WINCHESTER

ENERGY LTD

Oil Production & Development ASX code: WEL

Permian Basin - Texas - USA

"Australian junior taking on the Permian heavyweights" RGN 2017

6 December 2018

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Winchester does not make any recommendation to investors regarding the suitability of any securities and the recipient must make its own assessment and/or seek independent advice on financial, legal, tax and other matters, including the merits and risks involved, before making any investments.

The estimated total prospective resources referred to in this presentation were first announced to the ASX on 15 October 2018.

The estimated quantities of petroleum that may potentially be recovered by the application of future exploration and development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The Company confirms that it is not aware of any new information or data that in its opinion materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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. Mr. Henry has consented in writing to the inclusion of the information stated in the form and context in which it appears.

The Prospective Resources estimates in this report have been compiled by Kurt Mire, P.E. of Mire & Associates, Inc. from information provided by Winchester Energy. Mr Mire is a registered professional Engineer in the State of Texas and has over 30 years' experience in petroleum engineering. These Prospective Resource estimates may be subject to revision if amendments to mapping or other factors necessitate such revision.

Winchester Energy Investment Summary

▷ **Single focus on US premier area, Permian Basin, Texas with high working interests in 17,000 of contiguous net acres, 5 large leases with low continuous drilling commitments.**

▷ Aiming to restore & grow oil production from conventional exploration drilling in Strawn and Ellenburger formations.

▷ **Newly defined shallow conventional Strawn & Ellenburger structural and stratigraphic prospects mapped on 3D seismic.**

▷ Fracture Stimulation testing of unconventional Wolfcamp shales in progress.

▷ **Accelerating drilling with fund raising & farmouts in progress to drill Mustang, El Dorado & Spitfire prospects with total cumulative gross best estimate prospective resource of 7.8 million barrels of oil.***

▷ Three well exploration drilling program commencing February 2019.

▷ **NO DEBT!**

▷ ** Cautionary Statement: The cumulative total gross best estimate prospective resource quoted above was first announced to the ASX on 15 October 2018. See Disclaimers for further information*

Capital Structure

**Current Trading
AUD $0.024c
10 December 2018**

**Winchester Share Price Graph
(from December 2017 to present)**

Cash	**A$0.8 mill***
Total shares on issue	**285 mill****
Total options on issue @A$0.12/share	**50 mill**
DEBT	**NIL**
Current Market capitalisation @ 2.0 cents/share	**A$5.7 mill**
Founders, Board and Management (% ownership of the Company)	**42%**

* at 30 September 2018

**After current January 2019 1:2 rights issue of 142.6 million share at 2 cents to raise A$2.8 million, total shares on issue 428 million.

WEL has an experienced 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

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 & Coke Counties, 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

Nolan County, Texas, USA

Permian Basin Outline
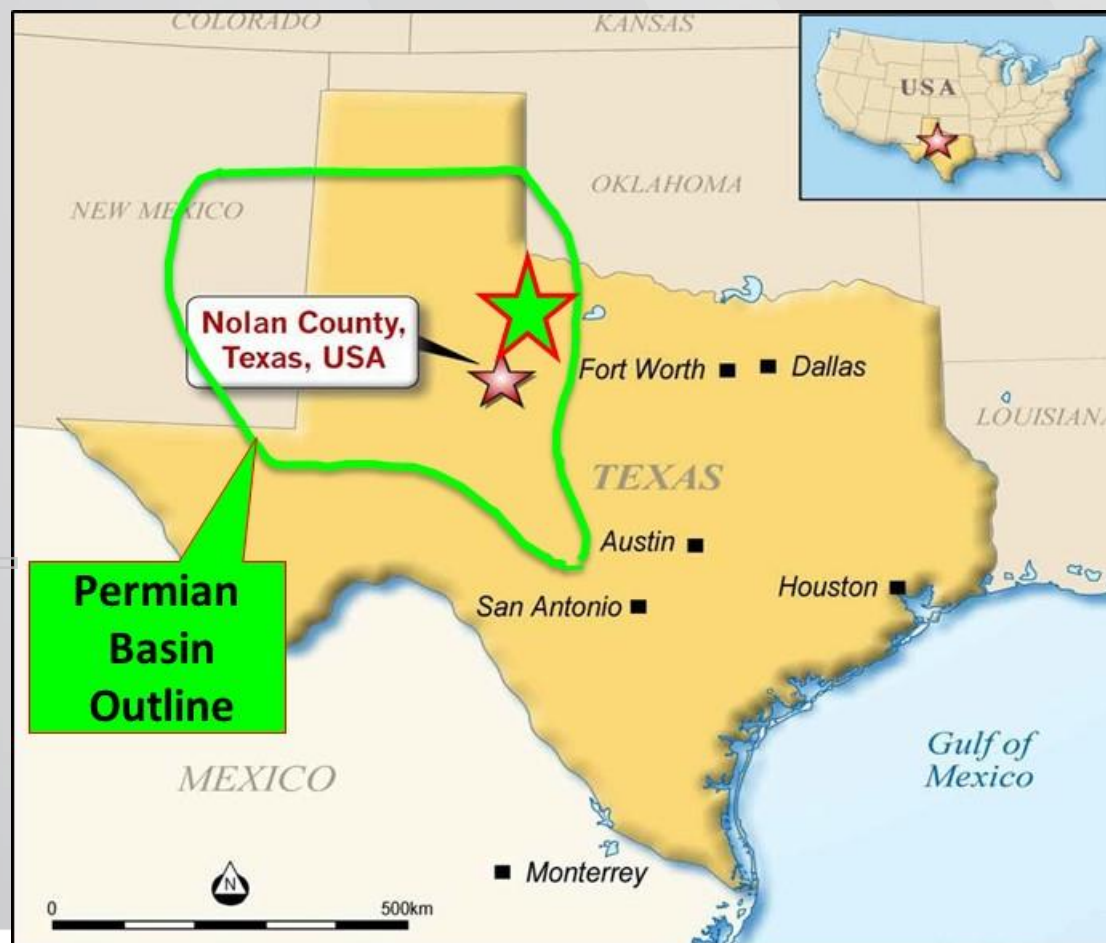
PERMIAN BASIN

- Total oil and gas production to date: **30 billion bbls & 75TCF**

- Daily oil & gas production now: **3.4 mill bbls/d & 11.3 bcf/d**

- **32% of US oil production now**

- **46% of onshore drilling rigs**

US EIA

8/2018

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Why be in Nolan and Coke Counties? - have produced 175 million barrels oil from conventional Ordovician to Permian Reservoirs

