal drilling and multi stage fracing of the Wolfcamp 'D' shale on Winchester lease-holdings.































## Increasing Winchester shareholder value

### 4Q 2019 / 1Q 2020 Planned Drilling Schedule

- Mustang Oil Field Development Program
- Lightning Prospect Appraisal Program (McLeod and Arledge Leases)
- Spitfire Exploration Drilling
- El Dorado Exploration Drilling
- Re-entry Programs
- Bridgford Exploration Drilling

PERMIAN BASIN WINCHESTER		2019			2020		
WELL INTEREST % (After farmout-direct)	Well Interest	October	November	December	January	February	March
<b>Mustang: WH 20#5</b> Fry Sand appraisal on production	75.0%						
<b>Lightning: Arledge 16#2</b> Cisco Sands on production	100.0%						
<b>Mustang: WH 20 #4</b> Fry Sand appraisal	75.0%						
<b>Lightning: Arledge 16#1 Re-Entry</b> San Angelo	100.0%						
<b>Thomas Ranch #2 Re-Entry</b> Cisco and San Angelo	100.0%						
<b>Bridgford</b> Cisco and Strawn	25.0%						
<b>Mustang: WH 20#6, 39#2, 39#3</b> Fry Sand appraisal	75.0%						
<b>Spitfire: WH 212#1</b> Strawn and Ellenburger	75.0%						
<b>Lightning: McLeod 17#1</b> Cisco sand	100.0%						
<b>El Dorado: McLeod 241#1</b> Cisco, Strawn and Ellenburger	100.0%						

LEGEND		Appraisal Drilling		Vertical Drilling		Production Testing
	(Note: All well timing and well interests subject to rig availability, funding and farmout)					

## Development and Appraisal Programs & Exploration Prospects

### Mustang Development Targets

P50: 2.03 mmboe\* P10: 3.78 mmboe\*

- Mustang Central
- Mustang South
- Mustang North

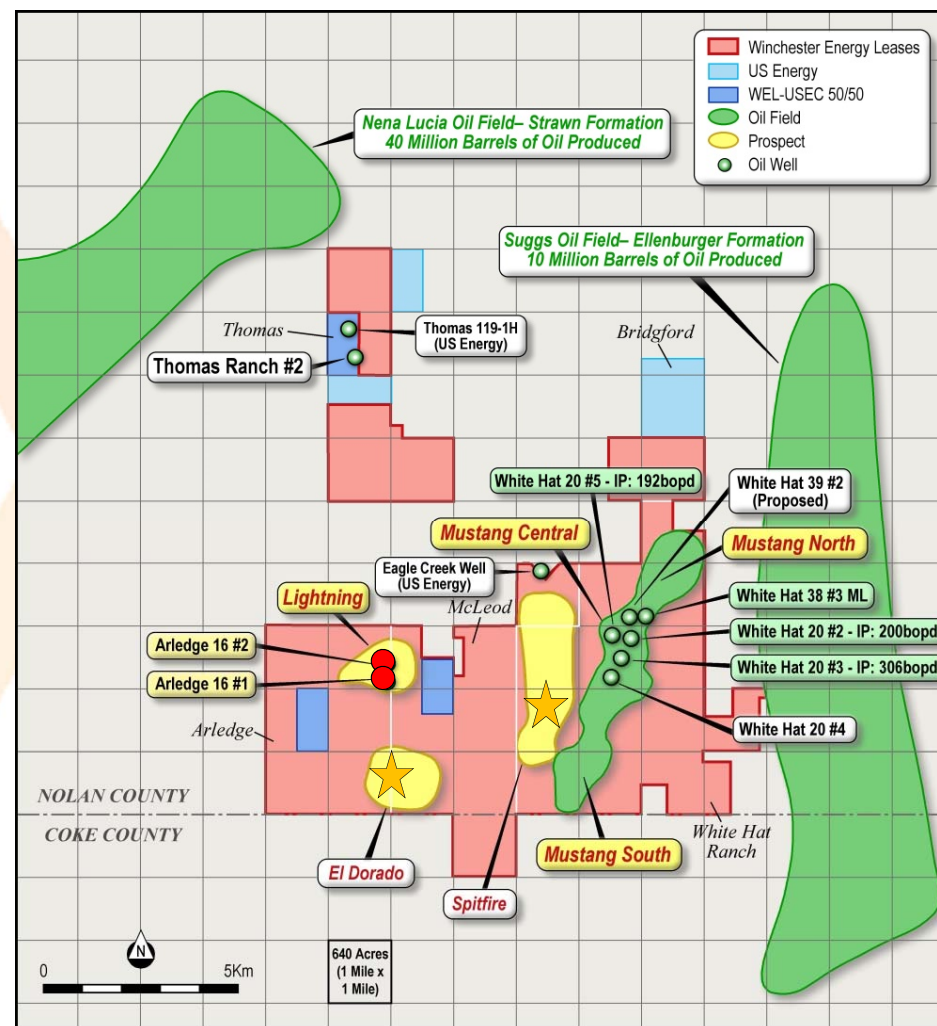
### Lightning Appraisal Program

P50: 1.95 mmbo P10: 6.39 mmbo\*

- Lightning

### Exploration Prospects

- ★ Spitfire P50: 4.99 mmbo\*
- ★ El Dorado P50: 1.27 mmbo\*



\*Note: The cumulative total gross best (P50) and high estimate prospective (P10) resources quoted above were announced to the ASX on 15 October 2018, 21 June 2019 and 25 June 2019. See Disclaimers for further information.

## Independent Prospective Resource Estimation\*

Mire & Associates Inc.

