

Investor Presentation

Please find attached Investor Presentation.

—ENDS—

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Date: 20 June 2018

ASX Code: WEL

Directors

John Kopcheff
Non-Executive Chairman

Neville Henry
Managing Director

Peter Allchurch
Non-Executive Director

James Hodges
Non-Executive Director

Larry Liu
Non-Executive Director

Lloyd Flint
Company Secretary

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WINCHESTER

ENERGY LTD

Oil Production & Development ASX code: WEL

Permian Basin - Texas - USA

"Australian junior taking on the Permian heavyweights" RGN 2017



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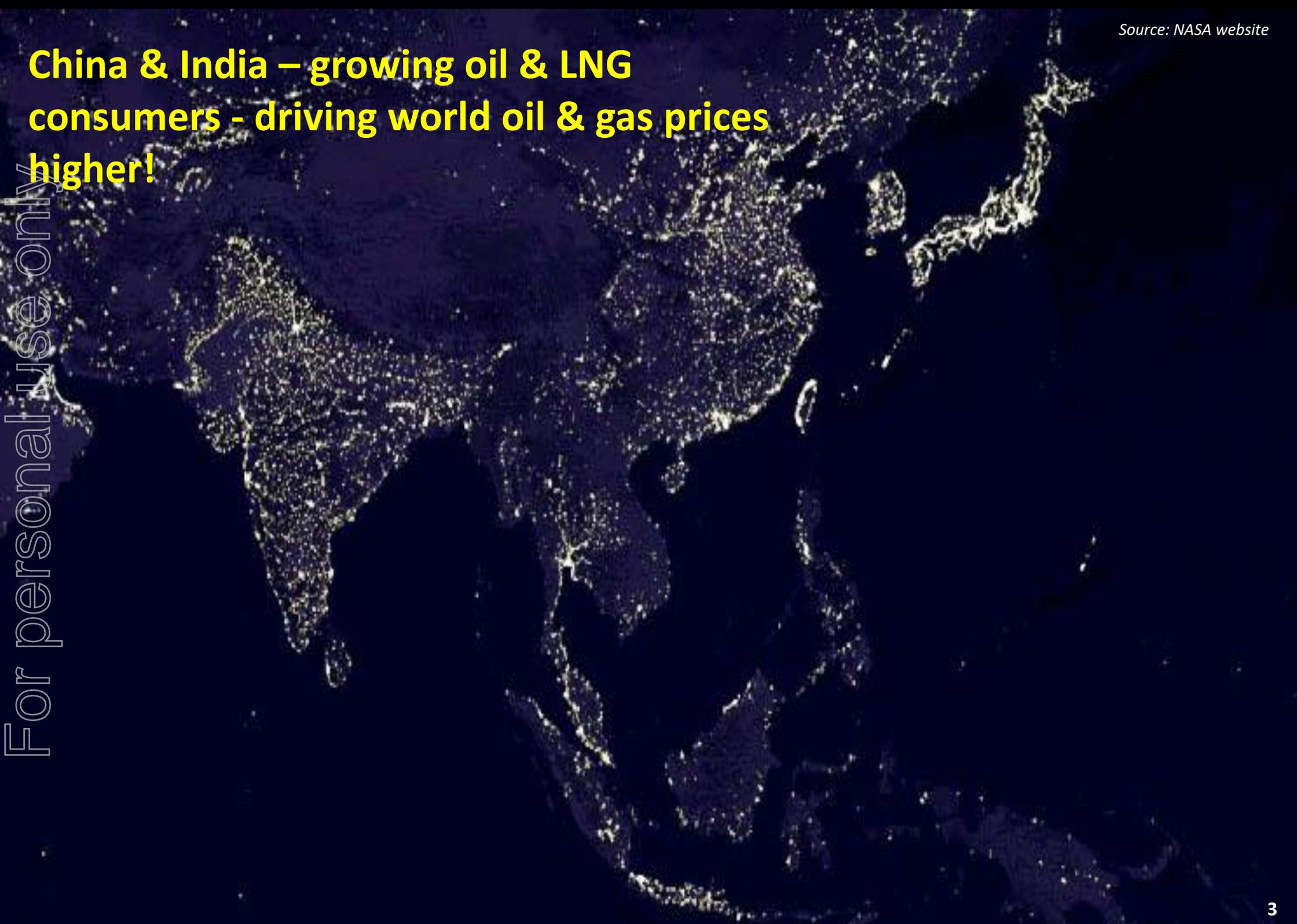
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COMPETENT PERSON'S STATEMENT

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.