Cumulative Oil by Producing Zone in MMBO
Top 20 - Nolan County

Gross 175 million barrels oil

Coke and Nolan Counties have produced 79 million bbls from slope and basinal sands
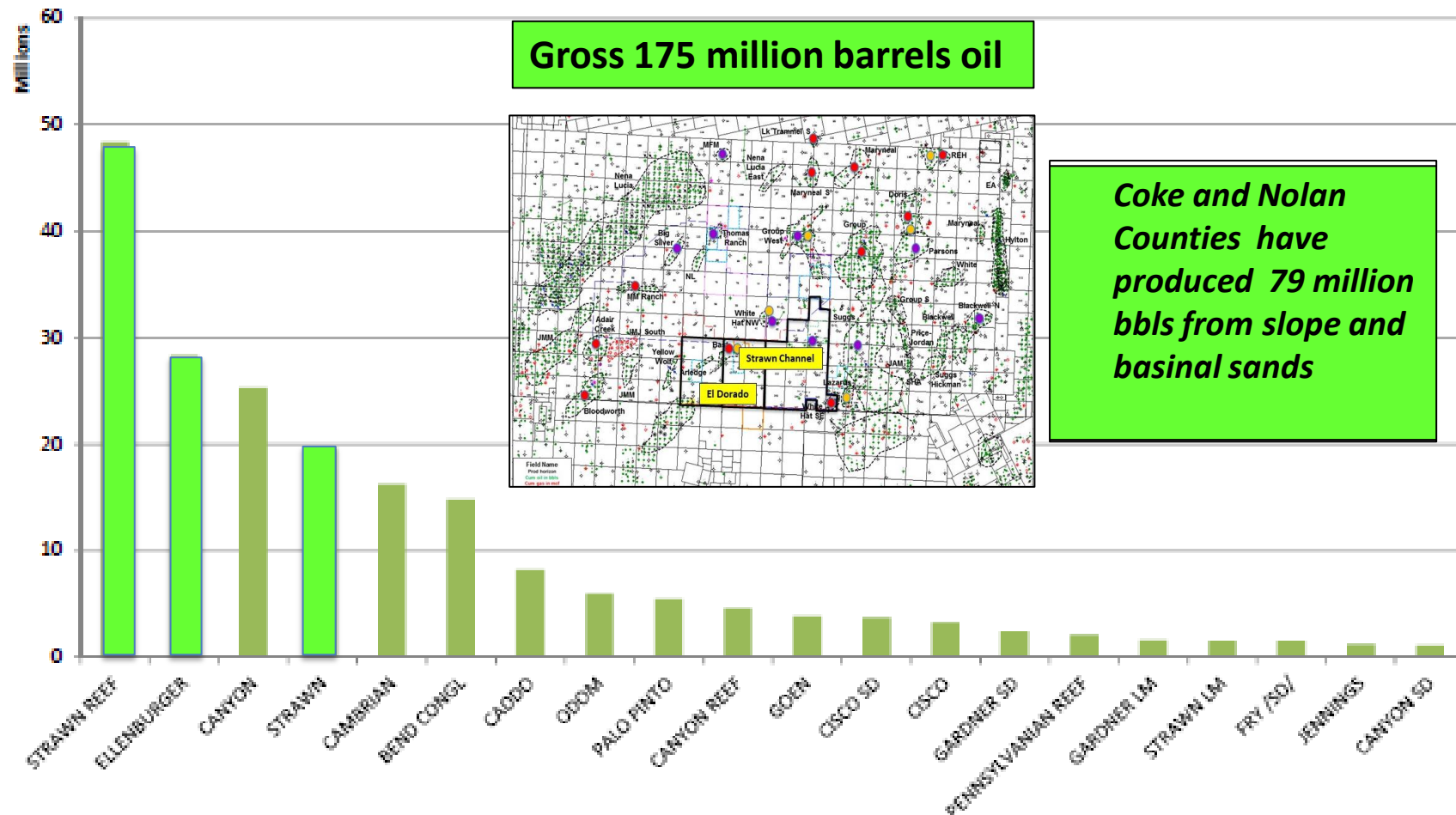
Why explore in the Permian Basin? Stacked proven Oil producing horizons.

➢ **17,000 net acres with** multiple stacked targets.

➢ Initial Development focus is on **Strawn & Ellenberger** conventional prospects.

➢ **Total cumulative prospective resource for Mustang, El Dorado & Spitfire prospects range from best estimate of** 7.8 million bbls **to high estimate of** 17.5 million bbls.*

➢ **Follow on focus on Crystal Falls** carbonates/shales **& Wolfcamp D shales** unconventional oil plays.
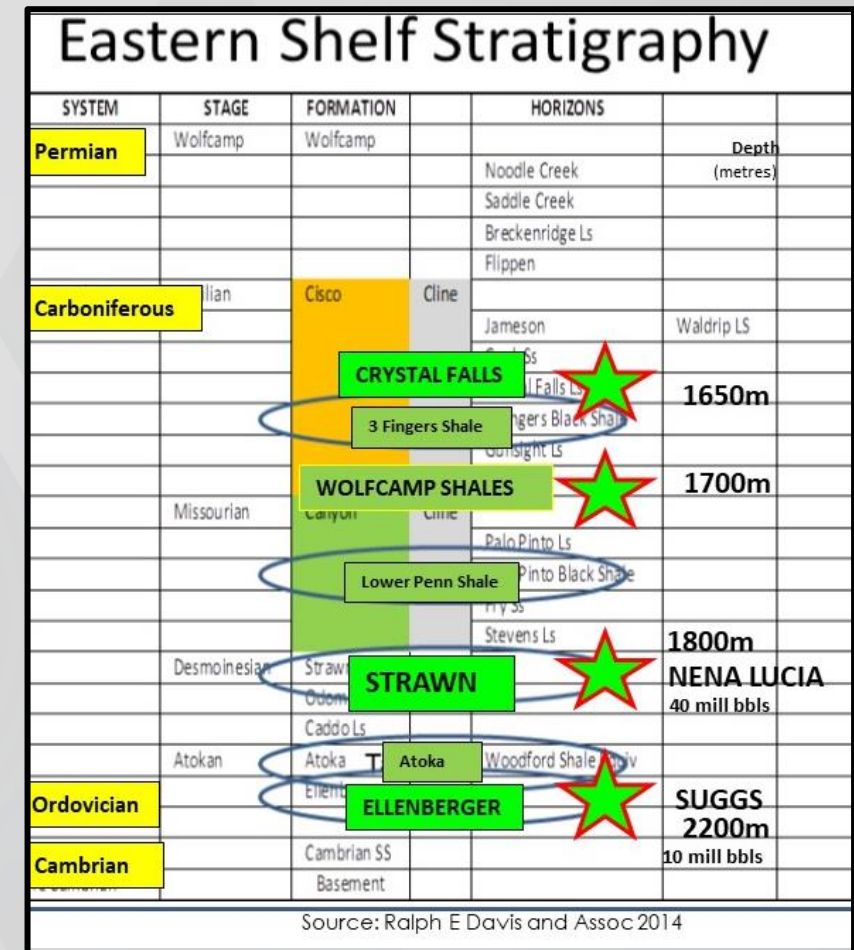
Cautionary Statement: The cumulative total gross best and high estimate prospective resource quoted above first announced to the ASX on 15 October 2018. See Disclaimers for further information.

Planned Drilling & Production Testing Activity, Next 6 months, Eastern Permian Basin

KEY

- WINCHESTER ENERGY LEASES
- OIL FIELDS
- COKE COUNTY
- COUNTY BORDER
- WINCHESTER ENERGY OIL WELLS
- TRAP BOUNDARY
- PLANNED 2019 DRILLING ACTIVITY
- US ENERGY ACREAGE SALE
- WEL-USE 50/50

640 ACRES (1 MILE X 1 MILE)

NENA LUCIA OIL FIELD 40 MILLION BARRELS OF OIL PRODUCED

Thomas 119 Frac

THOMAS RANCH

WHR38#1 WHR38#2

BRIDGEFORD

SUGGS OIL FIELD 10 MILLION BARRELS OF OIL PRODUCED

38 #3 Strawn Frac

WHR21#1

39 #1 Strawn Frac

ARLEDGE MCLEOD

WHR21#4
WHR21#5

WHR20#1

MUSTANG

WHITE HAT RANCH

ODEN A#2

WHR21#2

NOLAN COUNTY

COKE COUNTY

EL DORADO

SPITFIRE STRAWN CHANNEL

WHR20#2 245-1

DISCOVERY AREA APPROX 10,000 ACRES

(Note: All planned drilling activity subject to rig availability, funding and farmout)

SCALE MILES
0   5

THREE PROSPECTS

TWO COMPLETIONS

ONE WOLFCAMP SHALE FRAC

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

Independent Prospective Resource Estimation* - Mire & Associates Inc.