### Mustang

**Strawn Sand- Fry Member**  
*Gross Prospective Recoverable  
Resource*

Best estimate: 2.03 mill boe\*

High estimate: 3.78 mill boe\*

### Lightning

**Cisco stacked sands**  
*Gross Prospective Recoverable  
Resource*

Best estimate: 1.95 mill bbls\*

High estimate: 6.39 mill bbls\*

### Spitfire

**Strawn Sand & Ellenburger  
Limestone**  
*Gross Prospective Recoverable  
Resource*

Best estimate: 4.49 mill bbls\*

High estimate: 9.91 mill bbls\*

Multiple oil producers -  
Ongoing field development

Estimates pre-date WEL's  
substantial oil discovery in  
first Lightning well

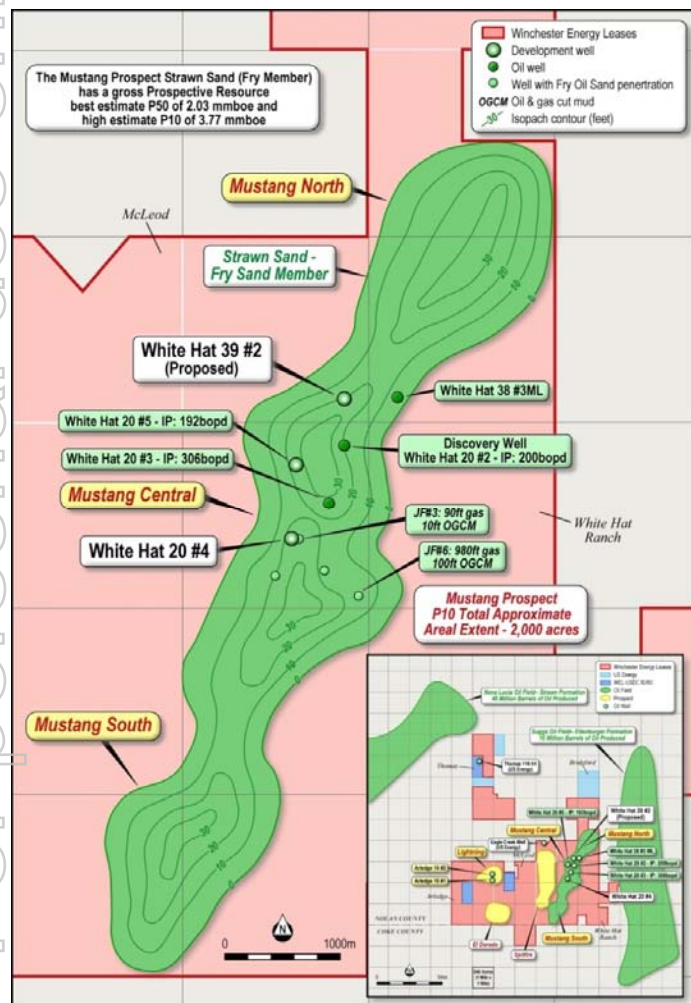
CHANCE OF SUCCESS\*\*  
**28% (WEL Ranking)**

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See Disclaimers for further information. \*\* Estimated chance of finding oil based on risk relating to presence of : Trap X Reservoir X Source X Charge

# Mustang Oil Field

## Active 2019 / 2020 development drilling program



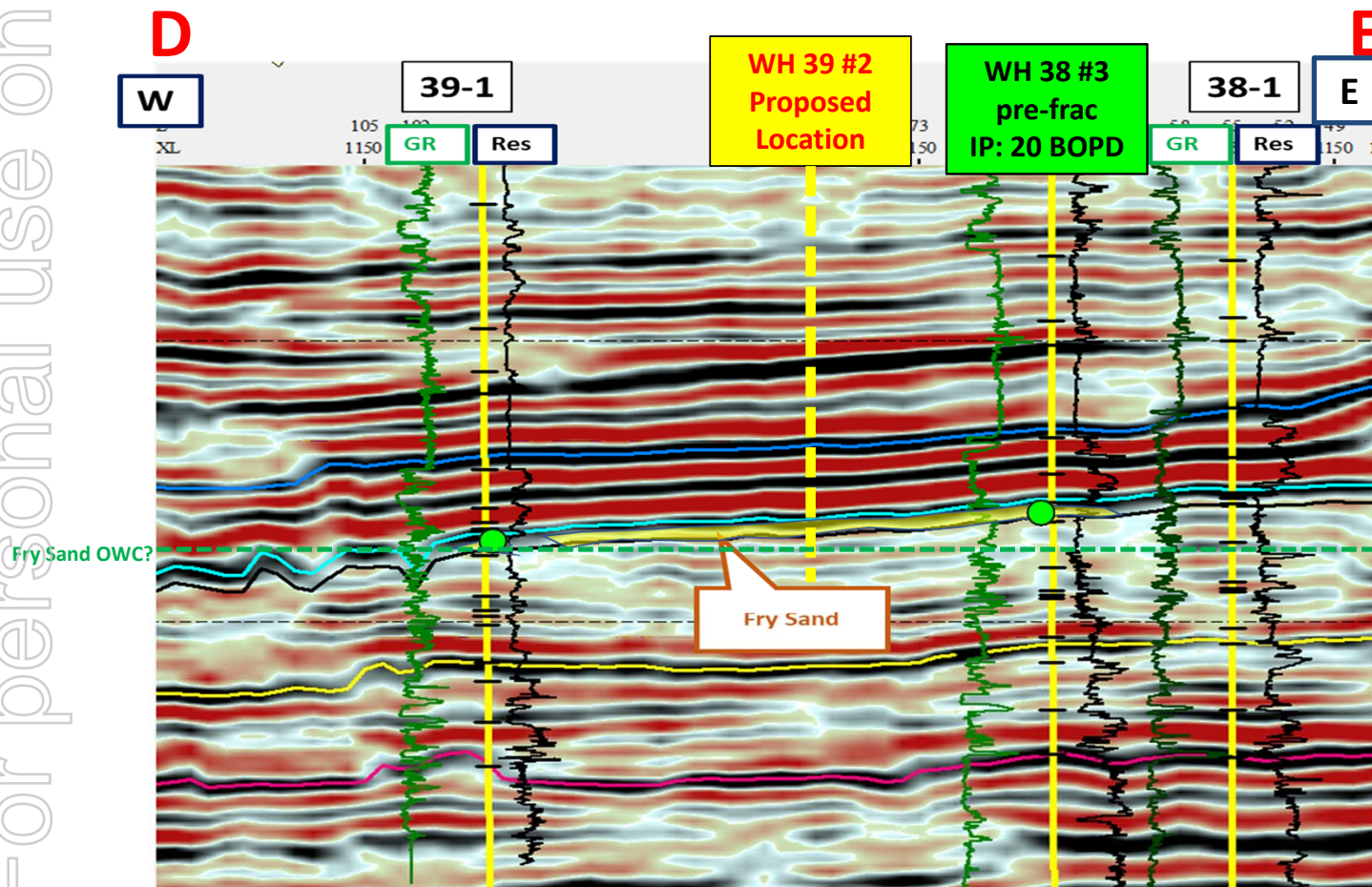
- Following completion of White Hat 20 #3 for production at an initial production rate of 306 bopd, the Mustang Field was confirmed as a target for further development drilling.
- Accelerated development drilling of the Mustang Field commenced with White Hat 20 #5 - drilled in late August - and White Hat 20 #4 drilled in October 2019.
- White Hat 20 #4 has been drilled and encountered 25 feet of gross Fry sand updip to 20 #5. Stimulation and completion program in line with other successful Fry completions.
- Current interpretation of data indicates within the Strawn Fry Sand member a Gross prospective resource high estimate (P10) of 3.78 million boe\*.
- White Hat 39 #2 northern step-out well - north of White Hat 20 #2 and WH 20 #3 oil production wells - planned as next well to be followed by WH 20 #6 northwest of WH 20 #2.
- Further development drilling planned on up to nine wells in Mustang Central.
- Up to additional 25 potential development well locations indicated for Mustang South and North.

