

White Hat 20#6 Producing Oil

HIGHLIGHTS

- **The recently drilled White Hat 20#6 oil well has been fracture-stimulated and is now on pump, currently producing 104 bopd and 26 bwpd (oil cut is 80%) and continues to clean up.**
- **The well successfully extends the Mustang Oil Field with increased net Fry Sand thickness to the north west.**
- **The well was drilled, logged and completed within budget and augments existing production, generating additional US dollar revenue for the company.**
- **Current production across Winchester's acreage generates positive cash-flow at prevailing low oil prices.**
- **Over A\$6.5 million cash on hand as of 29th of February - cash held in US dollars ensures limited exposure to adverse currency fluctuations.**

Winchester Energy Limited (Winchester), as operator, advises that the Strawn Fry Sand Member (Fry Sand) in the White Hat 20#6 development well has been successfully fracture-stimulated and the well is now on pump. Winchester has a 75% working interest in White Hat 20#6, which is situated within the Company's Mustang Oil Field in the Permian Basin, Texas.

The well is currently producing 104 barrels of oil per day (bopd) and 26 barrels of water per day (an oil cut of 80%) and is continuing to clean up with the oil cut likely to rise further.

Successful production from White Hat 20#6 effectively extends the Mustang Oil Field, with an increased net Fry Sand thickness, to the north west.

White Hat 20#6 is the sixth well drilled by Winchester in the Mustang Oil Field where aggregate production to date exceeds 130,000 barrels of oil (gross), generating significant US dollar denominated revenue for the Company.

The well was drilled, logged and completed within budget.

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

With completed wells costing less than US\$700,000 and oil sales occurring almost immediately upon completion of the wells, development of the Mustang Oil Field is

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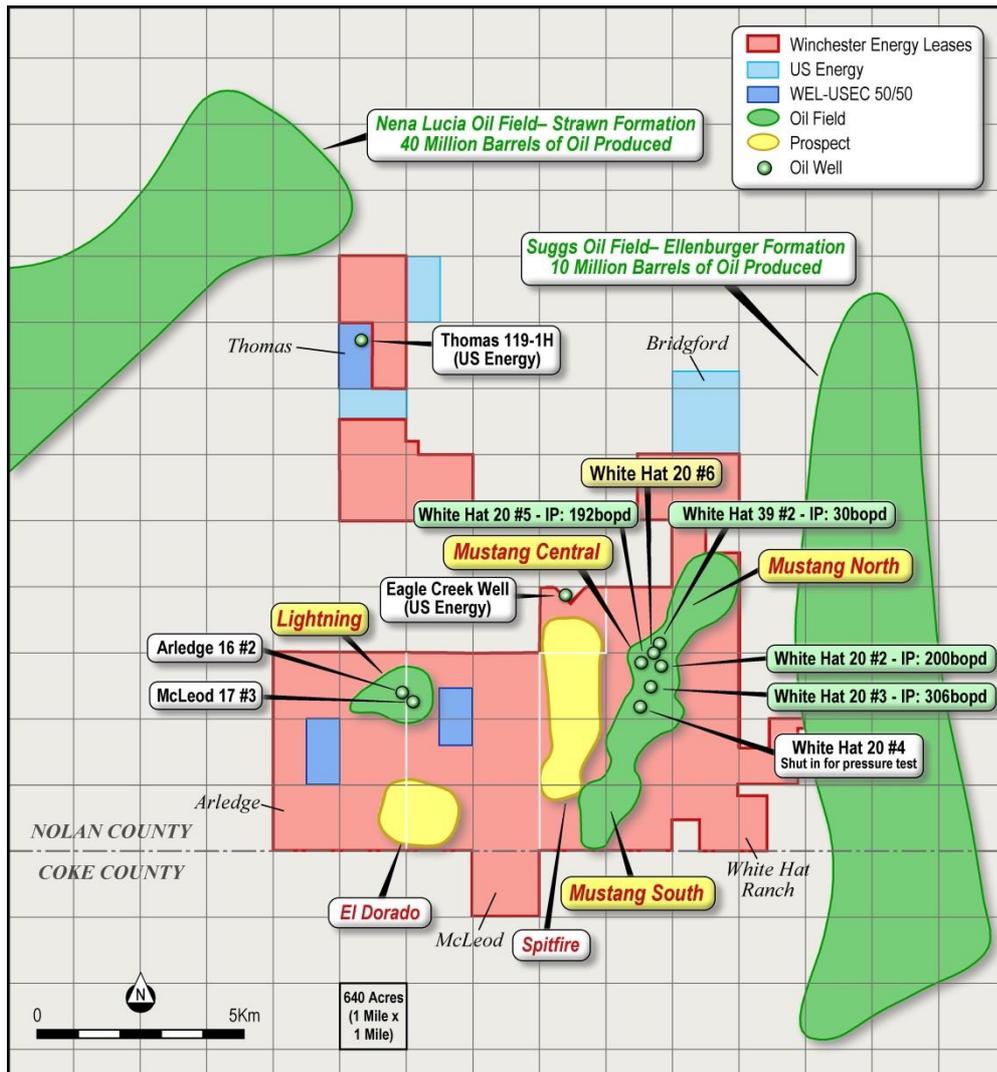
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highly attractive. Further, current production across Winchester's acreage generates positive cash-flow (at prevailing low oil prices).

Carl E Gungoll Exploration LLC (CEGX), a private company, has a 25% working interest in White Hat 20#6.



Winchester Lease Map - Location of White Hat 20#6

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

Arledge 16#2 (Winchester 100% WI)

Arledge 16#2 commenced drilling on 8 July, 2019 and was drilled to a total depth of 5,502 ft, encountering very good oil and gas shows in the target Cisco Sands. The total gross pay interval of the Upper and Lower Cisco Sands covered 506 feet with wireline log interpretation indicating an aggregate 100 feet of net oil pay in the Upper and Lower Cisco sands.

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Two intervals in the lowermost sands in the Lower Cisco interval were initially perforated and acidized, swabbing back at rates up to 80 bopd. They were then fracture stimulated to enhance production. Following the fracture stimulation the well produced 175 bopd and no water. The rate declined within the first 30 days.

Additional zones in the Lower Cisco were then completed with the Company also subsequently perforating and acidizing additional prospective intervals in the overlying Upper Cisco Sand (4,735 – 4,900 ft).

Detailed testing of the pressure regime and inter-relationship of the Upper and Lower Cisco Sands confirmed that the two units could be co-mingled for production. The co-mingled zones were put on production and flowed an average of 28 bopd in the last 30 days of production.

Arledge 16#2 has produced over 7,000 barrels of oil, primarily derived from the Lower Cisco Sands.

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. The well commenced drilling in December 2019 and was drilled to a total depth of 5,692 ft with initial wireline log interpretation indicating 414 ft of gross Upper and Lower Cisco Sand section. In the Lower Cisco Sand, logs indicated 200 ft of gross pay with up to 124 ft of net pay, coinciding with excellent oil and gas shows.

The Lower Cisco Sand has been perforated and acidized, swabbing recovered 20 – 30% oil from multiple perforated intervals and is currently flowing back oil and water at low rates. The Company is considering adding the Upper Cisco interval shortly.

The discovery of a 400 – 500 ft gross oil column in two wells at Lightning is significant given the thickness and laterally pervasive nature of the unit. However, the play development is still in its infancy. To assess its viability and long term productivity, comprehensive systematic testing and assessment is required. This data is critical in assessing the future development options and allows the Company to better optimize future production rates and well spacing.

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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.

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