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El Dorado Prospect

Ellenberger	P_{90}	P_{10}
Area (Acres)	500	1,000
Recovery (BO/Acre)	441	1,750
Strawn	P_{90}	P_{10}
Area (Acres)	500	700
Net Pay (Ft)	5	20
Unit Recovery (BO/AF)	80	160

Prospective Resources (MBO)

Ellenberger		
P_{90}	P_{50}	P_{10}
289	615	1,263
Strawn		
302	654	1,365
591	1,269	2,628

Mustang Prospect

Fry	P_{90}	P_{10}
Area (Acres)	350	2,000
Net Pay (Ft)	10	25
Unit Recovery (BO/AF)	80	160
Ellenberger	P_{90}	P_{10}
Area (Acres)	500	1,000
Recovery (BO/Acre)	441	1,750

Prospective Resources (MBO)

Fry		
P_{90}	P_{50}	P_{10}
510	1,428	3,756
Ellenberger		
289	609	1,251
799	2,037	5,007

Spitfire Prospect

Strawn Channel	P_{90}	P_{10}
Area (Acres)	500	2,000
Net Pay (Ft)	25	50
Unit Recovery (BO/AF)	80	160
Ellenberger	P_{90}	P_{10}
Area (Acres)	500	1,000
Recovery (BO/Acre)	441	1,750

Prospective Resources (MBO)

Strawn Channel		
P_{90}	P_{50}	P_{10}
1,708	3,882	8,665
Ellenberger		
286	608	1,242
1,994	4,490	9,907

The prospective resources estiamted in this report have been compiled by Kurt Mire, P.E.

- **Mustang** - Best estimate: 2.0 mill bbls
  - High estimate: 5.0 mill bbls
  CHANCE OF SUCCESS: 58% (WEL Ranking)**
- **El Dorado** - Best estimate: 1.3 mill bbls
  - High estimate: 2.6 mill bbls
  CHANCE OF SUCCESS: 48% (WEL Ranking)**
- **Spitfire** - Best estimate: 4.5 mill bbls
  - High estimate: 9.9 mill bbls
  CHANCE OF SUCCESS: 28% (WEL Ranking)**

TOTAL ALL PROSPECTS
- **Best estimate: 7.8 mill bbls**
- **High estimate: 17.5 mill bbls**

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** Estimated chance of finding oil based on risk relating to presence of : Trap X Reservoir X Source X Charge

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Oil Production and Cash Flow

Gross & net daily barrels of oil per day production & quarterly cash flow

Legend: Gross Avg Daily Production BO — Net Avg Daily Production BO — Cash Flow US$
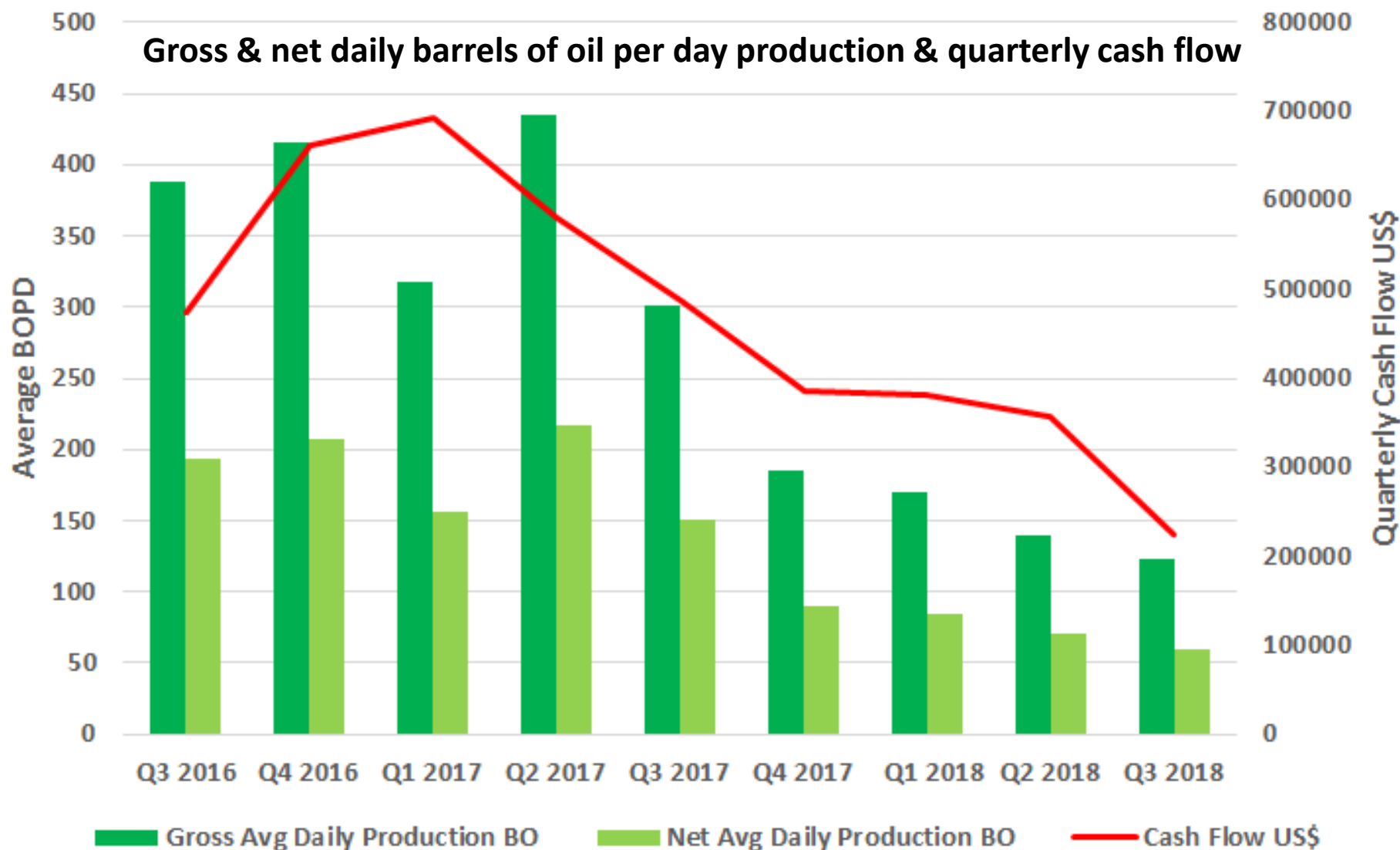
How to increase the value of Winchester?

▷ Restore & grow production, cash flow & reserves by successful exploration and development drilling and well re-completions in existing vertical wells with indicated prospective oil resource.

▷ **With early 2019 exploration drilling success in conventional Mustang, El Dorado & Spitfire prospects with cumulative total gross best estimate prospective resource of 7.8 million barrels of oil***

▷ Follow on drilling of 20 additional drill ready locations with 3D seismic interpreted structural and stratigraphic traps with multiple stacked formations with prospective oil resource.

▷ **Prove up horizontal drilling Wolfcamp D shale oil potential already identified in vertical wells across Winchesters 17,000 acres.**

▷ Finance from January 2019 share issue and then free cash flow and farmout for ongoing drilling program of 6 -12 wells per year.

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2019 Planned Drilling Schedule

PERMIAN BASIN WINCHESTER		2019						
WELL INTEREST % (After farmout- direct)	Well Interest	January	February	March	April	May	June	July
White Hat Ranch - 39#1 Recompletion Strawn	31.5%	Production Testing						
Thomas Ranch 119H Wolfcamp Shale Frac	12.5%*	Completion	Production Testing					
White Hat Ranch 38#3 Strawn Frac/ Recompletion	78.5%		Completion	Production Testing				
Bridgford 40 Wolfcamp Shale Frac	25.0%		Completion	Production Testing				
Mustang Fry/Strawn and Ellenburger	75.0%		Vertical Drilling	Production Testing				
El Dorado Strawn/Ellenburger	50.0%			Vertical Drilling	Production Testing			
Spitfire Strawn and Ellenburger	50.0%				Vertical Drilling	Production Testing		
East Bast Strawn and Ellenburger	40.0%					Vertical Drilling	Production Testing	
West Bast Strawn and Ellenburger	40.0%						Vertical Drilling	Production Testing

