

Acquisition of Additional Acreage and Operations Update

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ASX Code: WEL

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Winchester Energy Limited (Winchester; ASX:WEL) is pleased to provide an update of exploration and development activities within its lease position in the East Permian Basin, Texas.

HIGHLIGHTS

- **Acquisition of a 92% interest in 320 acres (held by production) contiguous with Winchester's existing acreage. Potential to re-enter existing producing wells with behind-pipe potential in target formations such as the Cisco Sands.**
- **New Mustang Oil Field development well, White Hat 20#6, has commenced drilling with logs expected to be run next week.**
- **The upper-most section of the Upper Cisco Sands in Arledge 16#2 (Lightning Oil Field) has been perforated and is currently flowing back – this is the final test in the Arledge 16#2 well and all the Cisco intervals tested in the well will now be co-mingled and put on production.**
- **Newly drilled Lightning Oil Field well, McLeod 17#3, (initial wireline logs indicating 414 feet of gross Upper and Lower Cisco sand section) will be perforated and completed immediately following completion work at Arledge 16#2.**

Acquisition of the Bast Oil Field

Winchester has completed the acquisition of a 92% interest in 320 acres, known as the Bast Oil Field, contiguous with its existing acreage position on the McLeod Ranch (Figure 1).

The acquisition includes three historic modest producing wells (aggregate production of approximately 10 barrels of oil per day (bopd)) enabling the lease area to be held by production – meaning there are no ongoing drilling commitments.

As well as further consolidating Winchester's dominant leasehold position in the wake of the discoveries at the Mustang and Lightning Oil Fields, the existing historic wells also represent a potential inexpensive opportunity for re-entry and completion across potential pay zones, such as the Cisco Sands, currently located behind-pipe.

Mustang Oil Field (Winchester 50%-100% WI and Operator)

White Hat 20#6 (Winchester 75% WI)

The next Mustang Oil Field well, White Hat 20#6, has commenced drilling. White Hat 20#6 is an offset well of the successful White Hat 20#5 well (initial production (IP) of 192 bopd). Drilling is expected to conclude next week followed by logging and completion operations.

Carl E Gungoll Exploration LLC (CEGX) has exercised its right to participate with a 25% working interest in White Hat 20#6.

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

White Hat 39#2 (Winchester 50% WI)

Initial wireline log interpretation of White Hat 39#2 indicated 30 feet of gross pay in the Strawn Sand.

The well was perforated and fracture stimulated across the above interval in the same manner as previous successful Mustang wells. Initial production comprised 100 bpd of fluid with a 40% oil cut. The current rate of oil production ranges between 20 – 30 bopd with 20 barrels of water per day (bwpd). A review of the fracture stimulation programme is underway and cores sampled during drilling are currently undergoing analysis.