\*Cautionary Statement: The total gross high estimate prospective resource (P10) quoted above was announced to the ASX on 21 June 2019. Boe (barrels oil equivalent). See Disclaimers for further information.

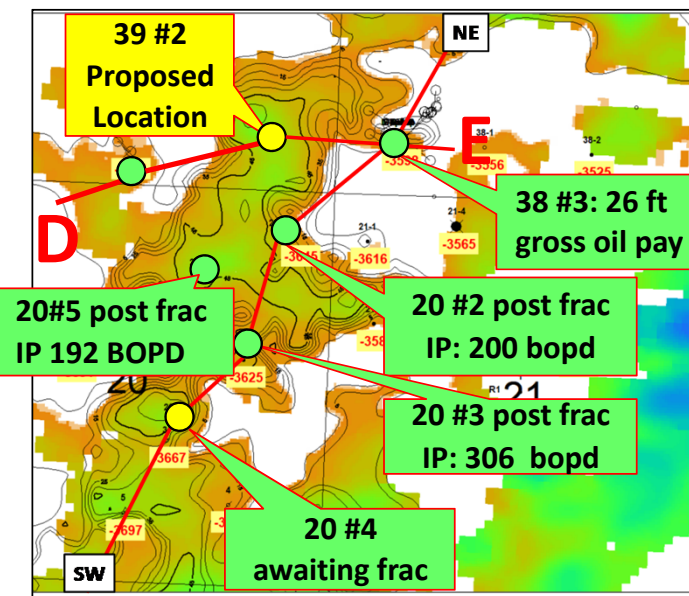


## Mustang Oil Field – White Hat 39 #2

W – E Seismic 3D seismic section through planned White Hat 39 #2 development well location, Central Lobe

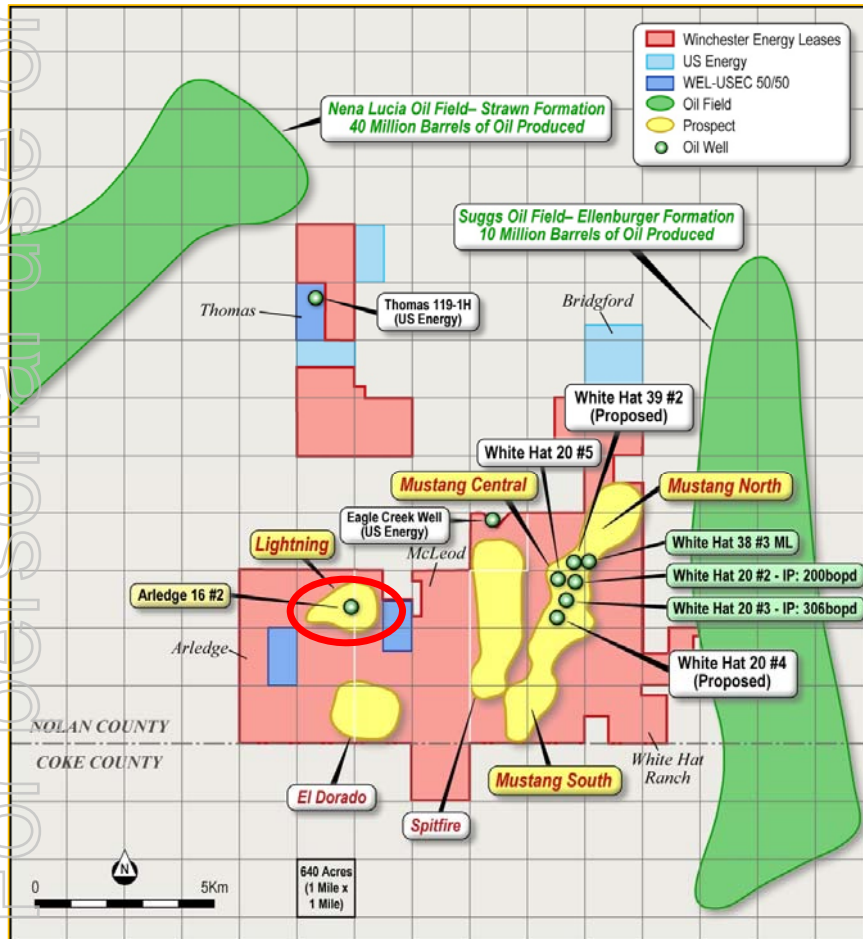


Interpreted Strawn "Fry" sand thickness & 3D seismic amplitude map – Mustang central lobe