**LEGEND**

Horizontal Drilling | Vertical Drilling | Completion | Production Testing

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

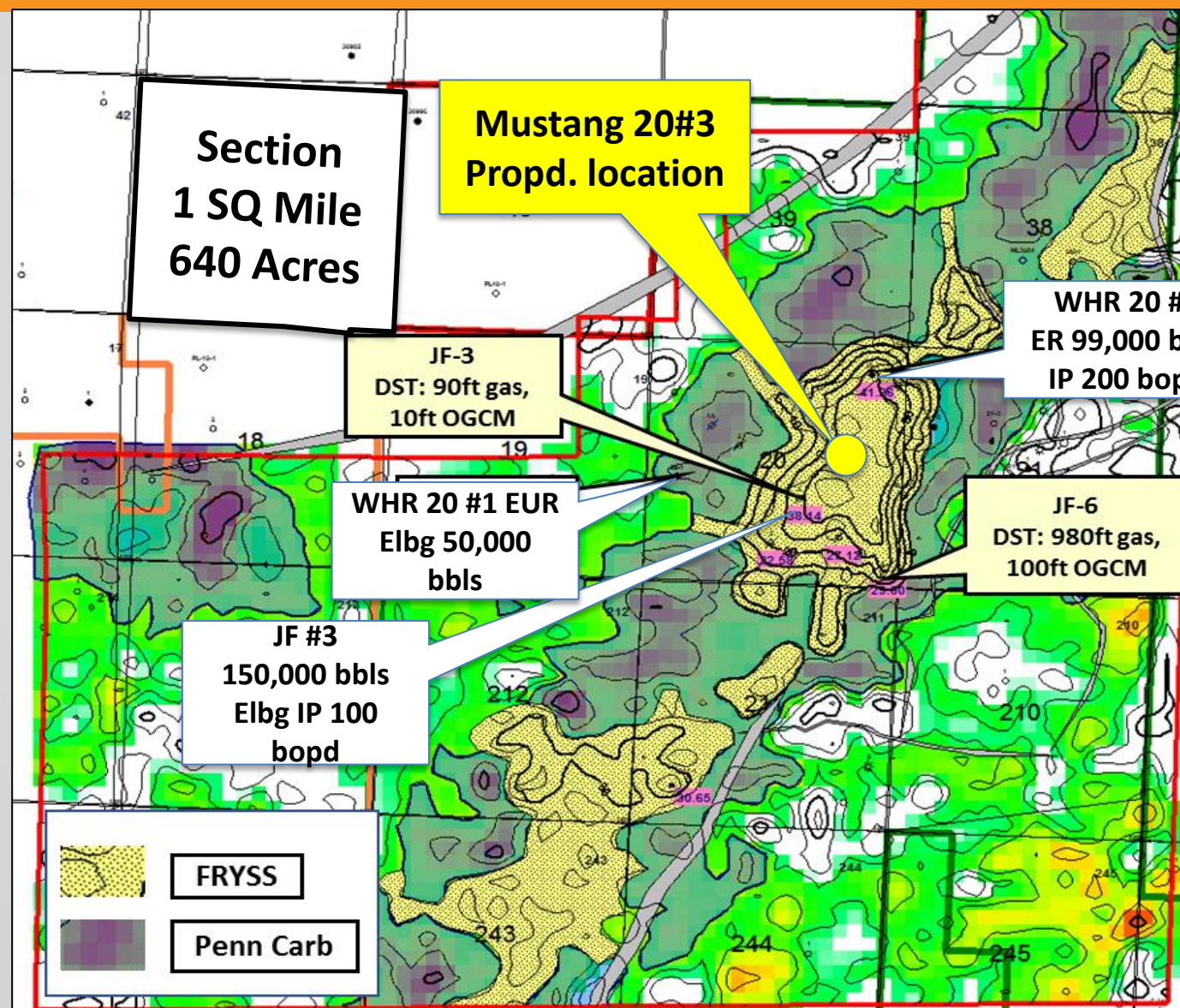# Mustang Prospect- interpreted prospective area of over 1,000 acres

20 #2 Strawn production IP 200 bopd

Mustang Prospect

(Note: All planned drilling activity subject to rig availability, funding and farmout)
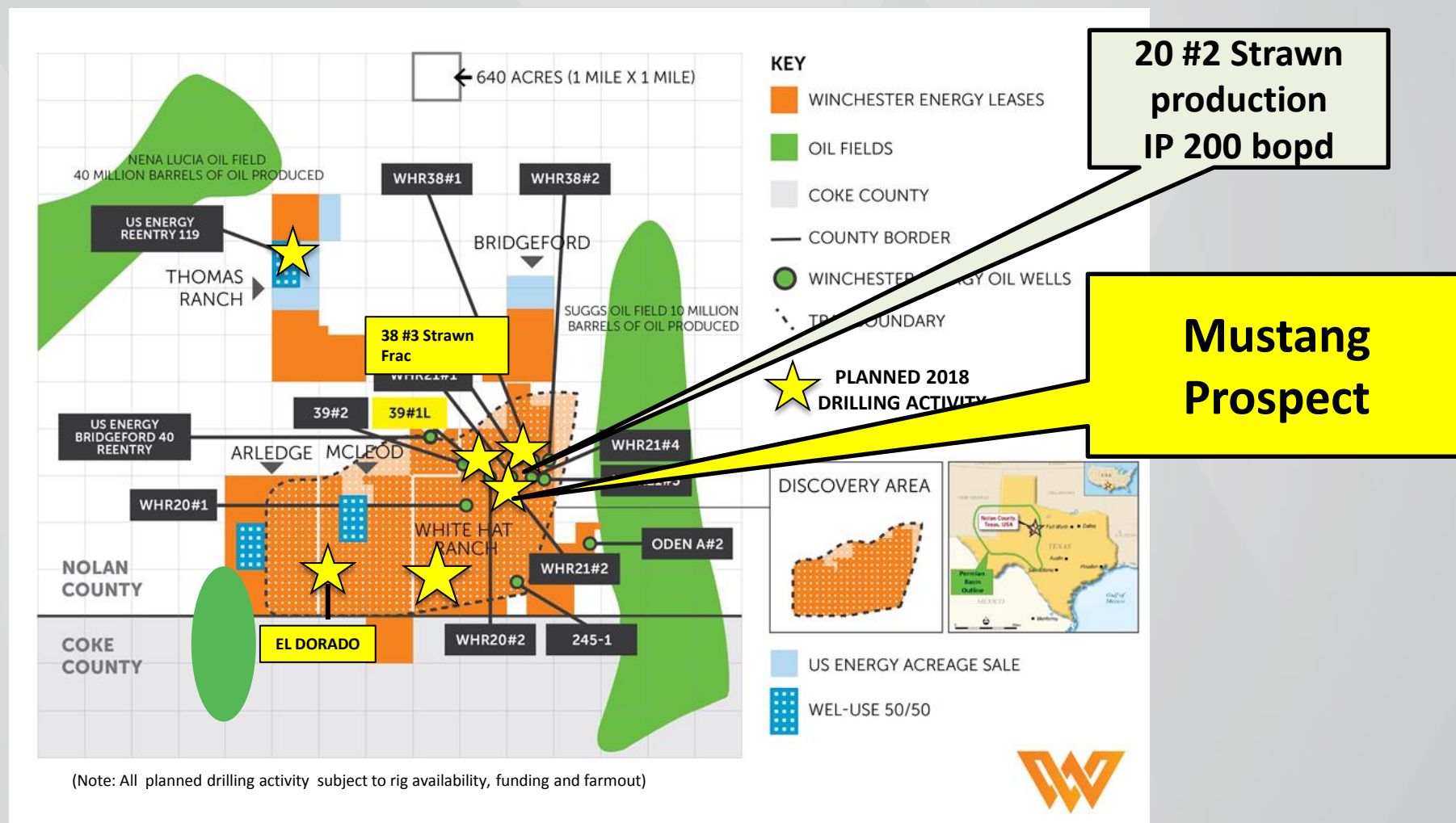
Winchester leases & surrounding area covered by 234 sq. kms (57,600 acres) of 3D seismic

