

New Mustang Well Encounters 30 Gross Feet Strawn Sand with Excellent Oil and Gas Shows

Date: 23 December 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

HIGHLIGHTS

- **New Mustang Oil Field well, White Hat 39#2, has reached total depth with wireline logs indicating 30 feet of gross pay with excellent oil and gas shows. The well is scheduled to be completed as an oil producer.**
- **Completion is anticipated to be in the first week of January.**
- **Recently fraced Mustang Oil Field well, White Hat 20#4, is on pump and is currently recovering frac fluid and oil at a rate of approximately 115 bpd (30% oil cut); oil cut expected to increase as more frac fluid is recovered.**
- **Production continues with 100 percent oil at Lightning Prospect discovery well Arledge 16#2, with plans to perforate a further 24.5 ft section (Interval 4) within the 340 ft gross interval above the current Lower Cisco producing intervals.**
- **New Lightning prospect step-out well, McLeod 17#3, scheduled to commence drilling in late December, targeting the Cisco Sands.**

Mustang Oil Field (Winchester 50%-75% WI and Operator)

White Hat 39#2 (Winchester 50% WI)

White Hat 39#2, the fifth well drilled by Winchester Energy Limited (Winchester or Company) in the Company's Permian Basin Mustang Oil Field, commenced drilling on 11 December 2019 and has reached its total depth of 7,061 feet. The well targeted the Strawn Sand.

Initial wireline log interpretation indicates 30 feet of gross pay in the Strawn Sand, coinciding with excellent oil and gas shows. The well is 20 feet high to the White Hat 20#5 which averaged over 150 barrels of oil per day (bopd) IP 60 (initial 60 days).

Additional potential pay was logged in the Ellenburger, Crystal Falls, and Cisco formations. Oil shows were also encountered in the organic rich Three Fingers Shale.

The well will be completed as an oil producer. Production casing will be run following the acquisition of side-wall cores and FMI image logs, with the Strawn Sand planned to be fracture stimulated in early January.

Winchester is continuing to develop the Mustang Oil Field with highly commercial low-cost and low-risk wells designed to significantly increase oil production.

Carl E Gungoll Exploration LLC (CEGX) has a 50% working interest in White Hat 39#2.

The location for the following development well, White Hat 20#6, has been finalised with drilling scheduled for January 2020. CEGX has the right to participate with a 25% working interest in the drilling of White Hat 20#6.

Further additional Mustang well locations are in the process of being located and permitted.

White Hat 20#4 (Winchester 100% WI)

White Hat 20#4 has been fracture stimulated in the Strawn Sand and is now on pump. The well is currently recovering oil and frac fluid (load water) with the well expected to continue to clean up in the coming weeks. Recovery of fluids from the well has been gradually increasing since pumping commenced and is currently at a rate of 115 barrels of fluid per day (bpd) with an oil cut of 30%. The oil cut has also been generally increasing as the remaining load water is produced (approx 830 barrels of load left to recover).

Lightning Prospect (Winchester 100% WI and Operator)

Arledge 16#2 (Winchester 100% WI)

Interval 3 (5,040 – 5,065 ft) in the Arledge 16#2 well has been perforated and comingled with existing producing intervals 1 and 2 (see Figure 1). The well is now back on pump, producing from all three Lower Cisco Sand intervals at a combined rate of 75 bopd with no water. It will be left on pump to further clean up over the Christmas break, prior to the resumption of testing.

An additional 315 feet of gross pay has been identified above intervals 1 – 3 and the Company will next proceed with the completion of Interval 4, a highly prospective sand with conventional reservoir properties.

The current completion program is staged to allow the Company to assess the production and reservoir characteristics of each individual interval.