## Lightning Prospect

### New Lower Cisco sand oil discovery- Arledge 16 #2



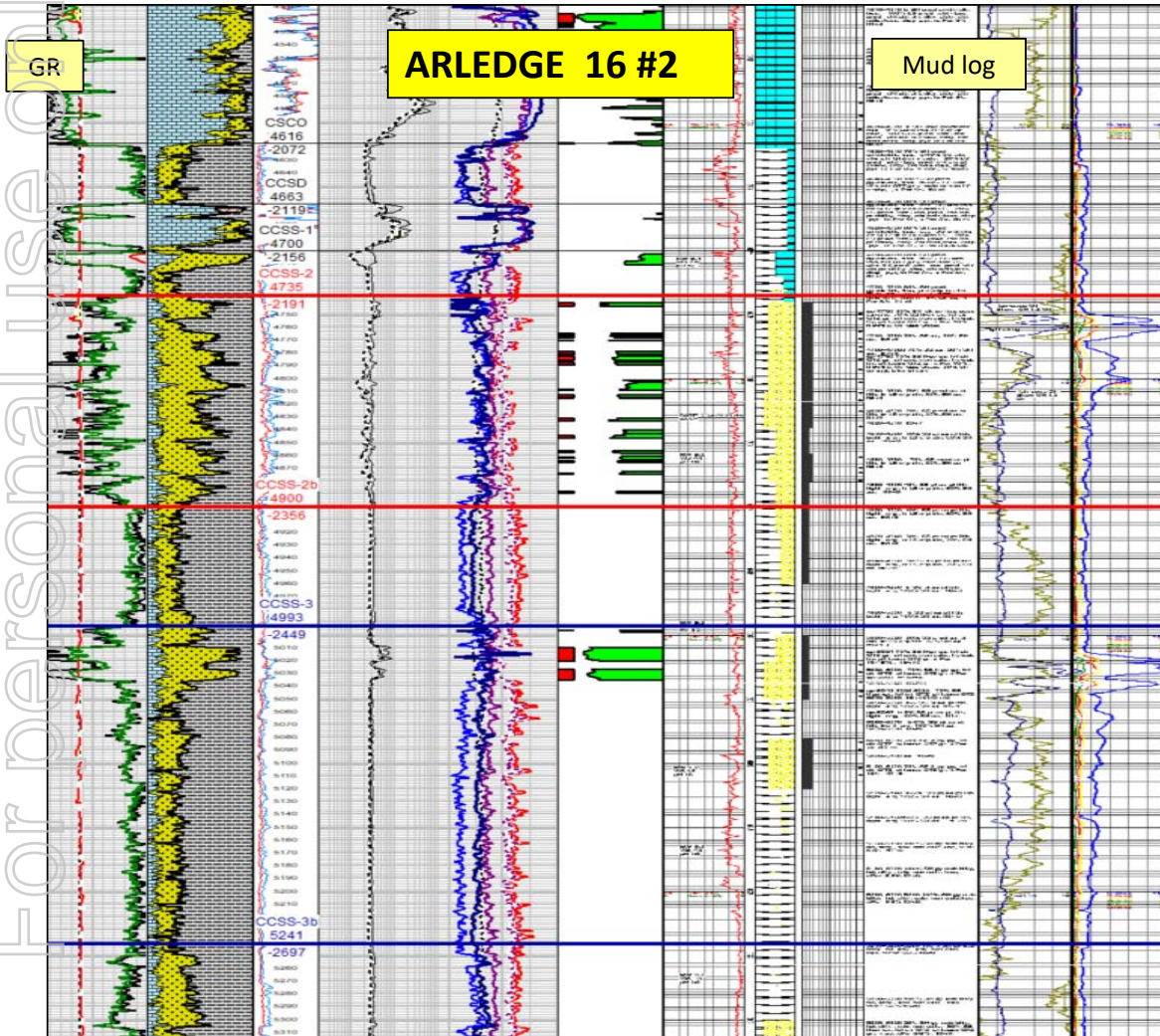
- Arledge 16 #2 was a redrill of the 1982 Arledge 16 #1 well testing an Upper and Lower Cisco laminated sand and shale section between 4,700 feet and 5,250 feet.
- Arledge 16 #2 is interpreted to have a gross pay column of up to 506 ft in the Cisco Sands.
- Lower Cisco Zone 2 intervals 1 and 2 have been fraced and are now on pump with early production averaging 131 bopd with zero water from 41 feet of perforations, 6 shots per foot between 5,075 feet and 5,131 feet.
- Preparations are underway to add additional perforations and fracs above the current producing zone. The well will be perforated and fraced selectively Zone 1 and Zone 2 over a 340 foot gross interval (4735 – 5075 ft).
- Additional production anticipated to be co-mingled with existing production.
- Step out locations in the process of being permitted.
- Pre-discovery interpretation of data indicates the Cisco has a Gross prospective resource high estimate (P10) 6.39 million boe\* in the Lightning Prospect.

\*Cautionary Statement: The cumulative total gross best (P50) and high estimate (P10) prospective resources quoted above were announced to the ASX on 25 June 2019. See Disclaimers for further information.



# Lightning Prospect

## New Lower Cisco sand oil discovery



### Arledge 16 #2

- Well cost ~US\$550k D & C
- 506 ft gross pay column on log (4,735 – 5,241 ft)

#### Upper Cisco ZONE 1

Upper Cisco Sand  
5 Zones to be perforated (selectively) and added to production