**China & India – growing oil & LNG
consumers - driving world oil & gas prices
higher!**

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GROWING NATURAL GAS DEMAND IN CHINA

- A LOOK INTO **THE FUTURE?**



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Stealing natural gas in China

Two women carried a plastic bag containing natural gas siphoned from a well in Puheng Town, in central China's Henan province. Local peasants have been illegally taking natural gas from oil wells. Each bag can last a household for up to two weeks, but they are dangerous.

EyePress, via the Associated Press

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Demand for oil in developing countries is increasing – Niger Delta shipping solution to local tanker shortage?

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Photo courtesy of J F Allender

Crude Oil Price/bbl – last ten years

- impact on ASX listed oil shares since Dec. 2014

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“The Coming Scramble for Middle Distillates – Raising Oil Price Forecast to \$90, by early 2020” (Morgan Stanley May 15, 2018)

Capital Structure

Current Trading
AUD \$0.035c
18 June 2018

Winchester Share Price Graph
(from June 2015 to present)



Cash **A\$2.3M***

Total shares on issue **285 mill**

Total options on issue exercisable @ A\$0.12 /share **50 mill**

DEBT **NIL**

Market capitalisation @ 3.5 cents/share **A\$10 mill**

Founders, Board and Management (% ownership of the Company) **42%**

* at 31 March 2018



WEL has a proven management team

WEL Directors

John Kopcheff (Non-Exec Chairman) – ex Vicpet/Senex MD & founder-technical experience

Neville Henry (MD) – successful start up, business & technical experience – Texas

