

White Hat 39#1L and Thomas 119-1H Operations Update - Permian Basin, Texas

Highlights

- After almost a month of shut-in with a build-up full formation test, White Hat 39#1L is now back on pump, initially producing 30bopd
- Winchester will continue to produce oil from White Hat 39#1L before proceeding with fracture stimulation
- US Energy Corporation of America (USEC) is awaiting the availability of a frack crew at the Thomas 119-1H well and plans to hydraulic fracture the Lower Penn Shale of the Wolfcamp 'D' Formation

Winchester Energy Limited (the Company or Winchester) previously reported that after simple perforation and acidisation the White Hat 39#1 well produced 1,000 barrels of oil from the Strawn Formation over 10 producing days of swabbing and pumping. The well was perforated across a 20 feet section of the Strawn Formation and, following initial swab rates of 200 barrels of oil per day (bopd), was put on pump to assess production.

As expected, the total fluid rate then diminished to 40-50 bopd as the acidized area surrounding the well bore was produced. This rate of production is regarded as significant for an un-fracked Strawn well.

A full formation build-up test has been completed to assess the reservoir pressure and determine potential near wellbore damage, areal extent, potential formation barriers as well as any potential depletion.

After almost a month of shut-in, White Hat 39#1L was opened and initially produced 30 bopd before declining gradually to its current flow rate of approximately 11 bopd.

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ASX Code: **WEL**

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Data collected during the full formation build-up pressure test suggests that a hydraulic fracture programme may assist in increasing the oil production rate from the White Hat 39#1L well.

Winchester is now reviewing the pressure build-up data and evaluating various fracture stimulation options and models while awaiting confirmation from the hydraulic fracturing crew as to when the work can be undertaken. It is anticipated this would likely be January 2019.

Carl E Gungoll Exploration LLC (CEGX) has farmed-in to White Hat 39#1L. Winchester has a 31.5% interest before payout retaining a 40.6% working interest (WI) after payout through the program (GEGX 50% WI, USR Energy, LLC 5% WI and a syndicate of technical consultants familiar with the area a 4.4% WI).

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

Thomas 119-1H

Winchester has been informed by US Energy Corporation of America (USEC) that due to sub-optimal down-hole conditions, USEC have abandoned plans to pump test the Odom Lime Formation and are now moving up the vertical well bore with the plan to hydraulic fracture the Lower Penn Shale of the Wolfcamp 'D' Formation.

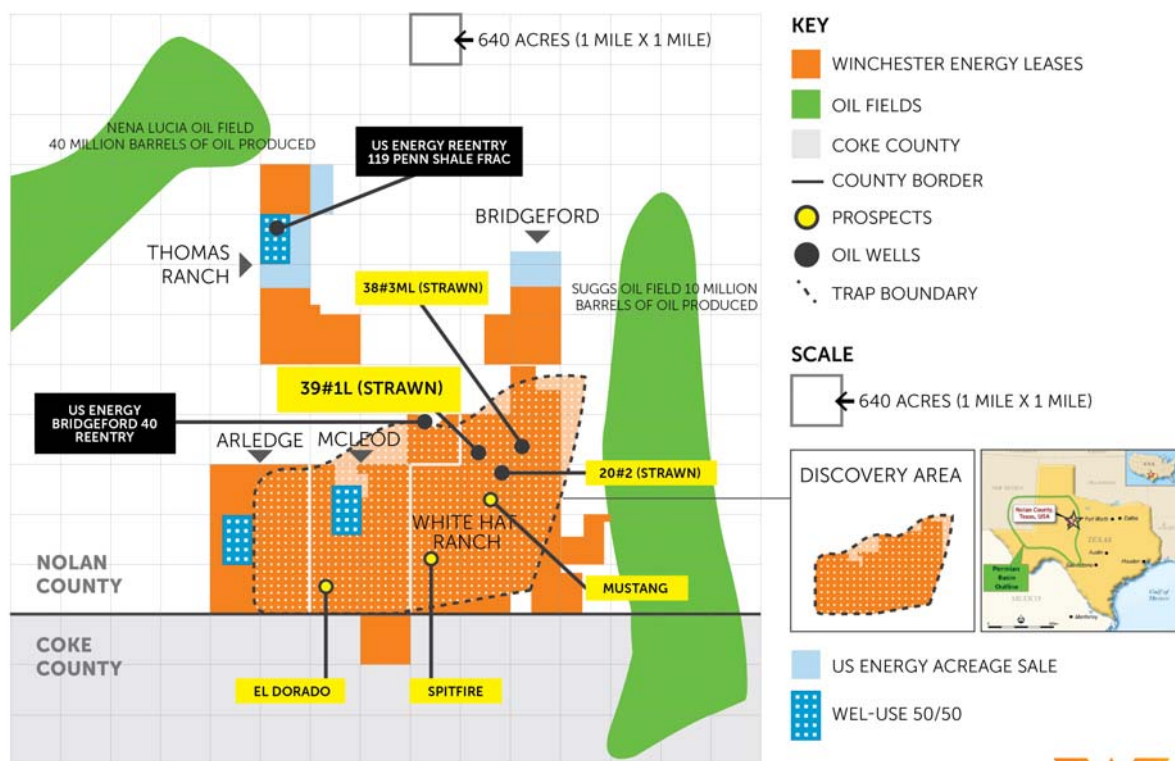
USEC are awaiting the availability of a frack crew for the Thomas 119-1H well with operations expected to commence in December 2018.

Further updates on the activities in these two wells will be made as information comes to hand.

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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 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.

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