#### Lower Cisco ZONE 2

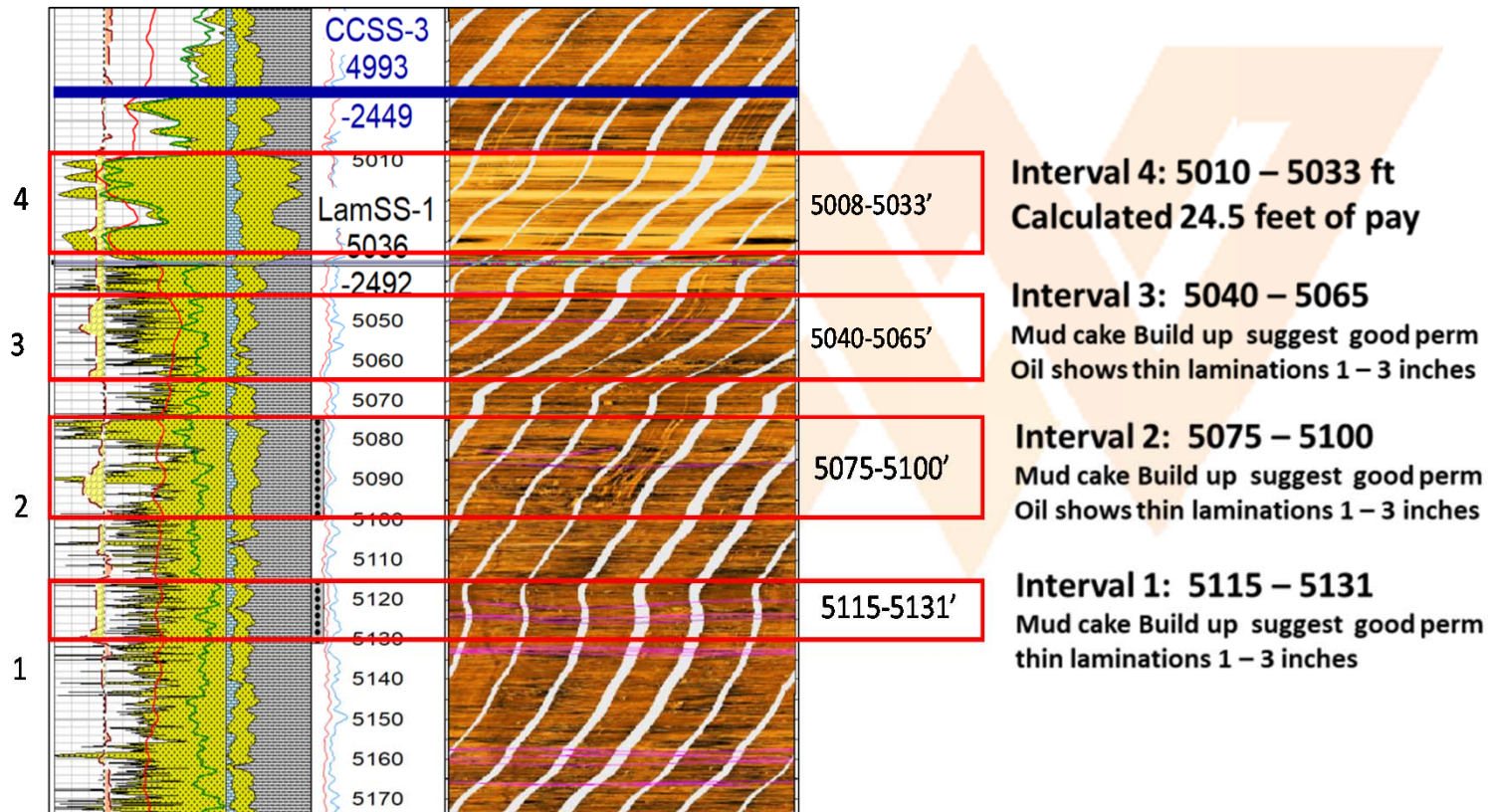
Upper Lower Zone Sand Intervals 3 and 4  
to be perforated and added to production

Lower Cisco Intervals 1 & 2 - 80 bopd unstimulated  
and now on production:

## Lightning Prospect

New Lower Cisco sand oil discovery

Lower Cisco Sand lobe – FMI log-testing – no mud log shows.



To be completed for production

To be completed for production

On production

On production

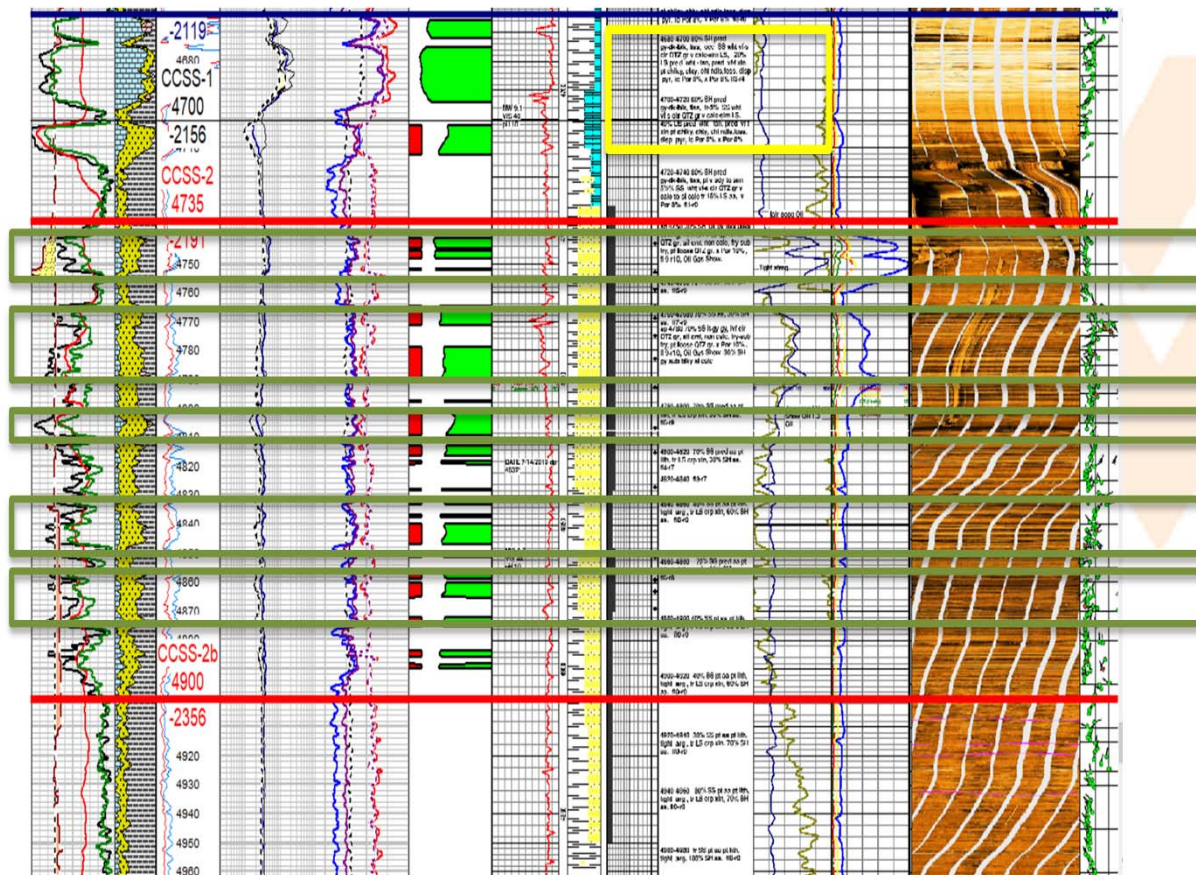
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# Lightning Prospect