Peter Allchurch (NED) – successful start up-Aurora & technical experience

James Hodges (NED) –US onshore drilling experience – Texas

Larry Lui (NED) – commercial & investment experience - China

Senior Executives – all based in Texas

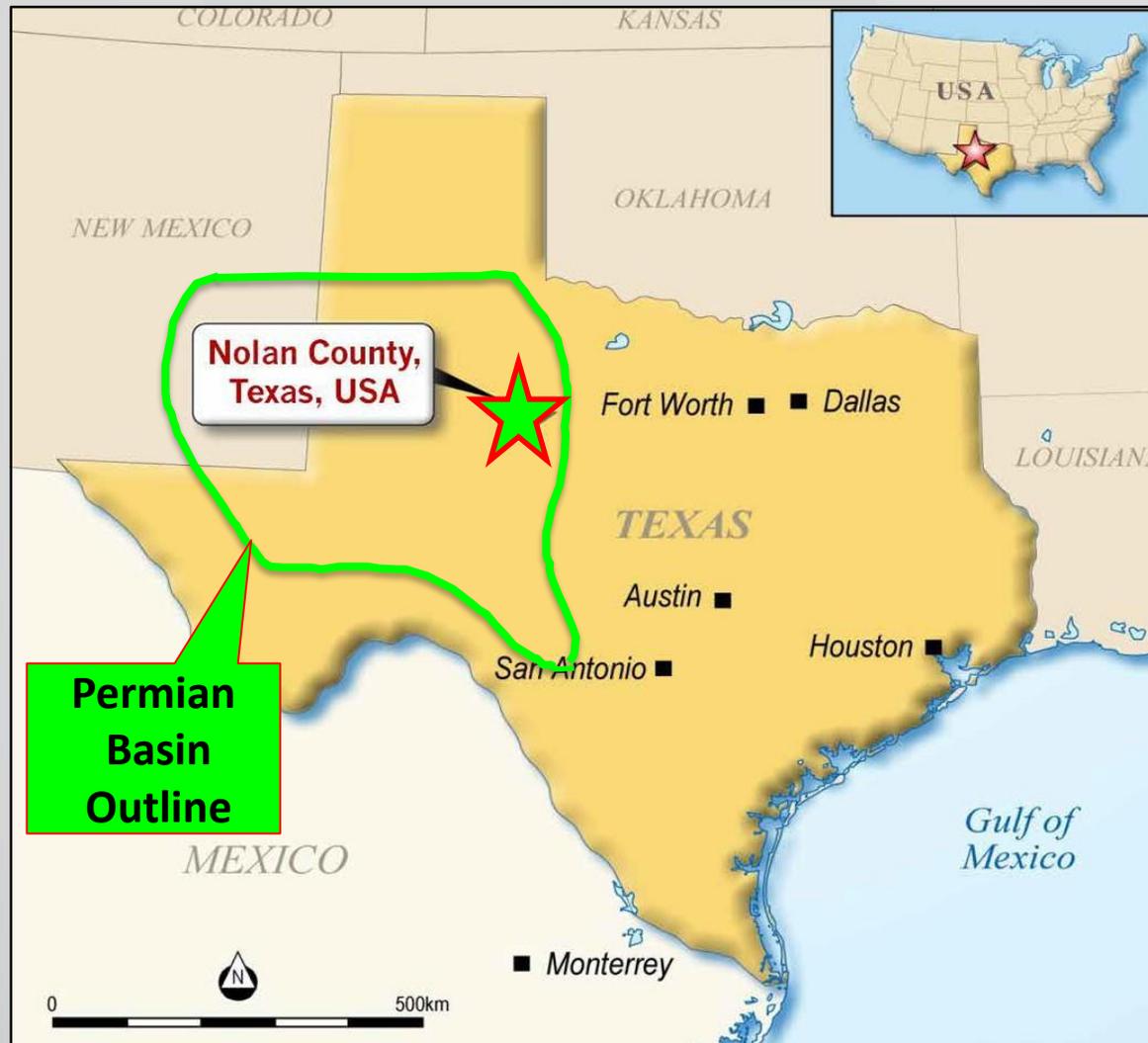
Neville Henry - Managing the business and geotechnical

Hugh Idstein - CFO - manages leases & finances

Permian Basin - Texas USA

Net 78 sq. kms (17,000 Acres)

Winchester with its 17,000 net acres located in Nolan County, Texas is only ASX listed company with sole focus in the Permian Basin.
"The Permian Basin is currently the best oil address in the world outside of the Middle East – second largest oil field after Ghawar." Forbes 2017