Lightning Prospect

New Lower Cisco sand oil discovery

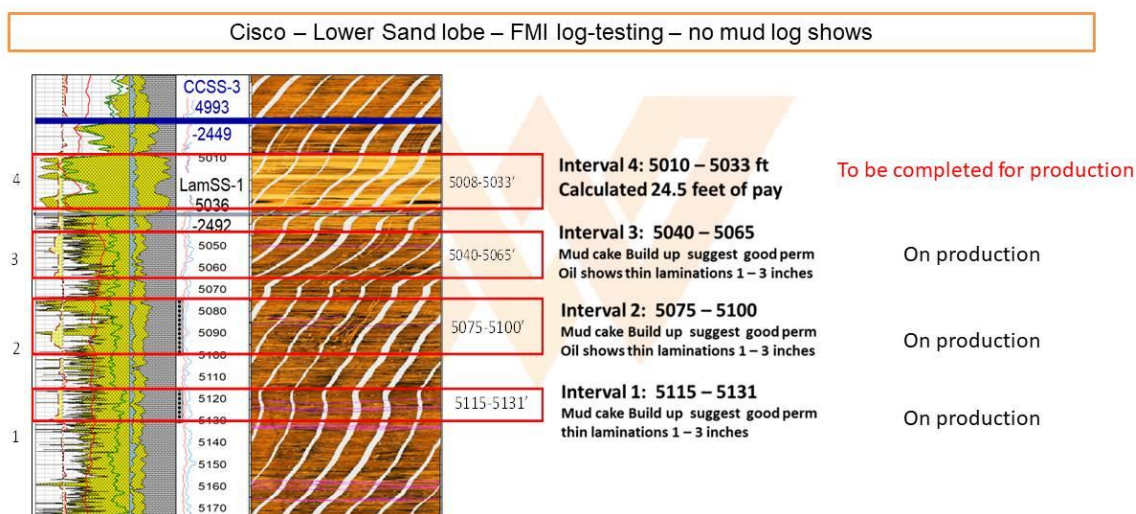


Figure 1 - Arledge 16#2 – Conventional and FMI Logs over the Lower Cisco Sands

For personal use only

In addition to the Lower Cisco Sands, the Upper Cisco Sand interval (4735 – 4900 ft) provides significant additional potential upside and is coincident with good oil and gas shows (Figure 2).

The company has identified an aggregate of 100 feet of potential pay with more sand and very good oil shows in several intervals in the overlying Upper Cisco Sand package. The production from these intervals is expected to be co-mingled.

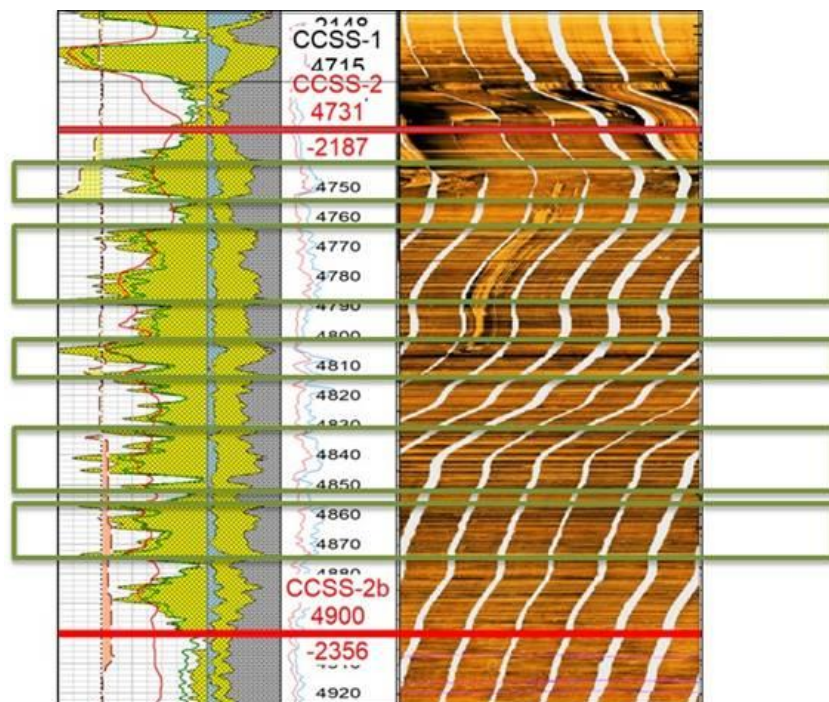


Figure 2- Conventional and FMI Logs over the Upper Cisco Sands

The Lightning Prospect oil discovery remains in its infancy. To assess the viability and long term productivity of this new play, comprehensive systematic testing and assessment is required. This will allow the Company to optimize future production rates and well spacing.

The discovery of oil at the Lightning Prospect is very significant given the thickness and laterally pervasive nature of the unit. The revised total gross pay interval of the two Cisco Sand units discussed above is 506 feet with net sand of 25 – 30%.

McLeod 17#3 (Winchester 100% WI)

The next well to be drilled at the Lightning prospect, the McLeod 17#3, is located approximately 1,000 feet east-southeast of the Arledge 16#2. The objective of the McLeod 17#3 well is to further test the Upper and Lower Cisco Sands as a follow up to the Arledge 16#2 discovery. Subject to the completion of site-works, the well is expected to spud in late December 2019.