## New Lower Cisco sand oil discovery

### Cisco – Upper Sand lobe – planning 5 additional zones



Cisco – Upper Sand Lobe

4,740 – 4,876 feet

5 intervals

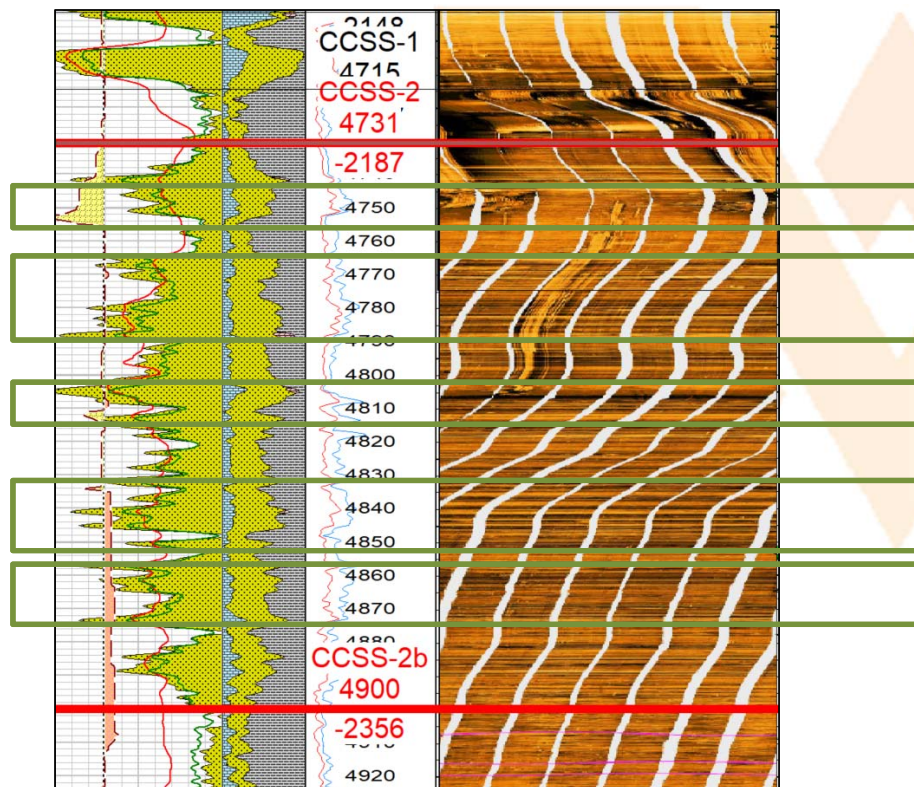
Up to 90 feet of Perforations

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## Lightning Prospect

New Lower Cisco sand oil discovery

Cisco – Upper Sand lobe – planning 5 additional zones



Cisco – Upper Sand Lobe

4,740 – 4,876 feet

5 intervals

Up to 90 feet of Perforations

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## Exploration Prospect - Spitfire 'Strawn Channel'

### Seismically-defined Strawn Channel prospect

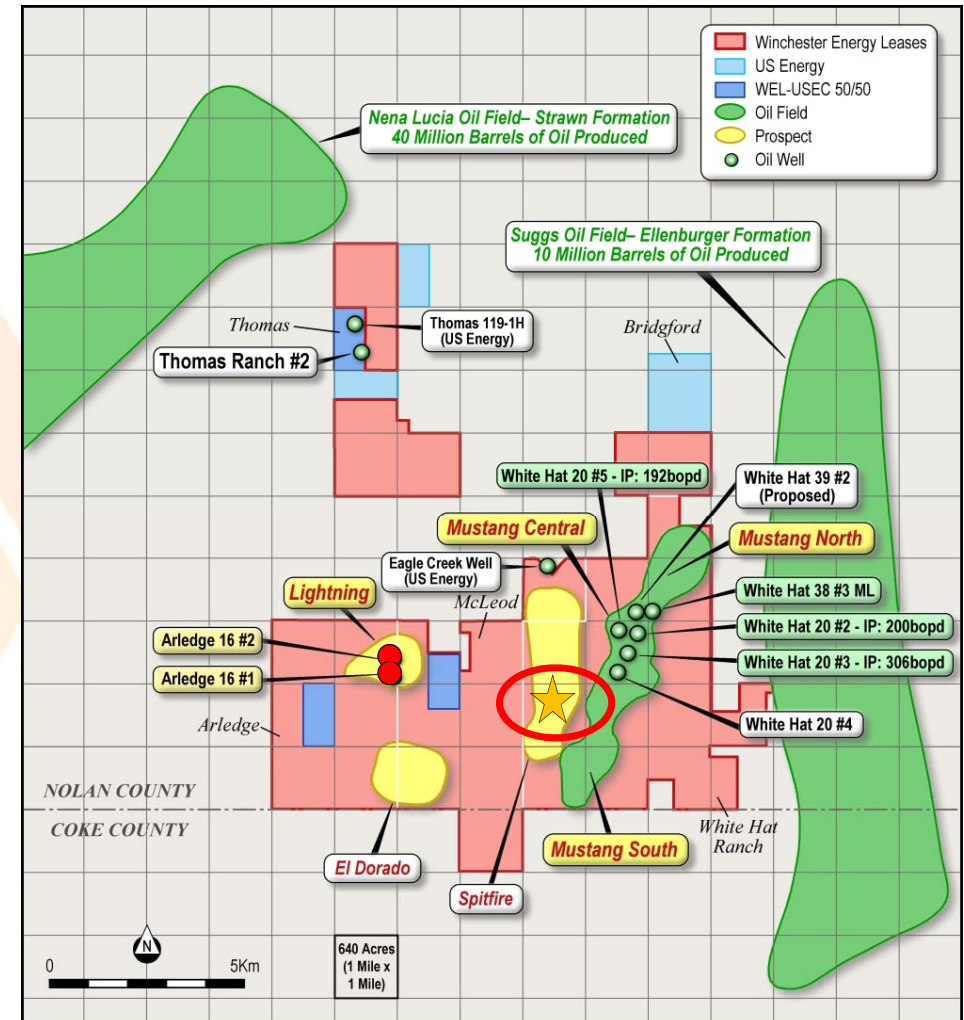
Spitfire is a 3D seismically-defined major Strawn 'channel' feature interpreted to be filled with Upper Strawn Sand

Support for the presence of Strawn sand fill in the 'channel' is provided by a well drilled to the west of the channel edge that intersected sand with oil shows.