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

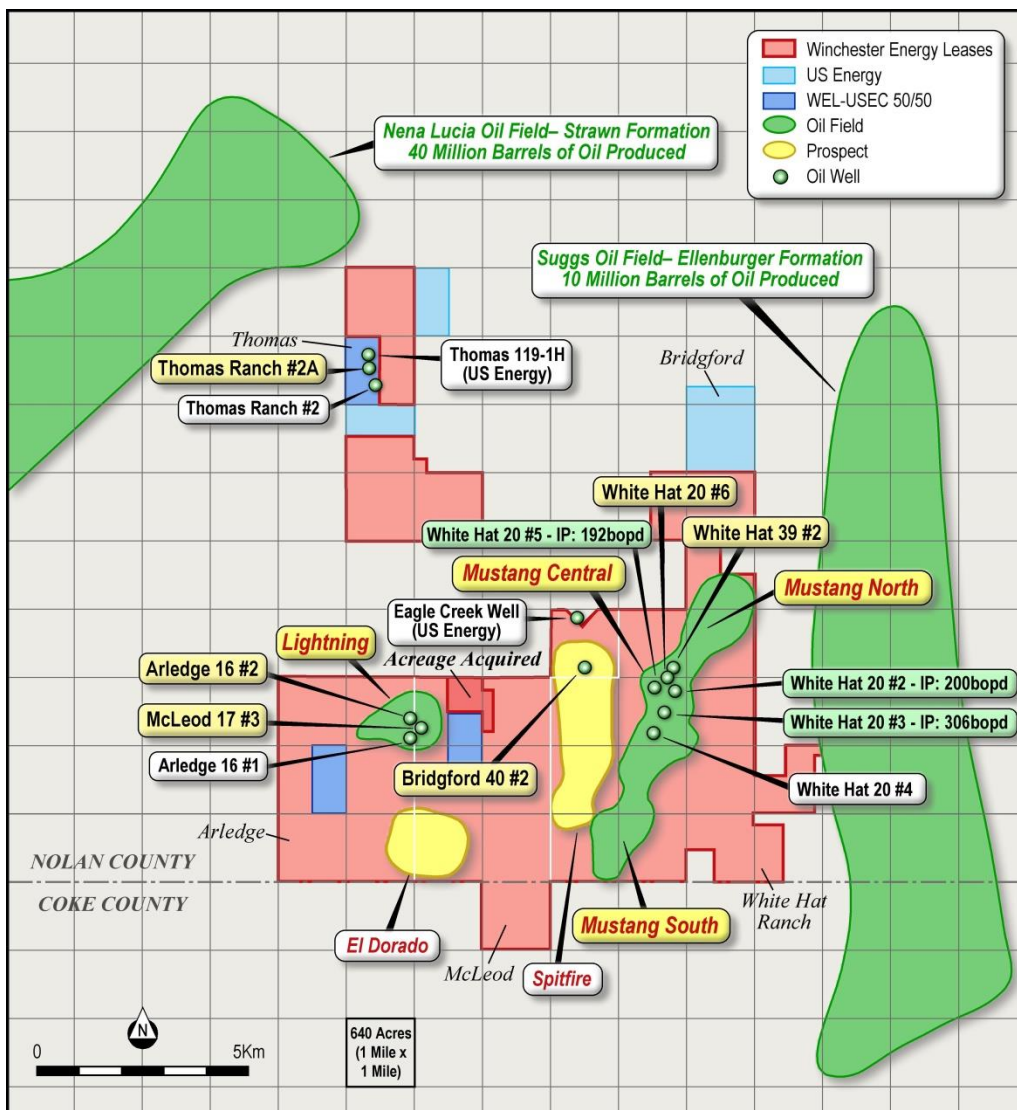


Figure 1 - Location Map Showing Newly Acquired Acreage

Lightning Oil Field (Winchester -100% WI and Operator)

Arledge 16#2 (Winchester 100% WI)

Completion and testing work is continuing at Arledge 16#2 with activities to date resulting in the production and sale of over 6,000 barrels of oil, primarily derived from the Lower Cisco Sands.

The Company is now finalising completion operations in the overlying Upper Cisco Sand (4,735 – 4,900 ft). Completion in the Upper Cisco Sands to date has comprised perforation of individual intervals followed by swabbing.

The lower zone within the Upper Cisco Sands recovered oil at a rate equal to approximately 30 bopd (two barrels of 60% oil per hour) and will be co-mingled with the other producing intervals.

Perforation of a 38 ft section representing the uppermost interval of the Upper Cisco Sands has now been completed and is currently being swabbed back. This upper interval represents the final zone to be tested prior to placing the well back on production.

Detailed testing of the pressure regime and inter-relationship of the Upper and Lower Cisco Sands has confirmed that these two units can be co-mingled for production. This is likely to occur within the next two weeks and the Company will provide a production update of the average bopd rate after 30 days of production (IP30).

The Lightning oil discovery is exciting and remains in its infancy. To assess the viability and long term productivity of this new play, comprehensive systematic testing and assessment is required. This data is critical in assessing the future development options and allow the Company to better optimize future production rates and well spacing and in addition expand its drilling efforts.

McLeod 17#3 (Winchester - 100% WI and Operator)

The McLeod 17#3 well, the second well drilled by Winchester at the Lightning Oil Field, was designed to test the Upper and Lower Cisco Sands as a follow up to the Arledge 16#2 discovery, with initial wireline log interpretation indicating 414 ft of gross Upper and Lower Cisco Sand section.

In the Lower Cisco Sand, logs indicate 200 ft of gross pay with up to 124 ft of net pay, coinciding with excellent oil and gas shows. The Upper Cisco Sand is 157 ft thick with an estimated 38 ft net potential pay sand with several additional pay zones also identified in shallower Cisco sands.

Testing work will begin at McLeod 17#3 following final completion activities at Arledge 16#2. Initial testing work will focus on the Lower Cisco Sands.

Thomas Ranch Lease

Winchester's Thomas Ranch lease is subject to a continuous drilling requirement of one well per year, which by agreement is met in alternate years by either Winchester or US Energy (USE).

Under this agreement, Winchester was obligated to undertake the next drilling operation by October, 2019. Work commenced in October 2019 with a re-entry of the Thomas Ranch #2, however, the program was aborted after obstructions were encountered in the existing wellbore.

Consequently, Winchester was able to negotiate an extension until January 30, 2020 and subsequently decided to drill a new well, Thomas Ranch #2A, as a substitute for the original re-entry operation.



Thomas Ranch #2A has been drilled to a total depth of 5,300 ft. The Cisco Sand unit was present, however no significant oil and gas shows were observed. Two drill stem tests (DSTs) were run on the Cisco Sands, both of which indicated tight sands and returned no hydrocarbons. Winchester has temporarily suspended the well prior to making a decision whether to plug and abandon.

The annual drilling provision of the Thomas Ranch lease has been satisfied. Cost estimate for the well excluding the DSTs is US\$295,000

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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.

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.