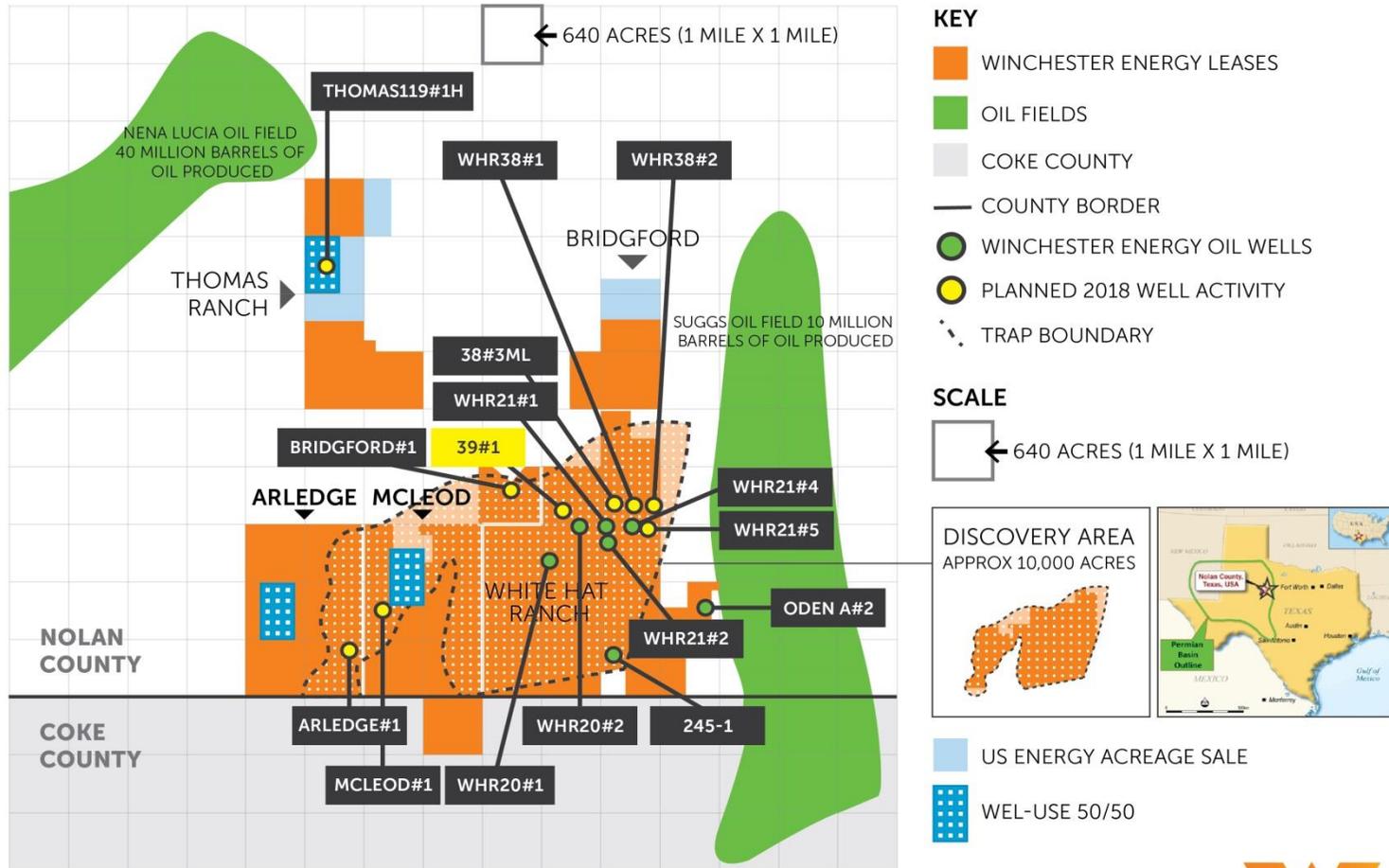
PERMIAN BASIN

- Total oil and gas production to date: **30 billion bbls & 75TCF**
- Daily oil & gas production now: **3.3 mill bbls/d & 9.5 bcf/d**
- **32% of US oil production now**
- **46% of onshore drilling rigs**

US EIA

7/2017

40 sq. km (10,000 acres) Potential Oil Trap- Ellenburger carbonate formation



Winchester leases & surrounding area covered by 234 sq. kms (57,600 acres) of 3D seismic

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Why be in the Permian Basin?-Stacked proven Oil producing Targets!

A number of distinct potential oil pay zones have been targeted by Winchester on its 17,000 net acres.

Development focus is on **Ellenberger**, **Strawn**, **Crystal Falls** conventional & **Wolfcamp shales** unconventional oil horizons

Crystal Falls Limestone (Conventional)

- ▶ **Blanket resource play.**
- ▶ **Present on all of WEL's 17,000 net acres.**
- ▶ **Over 10 mill bbls produced in Nolan County**

Wolfcamp Shales (Unconventional)

- ▶ **Present over large portion of WEL's 17,000 net acres.**
- ▶ **Over 5 mill barrels produced in Nolan County.**

Strawn/Fry (Conventional)

- ▶ **Prolific producing interval.**
- ▶ **Over 70 mill barrels produced in Nolan County.**

Ellenburger (Conventional)

- ▶ **Excellent conventional prospect.**
- ▶ **Over 30 mill barrels produced in Nolan County.**