Best Estimate (P50) gross prospective resource of 4.49 million barrels of oil\* in target Strawn & Ellenburger Limestone.

The Spitfire prospect will be tested by the proposed White Hat 212 #1 well; it will be drilled to a depth of 7,100 ft.

Drilling currently planned for December 2019.

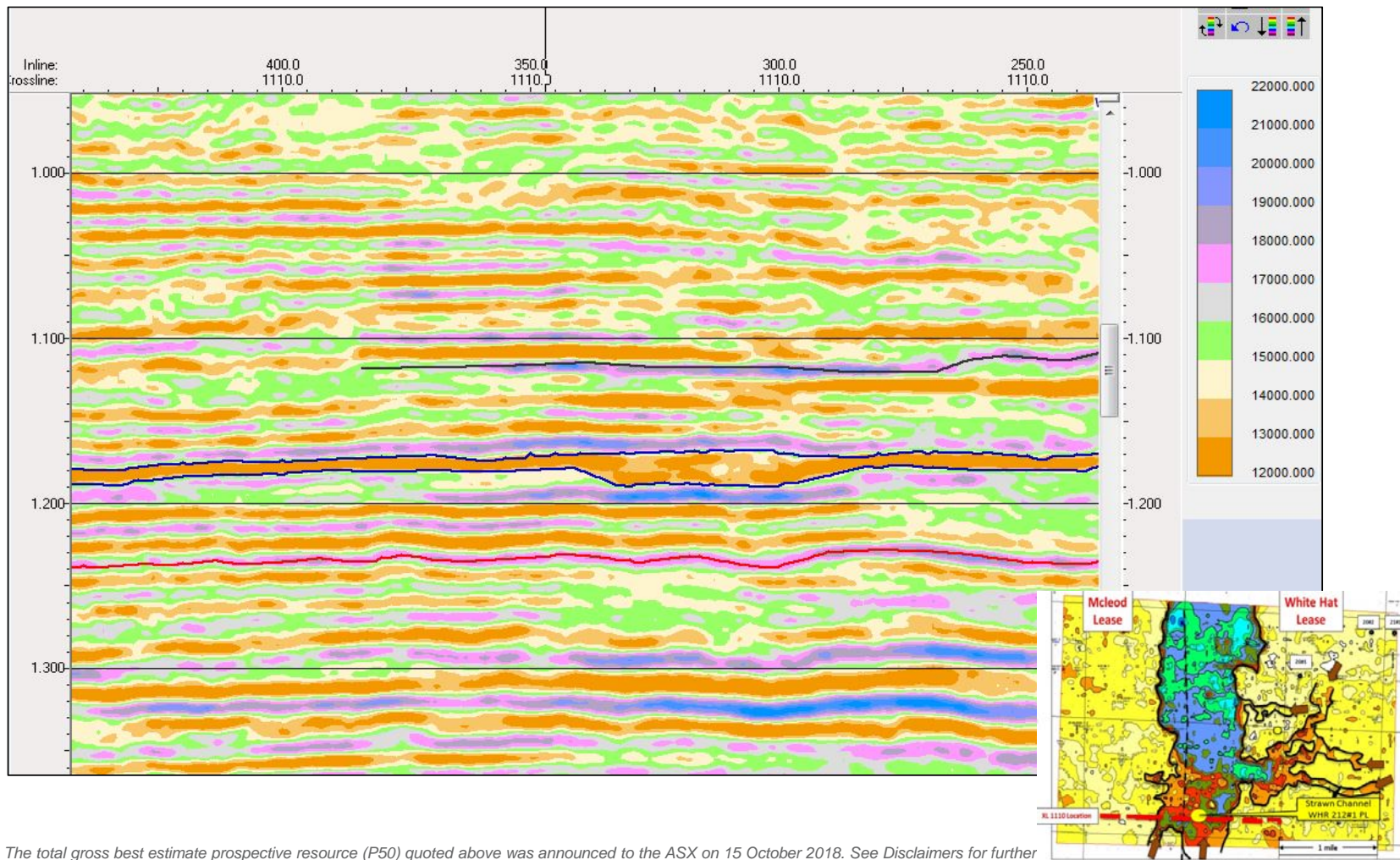


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## Exploration Prospect - Spitfire 'Strawn Channel'

Seismic line XL1110 using velocity imaging



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## Exploration Prospect - El Dorado

Four-way dip structure – multiple targets

El Dorado Prospect is a 3D seismically-defined four-way dip structural closure at the Strawn and Ellenburger Limestone horizons.

