

**Oil Shows Observed in Ellenburger Formation,
White Hat 20#3, Mustang Prospect,
Permian Basin, Texas**

Highlights

- **50 feet of oil shows observed in the Ellenburger Formation between 6,740 ft and 6,790 ft at the White Hat 20#3 well**
- **Swabbing of the Ellenburger has commenced to determine oil production potential**
- **Following testing of the Ellenburger oil show interval, production testing of the primary Strawn Sand oil zone will take place**
- **Winchester Energy has all the completion and production facilities lined up to ensure White Hat 20#3 can be production tested and put on production rapidly**

Winchester Energy Limited (Winchester), as operator, advises that it has reached a total depth of **6,796 feet in** the White Hat 20#3 well targeting the Mustang Prospect.

Approximately 100 ft of the secondary target, the Ellenburger Formation, was drilled with oil shows observed over a 50 ft interval from 6,740 ft to 6,790 ft. The well is now being swabbed to determine the rate, if any, of oil production from the Ellenburger.

The Ellenburger formation has produced 150,000 bbls of oil with an initial production rate of 100 barrels of oil per day (bopd) from the JF#3 well 420 metres to the southwest and at the same structural level as White Hat 20#3.

Following the evaluation of the Ellenburger formation, it has been agreed with Carl E. Gungoll Exploration LLC (CEGX) a private company with a 25% Working Interest (WI) In the White Hat 20 #3, that Winchester will move up hole and test the primary Strawn Sand target over the 20 ft interval 6,740 ft – 6,760 ft.

This initial completion and production test will be followed by fracture stimulation similar to that performed in the successful White Hat 20#2 which had

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an initial completion rate of 20 bopd and following fracture stimulation a significant increase to an initial rate of 200 bopd.

To that end Winchester has secured a frack crew to perform this work in the next couple of weeks.

An example of the stacked nature of target oil producing zones and thus production potential of Winchester's broad 17,000 acreage position in the eastern Permian Basin, is provided by the cumulative net oil pay (excluding the Ellenburger) of 99 ft interpreted from the wireline logs in White Hat 20#3, including:

- **Primary target - Strawn Sand - 28 feet net oil pay**
- **Secondary targets - Wolfcamp 'D' Shale/Strawn Lime/Caddo- combined net oil pay of 71 feet**

The current strategy is to focus on the primary Strawn sand target and Ellenburger formation. The company has no immediate plan to production test the secondary targets interpreted to have net oil pay from wireline logs and oil shows while drilling.

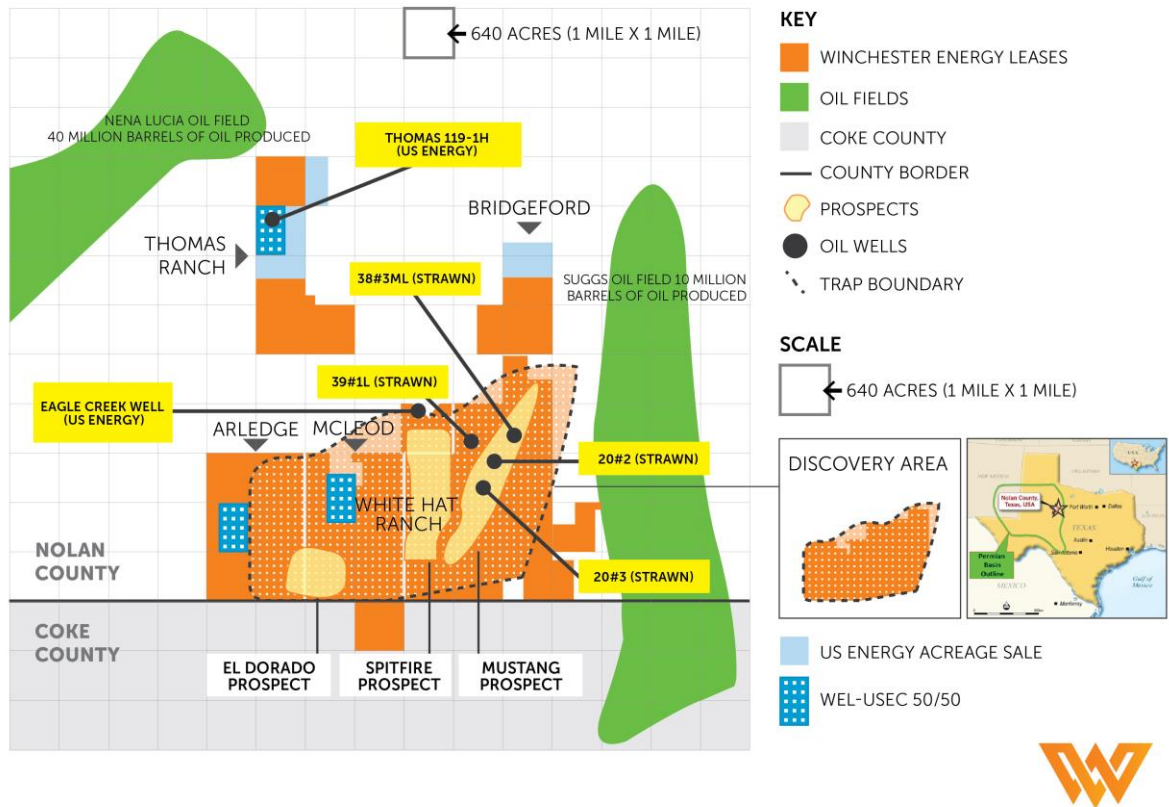
Winchester Managing Director, Neville Henry, commented,

