

Production Testing Activities in the Strawn Formation at White Hat 39#1L, Permian Basin, Texas

Highlights

- **Hydraulic fracturing program targeting the Strawn Formation in White Hat 39#1L scheduled for late September 2018.**
- **Winchester to operate the well with a working interest of 40%.**
- **Winchester currently derives production from the Strawn Formation in the White Hat 20#2 well. This well, which was fracture stimulated, has produced over 30,000 barrels of oil after 17 months of production.**

In June 2018 Winchester Energy Limited (Winchester or the Company), as operator, drilled a horizontal lateral well in the Ellenburger Formation in White Hat 39#1L.

Despite encouraging initial oil recoveries from the Ellenburger lateral in White Hat 39#1L, the lateral was unable to sustain a commercial flow of oil and gas.

Testing operations at White Hat 39#1L will now move up-hole to focus on the shallower oil bearing Strawn Formation in which encouraging oil shows were observed whilst drilling.

A testing and fracture stimulation program has been designed for the Strawn Formation similar to the successful Strawn fracture stimulation and production program implemented for the White Hat 20#2 well. Drill rig mobilization to White Hat 39#1L is scheduled for 17 September 2018 with fracking to commence 26 September 2018. The targeted section of the Strawn Formation is a thick consistent unit of carbonate debris sand with over 20 feet of good porosity and permeability. Strong oil and gas shows were seen while drilling.

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ASX Code: WEL

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Winchester currently derives production from the Strawn Formation in the White Hat 20#2 well. This well was fracture stimulated, with an initial production rate of 200 bopd and continues after 17 month of production to be an excellent producer at an average of 40 bopd in the month of August 2018 and has produced over 30,000 barrels to date.

Carl E Gungoll Exploration LLC (CEGX) has farmed-in to the White Hat 39#1L Strawn fracture stimulation program resulting in Winchester retaining a 40.6% working interest (WI) through the program (GEGX 50% WI, Ultra Short Radius (USR) Drilling Services 5% WI and a syndicate of technical consultants familiar with the area a 4.4% WI).

The location of White Hat 39#1ML is over 1.5 miles west of the producing White Hat Ranch Ellenburger wells.

Managing Director of Winchester, Mr. Neville Henry, commented:

"Winchester looks forward to the results of the frac program of the Strawn Formation as the Strawn Formation is considered by the Company to have significant oil resource potential both in structural and stratigraphic traps in the Company's large leasehold.

The Strawn Formation is a known producer in the East Permian Basin, with the Company's White Hat 20#2 well having been a valuable contributor to Company revenue over the past year.

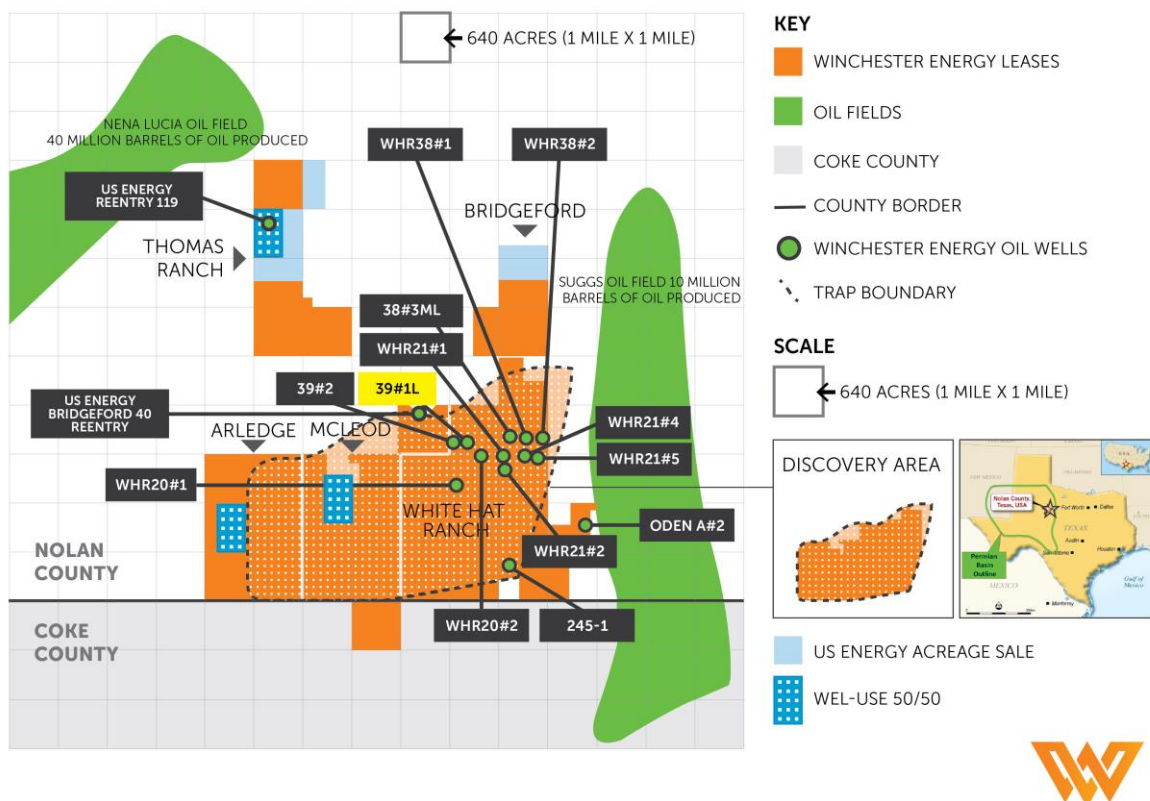
The initial evaluation of the oil producing potential of the Lower Penn/Wolfcamp "D" shale within the Company's leasehold is about to commence with US Energy notifying the Company they are planning to commence a fracture stimulation of the Lower Penn/Wolfcamp "D" Formation in the vertical wellbore of Thomas Ranch 119H in mid-September 2018."

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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 17,402 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 is of the view that with the several known oil productive horizons in its lease holding, that it can build through the application of modern geology, 3D geophysical analysis, drilling and completion methods, a potentially significant proven reserves and oil production asset.

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.