White Hat Ranch Mustang Prospect

- **Gross Pay: 30 ft**
- **Net Pay: 10 - 20 ft**
- **Drill Depth: 5,700 – 6,000 ft MD**
- **D&C Cost: Stand alone $500,000**
- **F&D: Full cycle cost $20/bbl**
- **1000 acres**
- **Best estimate prospective resource:**
  (Fry/Strawn & Elbg)

2.0 million bbls*

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El Dorado Prospect-Ellenburger & Strawn closure 1,000 acres
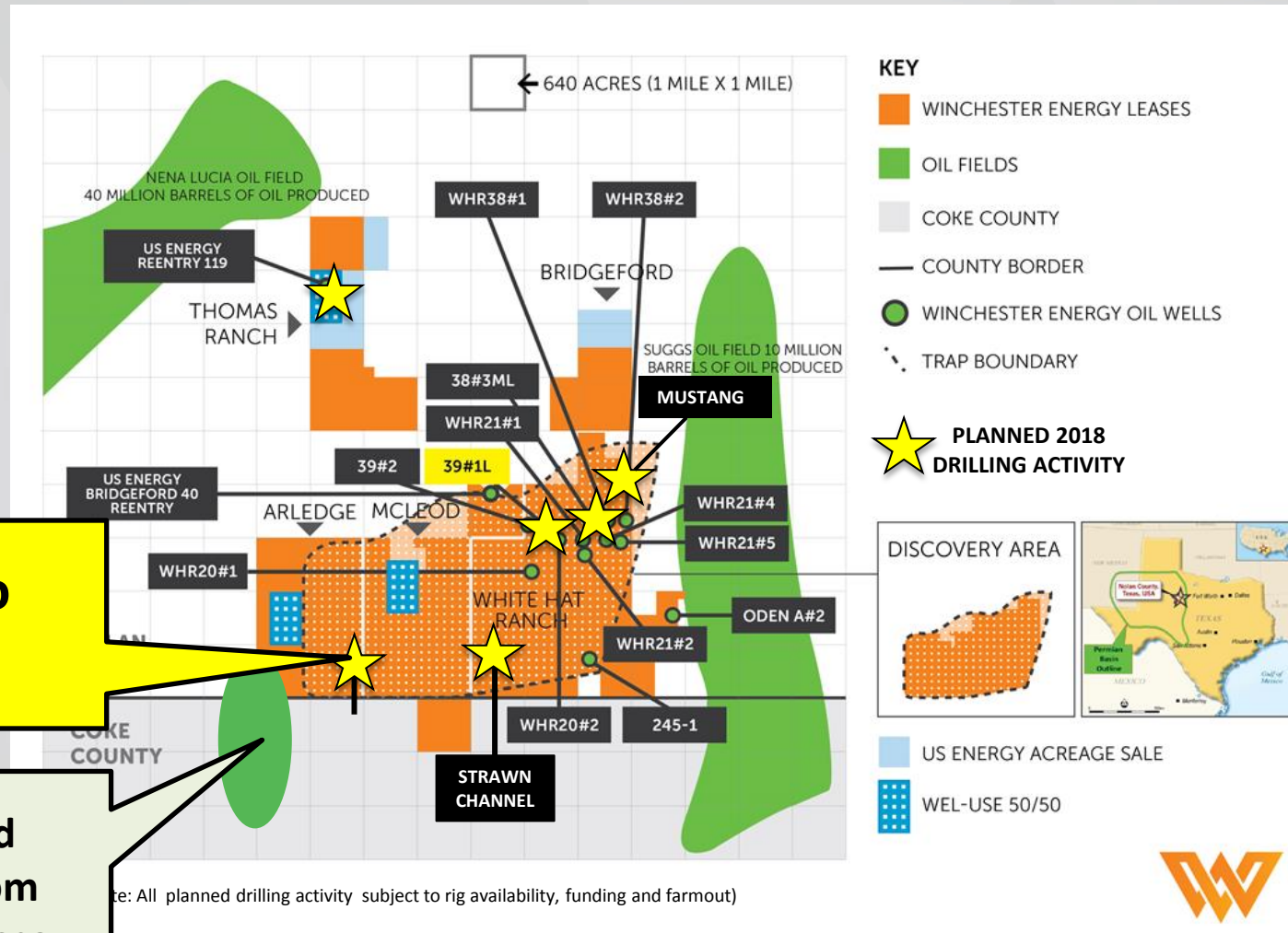
- **Best estimate prospective resource:** (Strawn & Elbg) **1.3 million bbls***

El Dorado Prospect

Arledge Field 2 mill bbls from Strawn and Cisco

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

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El Dorado Prospect- Arbitrary 3D Seismic Line

El Dorado A
Proposed Location

El Dorado 240 #1
2009

SW

NE

Arledge

McLeod

Strawn

Ellenburger

Closure at Elbg, Strawn, Penn Carb

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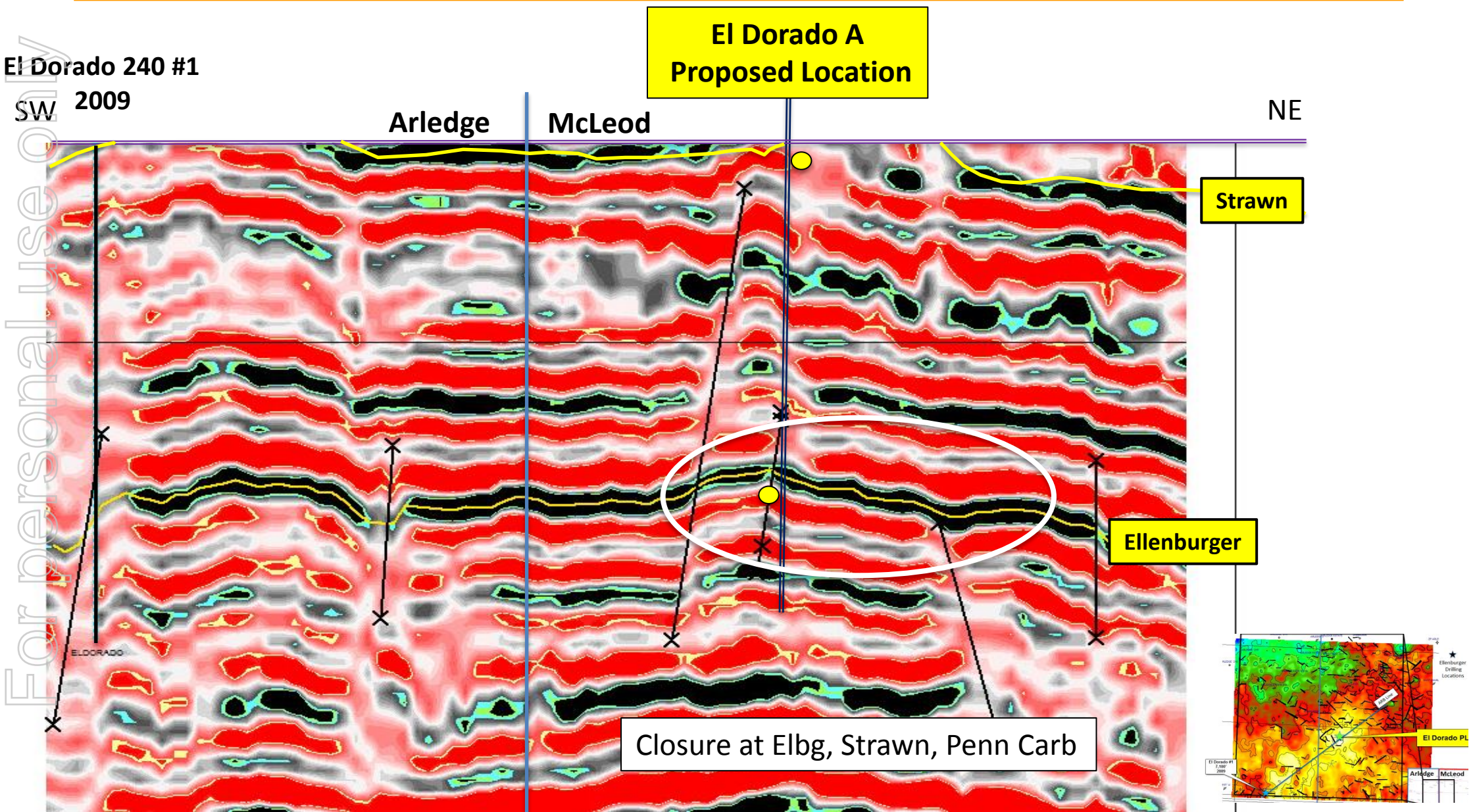
Spitfire 'Strawn Channel' Prospect- Interpreted gross area 2,000 acres