"The oil shows in the Ellenburger are a bonus for the well. There is potential for the Ellenburger Formation to be a second producing zone in White Hat 20#3 and we will be determining its potential through an immediate swabbing program with the drilling rig on site.

We remain excited by the Strawn Sand discovery in White Hat 20#3 as it means we now have two wells on the Mustang Prospect with over 40 feet of gross sand that supports our interpretation from 3D seismic mapping and extensive well control that a significant Strawn Sand stratigraphic trap is present that has not been previously recognized.

Although further wells are required to be drilled to determine the ultimate size of the oil resource present in the Strawn Sand the results to date indicate there will likely be a multi well development program ahead on the Mustang Prospect.

The result of this well gives us confidence that our seismic modelling of the Mustang Prospect is working and has de-risked the expected results from future wells to be drilled on the Mustang Prospect."



Mustang Prospect Background - Winchester 75% Working Interest (WI)

The area of the Eastern Permian Basin surrounding Winchester's large leasehold position has produced over 100 million barrels of oil from the Strawn Formation and the Ellenburger Limestone.

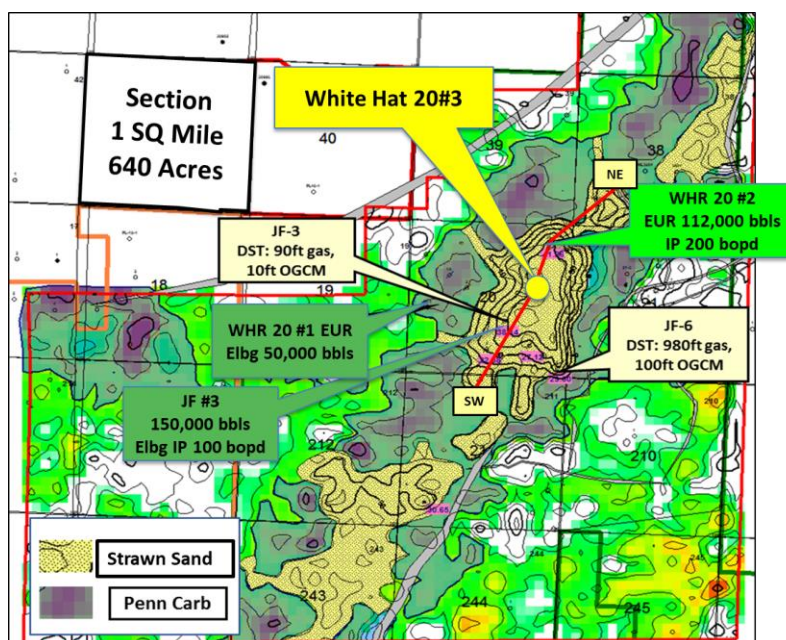
Reprocessing of 3D seismic data and detailed analysis of past wells drilled within Winchester's large leasehold has defined several overlooked stratigraphic traps in Strawn Formation sands. The first evidence of the oil bearing potential of this 'new' stratigraphic play (the Mustang Prospect) was the successful White Hat 20#2 well.

White Hat 20#3 is a 3D seismically defined step out well of the initial 'discovery' well, White Hat 20#2, to determine whether the Mustang Prospect stratigraphic trap as interpreted extends over an area of up to 2,000 acres.

The location of White Hat 20#3 is approximately 510 metres to the south west of the White Hat 20#2 well. White Hat 20#2 produces oil from the Strawn sand. This well had an initial

production rate of 200 barrels of oil per day (bopd) following a frack stimulation and continues to produce oil at 40 bopd. Mire and Associates recently increased the estimated ultimate recovery (EUR) from the White Hat 20#2 well to 112,000 barrels of oil (bo).