Eastern Shelf Stratigraphy

SYSTEM	STAGE	FORMATION	HORIZONS	Depth (metres)
Permian	Wolfcamp	Wolfcamp	Noodle Creek	
			Saddle Creek	
			Breckenridge Ls	
			Flippen	
			Jameson	Waldrip LS
Carboniferous	ian	Cisco	Cline	
			Crystal Falls Ls	1650m
			3 Fingers Shale	
			Wolfcamp Shales	1700m
			Lower Penn Shale	
			Stevens Ls	1800m
			Strawn	NENA LUCIA 40 mill bbls
			Atoka	SUGGS 2200m
			Ellenburger	
			Atoka	
Ordovician		Cambrian SS		
			Basement	
Cambrian				

Source: Ralph E Davis and Assoc 2014



Overview of production & well economics

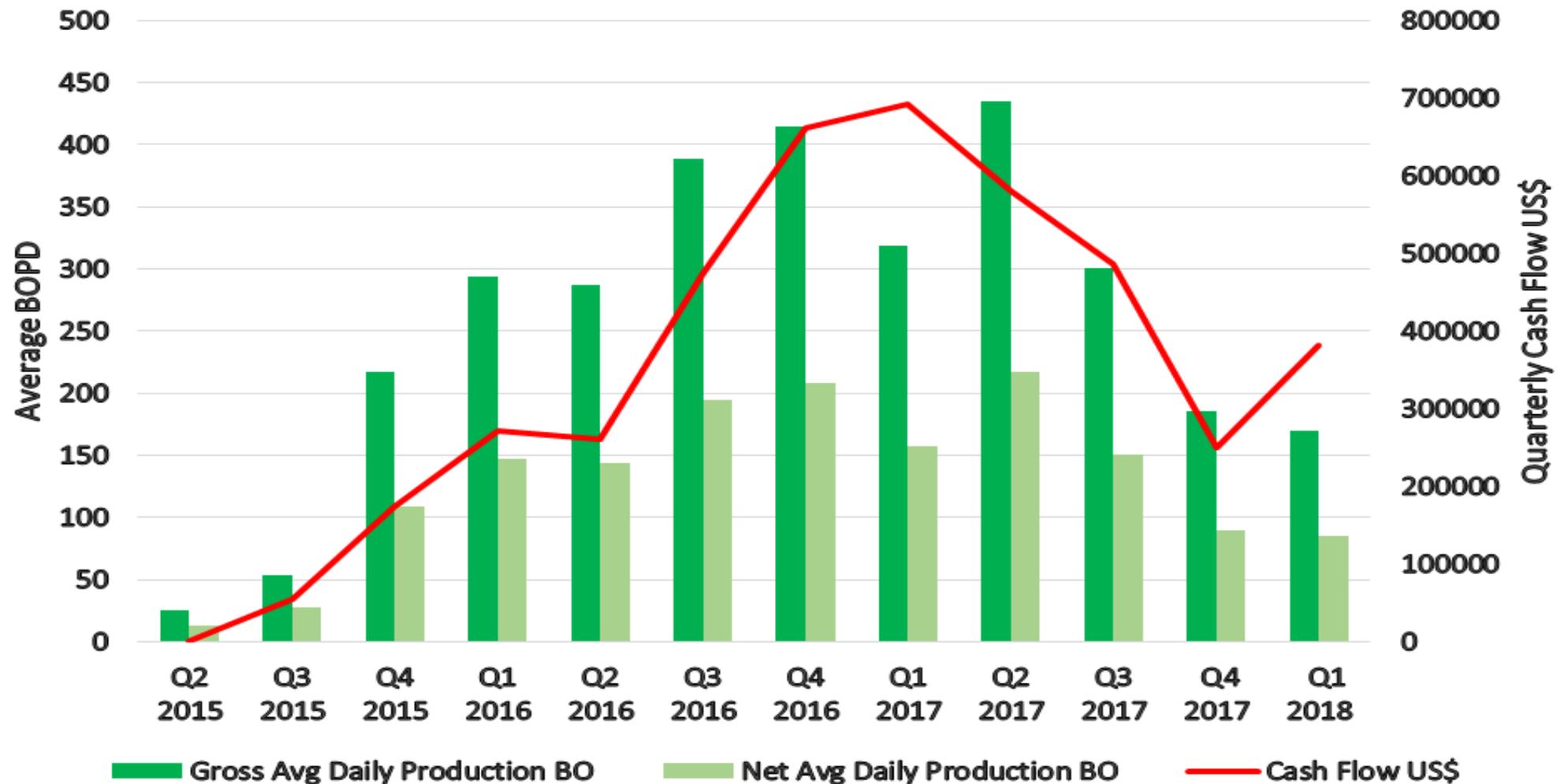
- ▶ For 100 bopd IP vertical well recovering 100,000 BO with WTI US\$45/bbl & US\$2.75/mcf flat pricing, well and completion costs pay out in 12 months
- ▶ Very low cost of production of US\$8/bbl reduced further as associated condensate rich gas sales pay for major part of onsite production costs.
- ▶ Low cost of US\$800,000 for vertical wells to 2300 metres, drilled, completed on production.
- ▶ Multi-lateral wells twice cost vertical well, expose multiples of potential reservoir length of vertical well with multiples of production possible.
- ▶ **Production cash flow & profits significantly leveraged to any rise in oil price**