Nina Lucia Field 40 million barrels from Odom and Strawn Carbonates

White Hat Ranch Field
600,000 barrels

Strawn Channel Prospect

Suggs Field
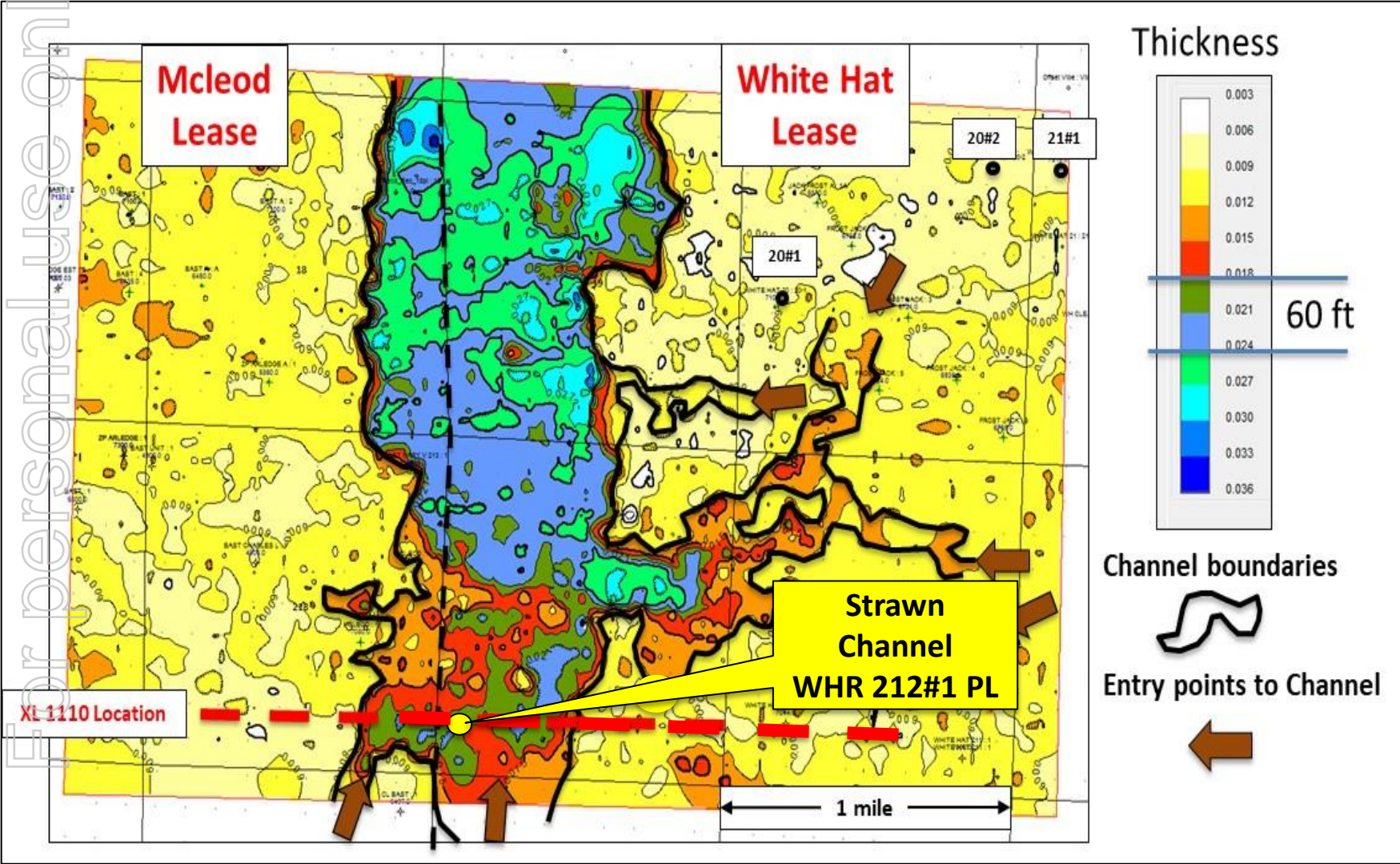10 million barrels

Arledge Field
2 mill bbls from Strawn and Cisco

KEY
- WINCHESTER ENERGY LEASES
- OIL FIELDS
- COKE COUNTY
- COUNTY BORDER
- WINCHESTER ENERGY OIL WELLS BOUNDARY
- ★ PLANNED 2018 DRILLING ACTIVITY
- US ENERGY ACREAGE SALE
- WEL-USE 50/50

← 640 ACRES (1 MILE X 1 MILE)

NENA LUCIA OIL FIELD 40 MILLION BARRELS OF OIL PRODUCED

US ENERGY REENTRY 119

THOMAS RANCH

WHR38#1 WHR38#2

BRIDGEFORD

SUGGS OIL FIELD 10 MILLION BARRELS OF OIL PRODUCED

MUSTANG

38#3ML

WHR21#1

US ENERGY BRIDGEFORD 40 REENTRY

39#2 39#1L

ARLEDGE MCLEOD

WHR21#4

WHR21#5

WHR20#1

WHITE HAT RANCH

ODEN A#2

WHR21#2

NOLAN COUNTY

COKE COUNTY

EL DORADO

WHR20#2 245-1

Note: All planned drilling activity subject to rig availability, funding and farmout)

SCALE MILES
0   5

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

Spitfire 'Strawn Channel' Prospect-interpreted gross area 2,000 acres

Best estimate prospective resource:
(Strawn & Elbg)