In more detail, the Mustang Prospect is a Strawn Sand stratigraphic trap interpreted to be composed of a series of Strawn quartz, low stand sand lobes deposited in a linear NE-SW trend in front of the regional Pennsylvanian carbonate shelf located to the east.



Mustang Prospect, Strawn Sand Isopach (ft) showing Strawn & Ellenburger oil production

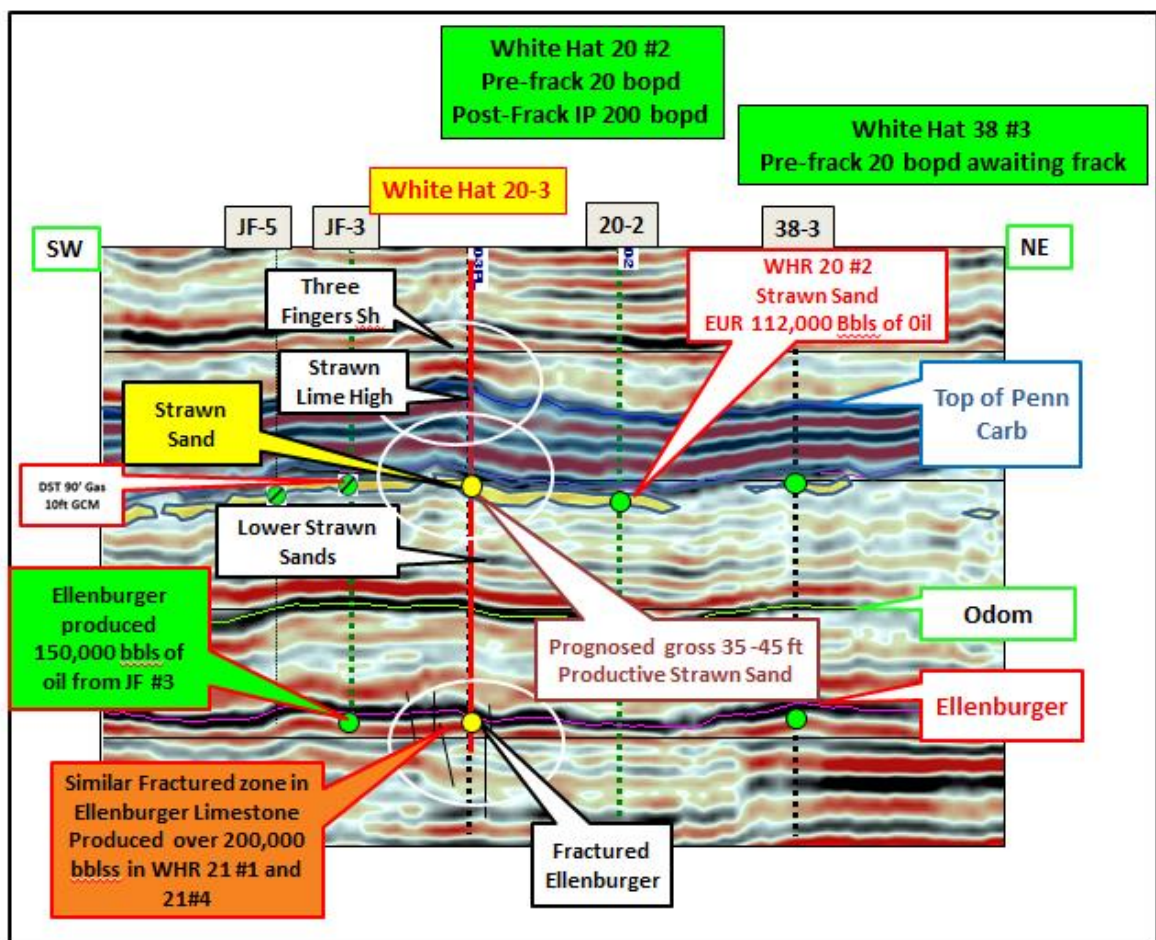
A secondary target is the underlying Ellenburger Limestone. The JF#3 well, 420 metres to the southwest of White Hat 20#3, has produced 150,000 bo from the Ellenburger formation with an initial production rate of 100 bopd.

The pre-drill control over the Mustang Prospect is provided by the 3D seismic, a producing well in the primary Strawn target zone 510 metres to the northeast of the drill location (White Hat 20#2), past Ellenburger oil production 420 metres to the southwest (JF#3) and 220,000 bo from Winchester's White Hat 21#1 and White Hat 21#4 wells to the northeast. The results to date from White Hat 20#3, support the pre-drill estimated probability of success for both targets of 58%.