Oil Production and Cash Flow

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Gross & Net oil Production barrels of oil per day & Cash Flow





How to Drive the current WEL Share Price?

▶ **Build daily oil production by successfully drilling up interpreted resource of 10 mill bbls in Ellenburger carbonate formation with active drilling program by farmout**

▶ **Production, cash flow and reserves build up to be accelerated by any lateral drilling success in Ellenburger and overlying formations.**

▶ **Exploration drilling success of interpreted stratigraphic traps in multiple stacked potential oil pay formations with up to 25 mill bbl recoverable.**

▶ **Finance from free cash flow and farmout ongoing drilling program of 6 -12 wells per year.**



2018 Planned Drilling Schedule

PERMIAN BASIN WINCHESTER		June	July	August	September	October	November	December
WELL INTEREST % (After farmout- direct)	Well Interest							
White Hat Ranch - 39#1 Horizontal - Ellenburger 39#1	70.0%							
White Hat Ranch - 38#2 Ellenburger Workover	50.0%							
Arledge - # 1 Cisco Recompletion	100.0%							
White Hat Ranch - 21#5 Recompletion Strawn	50.0%							
White Hat Ranch - 38#1 Recompletion Strawn	50.0%							
McLeod - # 1 Strawn/Cisco Recompletion	100.0%							
White Hat Ranch - 38#3 Fry/Strawn frac completion	78.5%							
Bridgford - # 1 Wolfcamp Shale	1.0%							
Thomas Ranch Ellenburger Lateral	100.0%							
White Hat Ranch Ellenburger Lateral	50.0%							

LEGEND



Horizontal Drilling



Vertical Drilling



Recompletion



Production Testing

(Note: All well timing and well interests subject to rig availability, funding and farmout)

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Winchester Energy Investment Summary



- ▷ **Single focus on US premier area, Permian Basin, Texas with high interests in 17,000 net acres.**
- ▷ **Aiming to grow low risk and low cost oil production from Ellenburger and Strawn. Production highly leveraged to oil price rises.**
- ▷ **Significant upside development & fracture production potential using latest 3D geophysical data, reprocessing techniques and horizontal drilling.**
- ▷ **Ellenburger target resource of up to 10 million bbls across interpreted 40sq km trap with successful development drilling.**
- ▷ **New Shallow Strat & Structural conventional oil traps mapped with up to 25+ million bbl resource potential.**
- ▷ **Drill testing unconventional Wolfcamp shales may open up new oil resource.**
- ▷ **Accelerating drilling with farmouts in response to industry interest.**

▷ **NO DEBT!**

Permian Basin oil producer, Texas

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