4.5 million bbls*

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Spitfire Prospect Strawn Channel Prospect - seismic line XL 1110 using velocity imaging
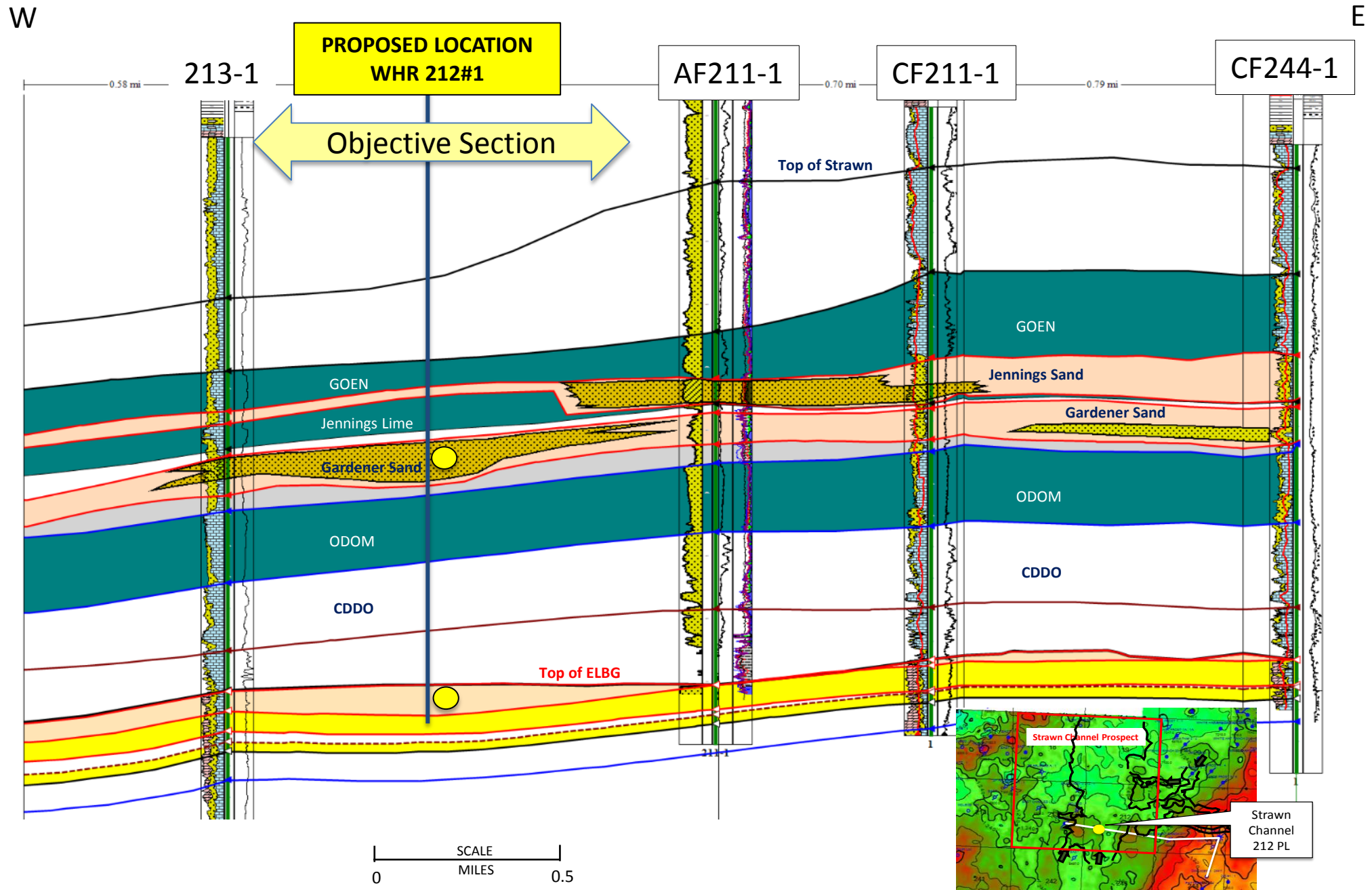
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WEST

EAST

WHR 212 #1
PROPOSED LOCATION

MCLEOD AMERAC #1
PROJD.

TOP CARBONATE

CHANNEL FACIES

STRAWN

ELLENBURGER

ELLENBURGER

Inversion seismic line processing

SCALE
MILES

0   0.5

XL 1110

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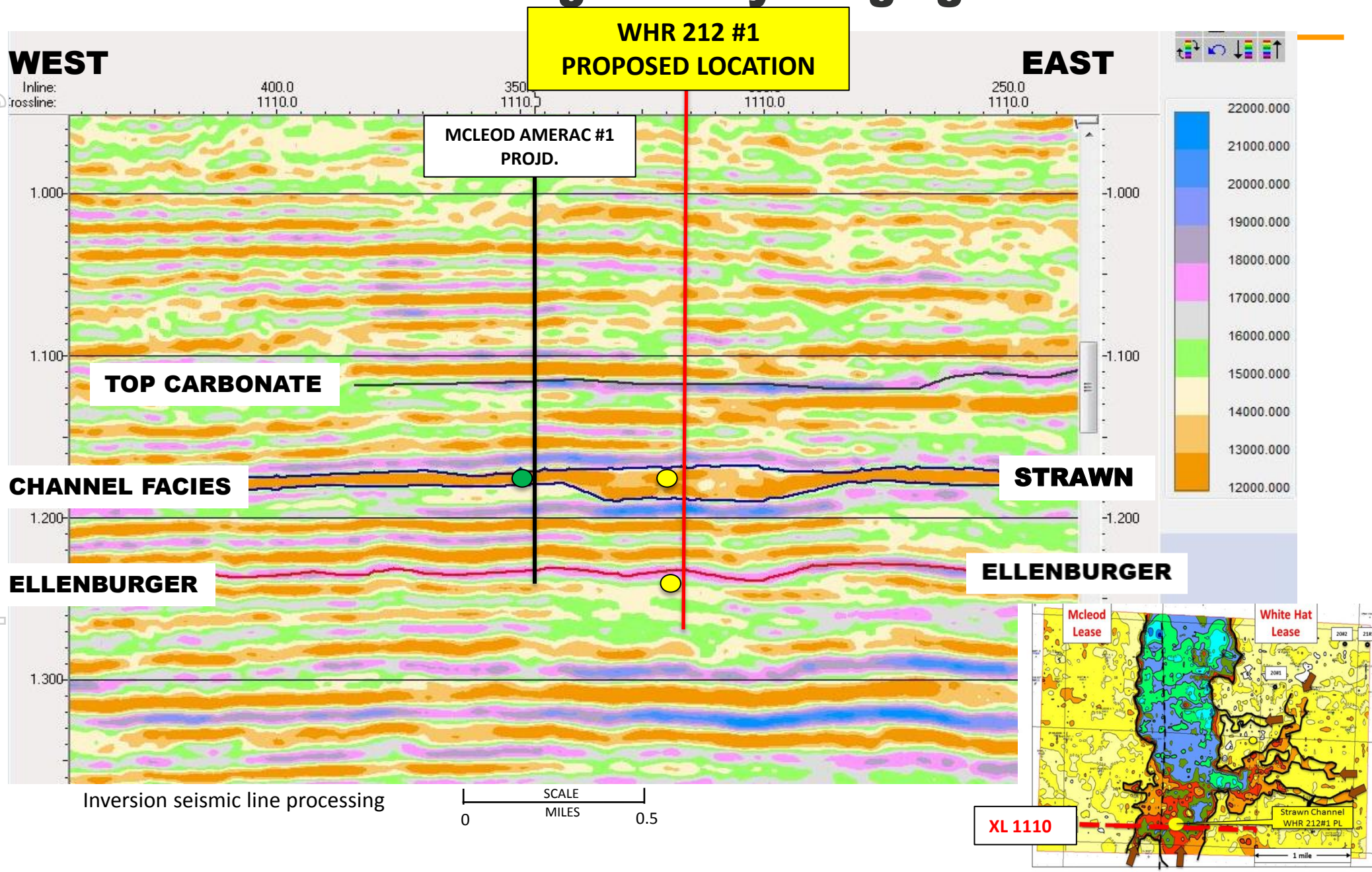
Spitfire Prospect- West to East Cross-section across Strawn Channel

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Spitfire Prospect - Strawn Channel Isochron Map – from 3D &Nearby Wells

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MCLEOD 1
AMERAC
7548'
LOWER STRAWN
PAY ON LOG

MCLEOD 1
CROWNCREST
7080'
PRODUCED
11,208 BO
FROM
ELLENBURGER

BAST MARY V
213 - 1
5510'

SEC 19

JF 2
6722'

20-1

7100'

JF 3
6724'

JF 5
6784'