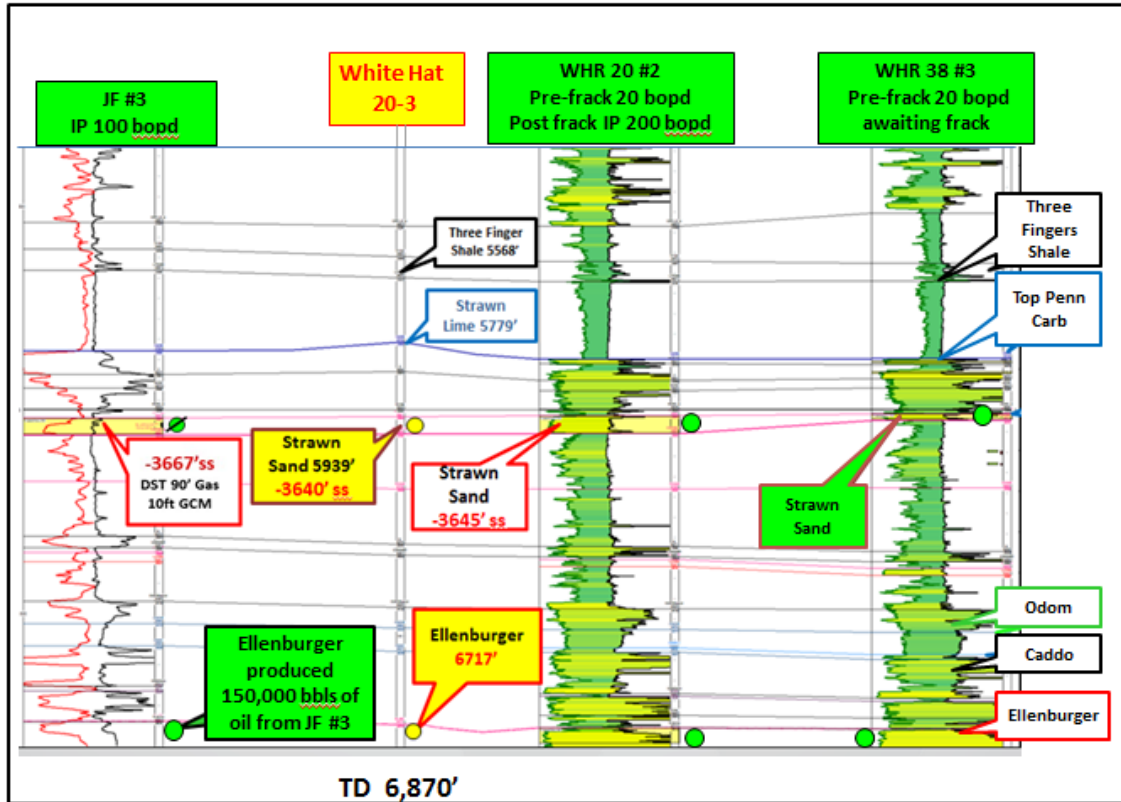
Cautionary Statement: Estimated probability of success in finding oil is based on Winchester's analysis of the risk relating to presence of: Trap X Reservoir X Seal X Charge.

The Mustang Prospect has a gross Prospective Resource target best estimate P50 of 2 million bbls recoverable and high estimate P10 of 5 million bbls recoverable. Only the Strawn Sand and Ellenburger carbonates are considered in the determination of the Prospective Resources for the Mustang Prospect.

Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future 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. See announcement dated 15 October 2018 for further detail.



SW – Pre-drill NE 3D Seismic Line through Proposed Drill Location White Hat 20#3



Pre-drill SW – NE Geologic well cross section through White Hat 20#3 - Mustang Prospect

The importance of Strawn Formation sands as a potentially significant exploration and development target within Winchester's leasehold is demonstrated by successful industry activity 18 miles to the northwest of Winchester's leasehold in the Hermleigh Field.

Recent horizontal drilling and multi stage fracture programs in the Hermleigh Field have produced initial flow rates of up to 1,461 bopd from the Strawn Formation. As vertical wells, they produced at low rates of 35 bopd and 40 thousand cubic feet of gas per day.

White Hat 20#3 represents the first well in a significant forthcoming exploration drilling campaign. In an exciting time for the company, over the coming months Winchester will be drilling several new vertical wells targeting Prospective Resources within the Mustang, Spitfire and El Dorado prospects.

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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.