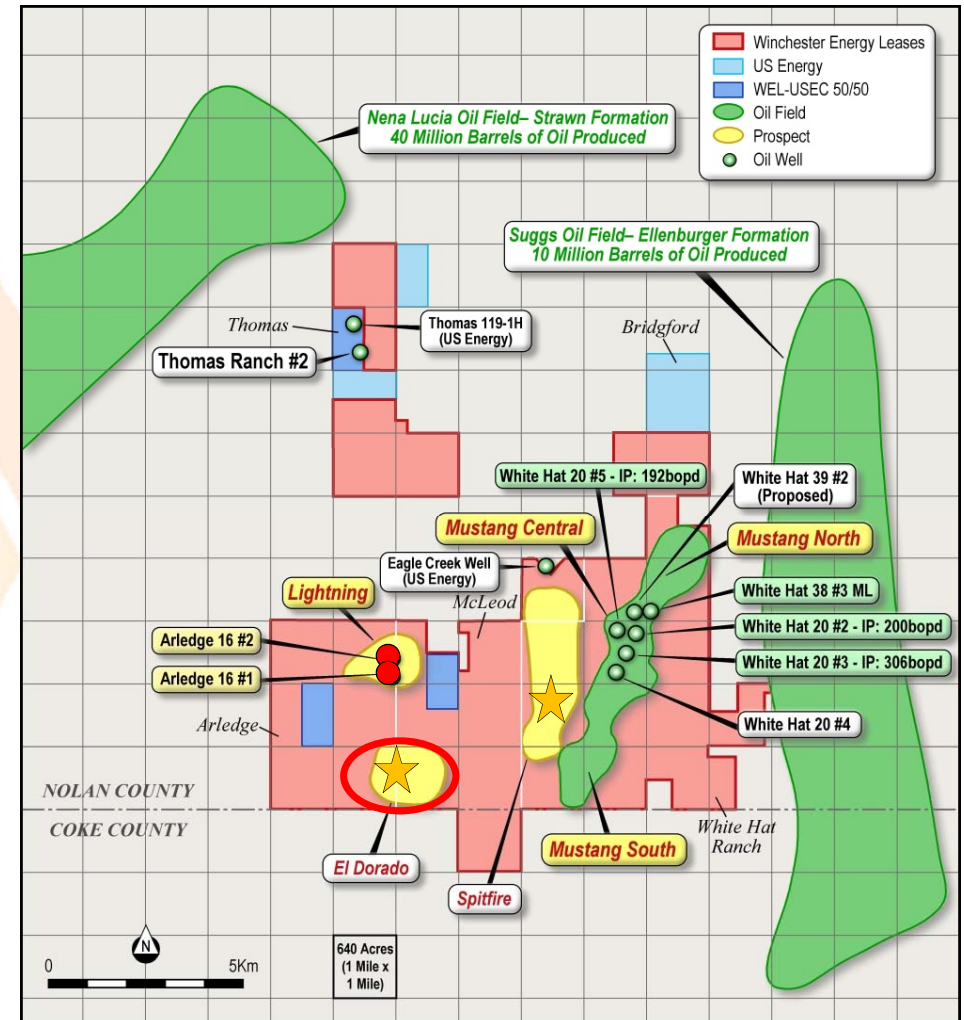
Secondary targets are in the Cisco down to the Strawn Formation.

Good porous Ellenburger limestone with oil shows was drilled off the western flank of the structure.

Best estimate (P50) gross prospective resource of 1.26 million barrels of oil\* in target Strawn & Ellenburger Limestone.

El Dorado #1 to be drilled to a depth of 7,100 ft.

Drilling planned for 1Q 2020.



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## Exploration Prospect - El Dorado

Arbitrary Seismic Line through the prospect

El Dorado 240 #1  
2009

El Dorado A  
Proposed Location

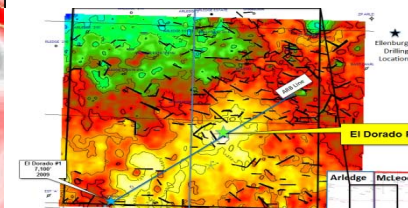
Strawn

Ellenburger

Closure at Elbg, Strawn, Penn Carb

Arledge Lease

McLeod Lease



## Investment Summary - Winchester Energy Ltd (ASX: WEL)

### Growing Production – Growing Cash-flow

#### ✓ Growing Production

**381 bopd production net to Winchester WI**

*(average bopd week-ending 23 October 2019)*

#### ✓ Strong Revenue Growth

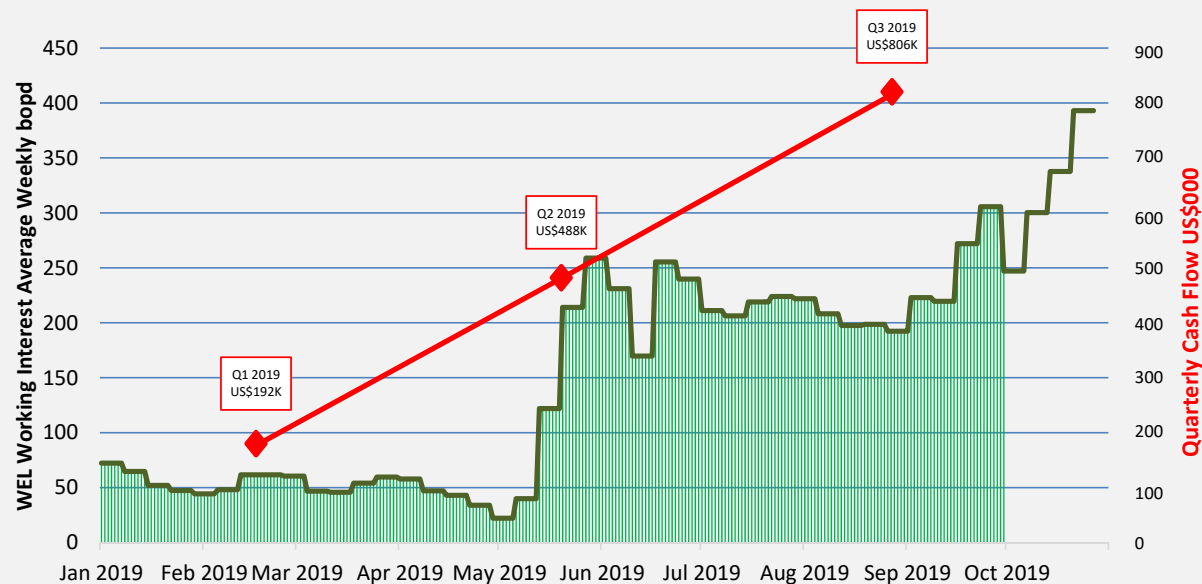
**A\$1.24 million net revenue in September 2019 quarter**

#### ✓ Active growth strategy to boost production, cash-flow and deliver consistent news flow

#### ✓ Debt-free

#### ✓ Operator

Winchester Energy Ltd  
Average Weekly BOPD (Net to WI)\* & Qtrly US\$ Cash Flow







# WINCHESTER

ENERGY LIMITED

## Oil Production & Development

Permian Basin - Texas - USA

**ASX:WEL**

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