WHR 212 #1 PL
Strawn Channel

XLINE 1110

SEC 212

WHR 211 -1
7044'
ADELE FROST

SCALE
MILES
0   0.5

6 December 2018
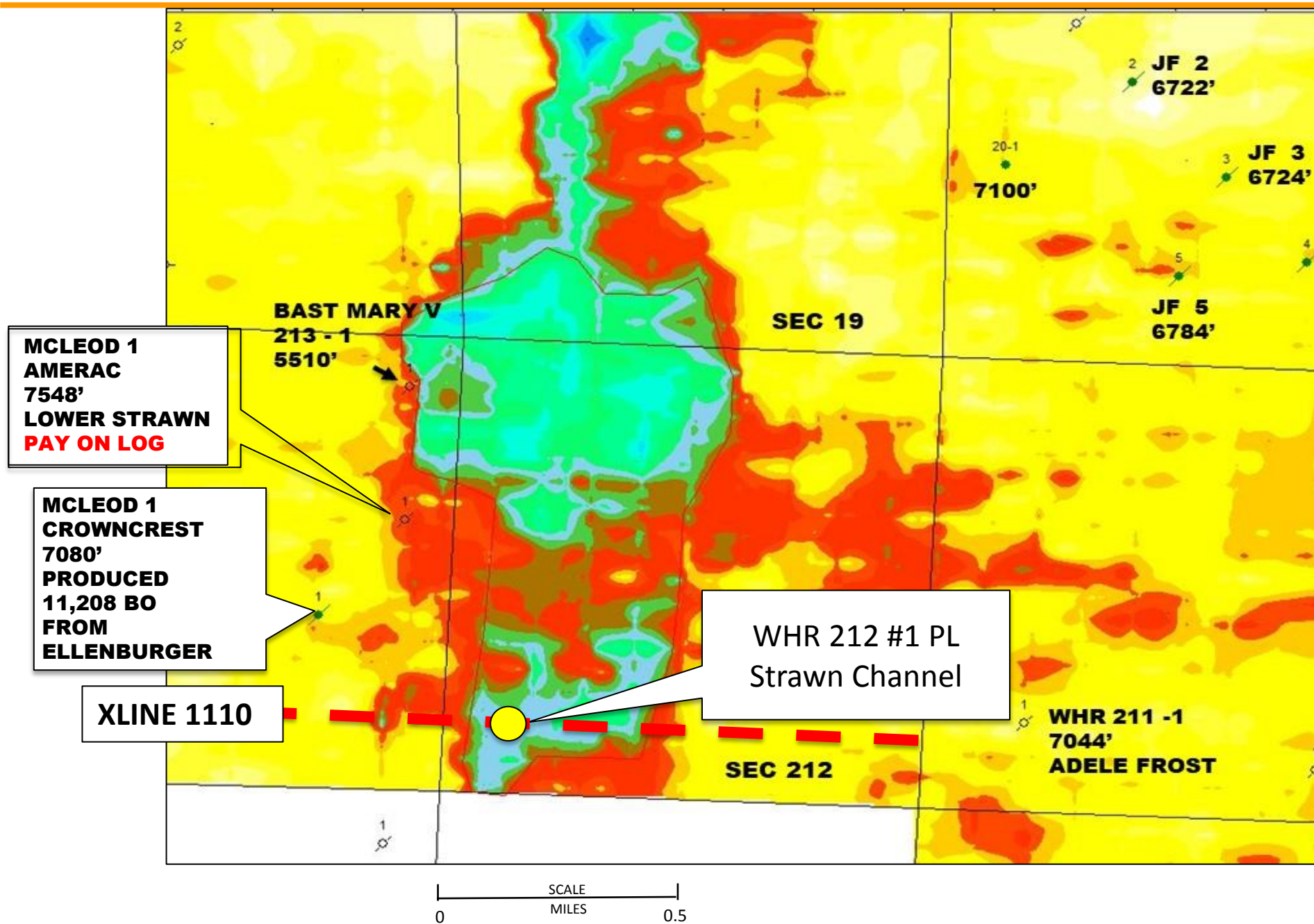
Spitfire 'Strawn Channel' Prospect & possible western extension

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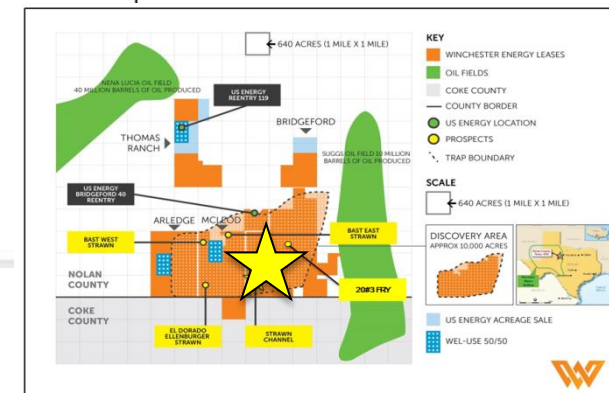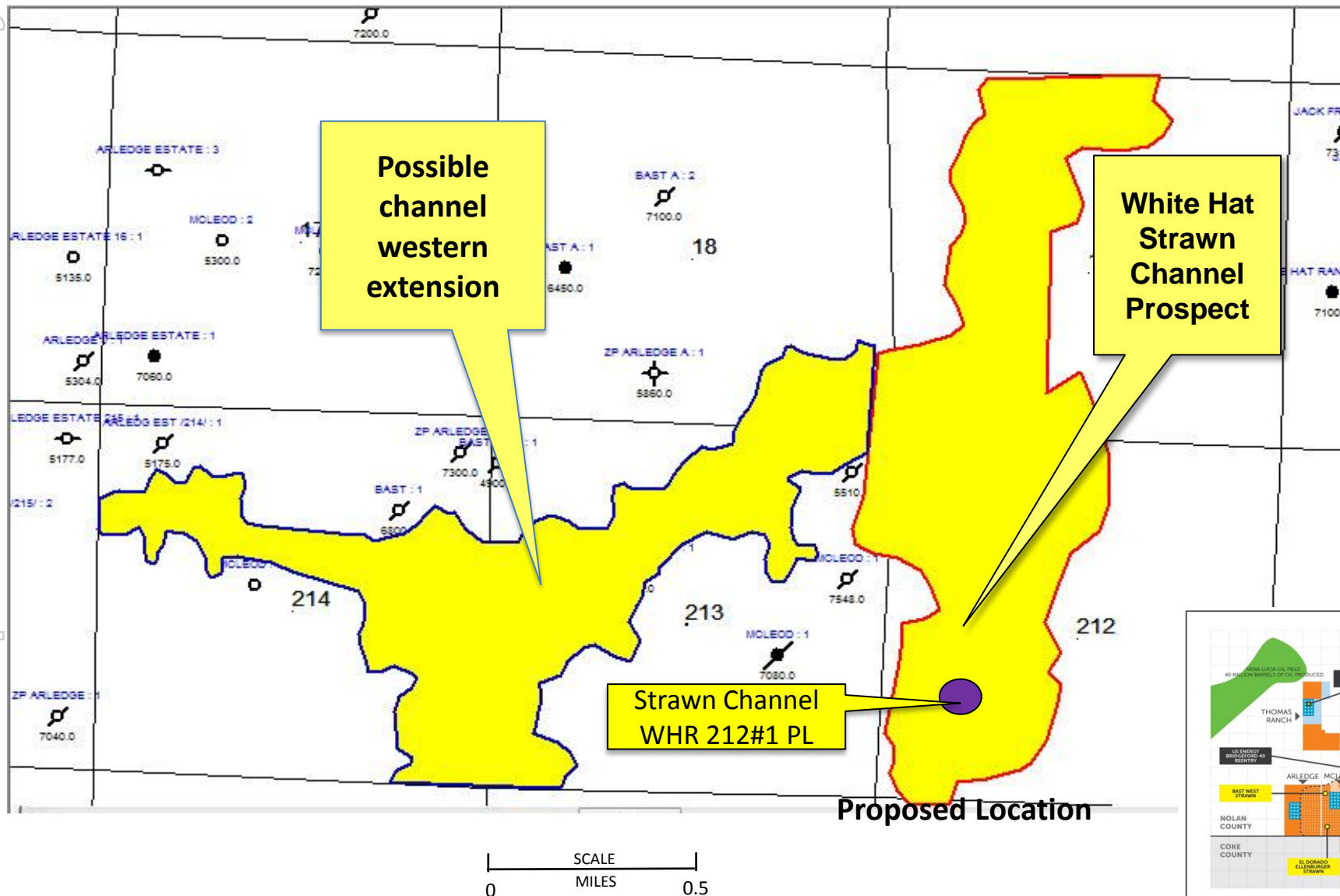
Possible channel western extension

White Hat Strawn Channel Prospect

Strawn Channel
WHR 212#1 PL

Proposed Location

SCALE
MILES
0   0.5

6 December 2018

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Permian Basin oil producer & explorer, Texas