For personal use only



WINCHESTER

ENERGY LIMITED

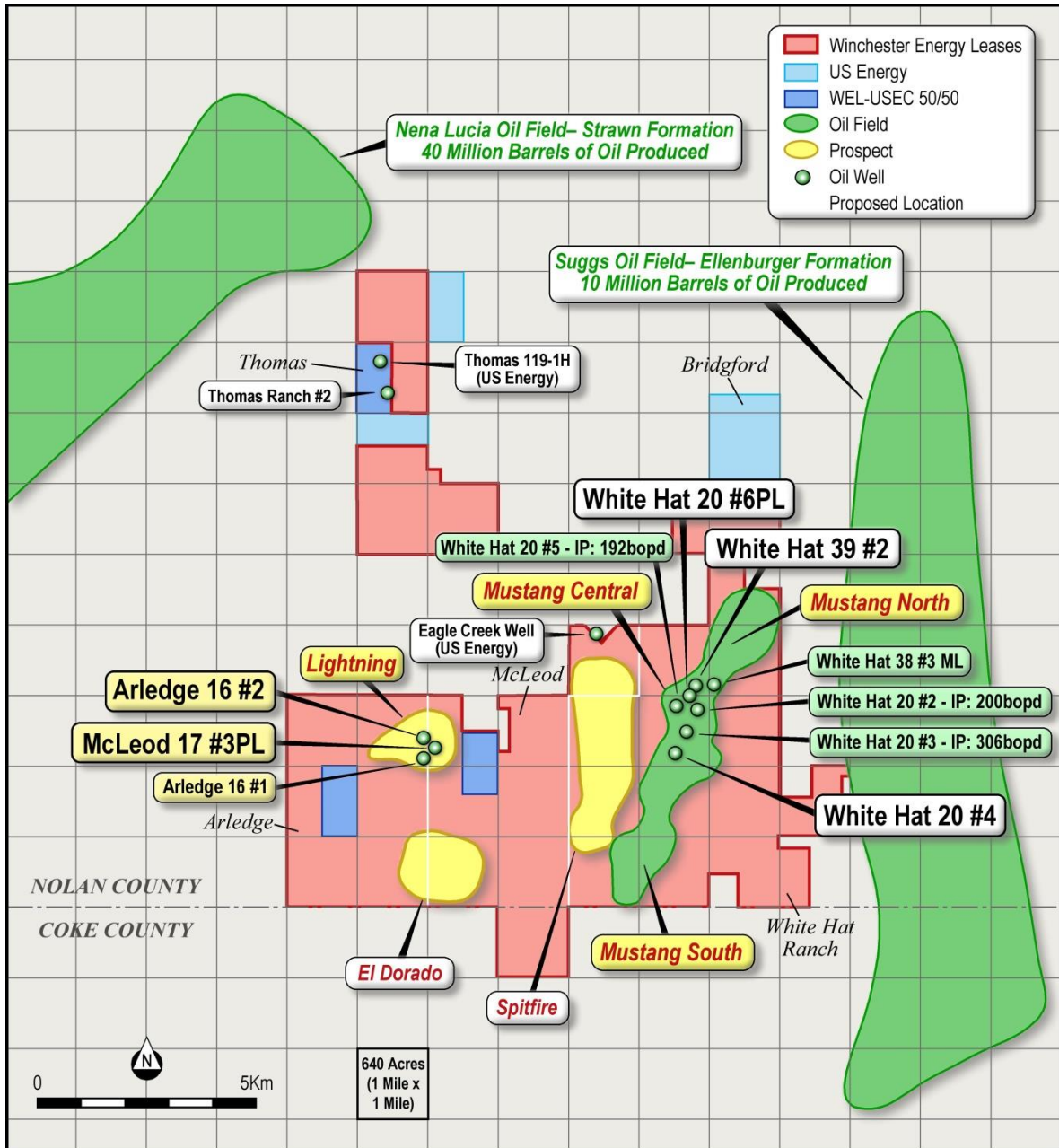


Figure3 - Location Map - Prospects and Wells - Eastern Shelf, Permian Basin, Texas

For personal use only



For further information, please contact:

Neville Henry
Managing Director

T: +1 713 333 0610

E: admin@winchesterenergy.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.

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.

For personal use only