

## Lodgement of Half Year Financial Report

Winchester Energy Limited advises that it has lodged its reviewed Half Year Financial Report for the six month period ended 30 June 2016.

Please note that the presentation currency for the Financial Report is USD\$. All relevant numbers are expressed in US dollars.

—ENDS—

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**Date:** 13 September 2016

**ASX Code:** WEL

**Directors**

Peter Allchurch  
Non-Executive Chairman

Neville Henry  
Managing Director

James Hodges  
Non-Executive Director

John D Kenny  
Non-Executive Director

Larry Liu  
Non-Executive Director

Nicholas Calder  
Company Secretary

**Contact Details**

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**WINCHESTER**

**ENERGY LIMITED**

ACN 168 586 445

# HALF YEAR FINANCIAL REPORT

Half year ended 30 June 2016

ASX Code: WEL



WINCHESTER ENERGY LIMITED  
ACN 168 586 445

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## CORPORATE INFORMATION

### Directors

Mr Peter Allchurch  
Mr Neville Henry  
Mr James Hodges  
Mr John D. Kenny  
Mr Larry Liu

### Company Secretary

Mr Nicholas Calder

### Registered Office

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West Perth WA 6005 Australia

Telephone: +61 1300 133 921

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Email: [admin@winchesterenergy.com](mailto:admin@winchesterenergy.com)

Website: [www.winchesterenergy.com](http://www.winchesterenergy.com)

### Principal place of business

Level 3, 18 Richardson Street  
West Perth WA 6005 Australia

### USA Office

17<sup>th</sup> Floor, Two Riverway, Suite 1700  
Houston, Texas USA 77056

### Share register

#### Automatic Registry Services

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West Perth WA 6005 Australia  
Postal Address: PO Box 223  
West Perth WA 6872 Australia

Telephone: +61 8 9324 2099

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### Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008 Australia

ASX Code: WEL

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## DIRECTORS' REPORT

Your Directors submit their report for the period from 1 January 2016 to 30 June 2016.

The names of Directors in office at any time during or since the end of the period are:

Mr Peter Allchurch	Non-Executive Chairman
Mr Neville Henry	Managing Director
Mr James Hodges	Independent Non-Executive Director
Mr John D. Kenny	Non-Executive Director
Mr Larry Liu	Non-Executive Director

Directors were in office for this entire period unless otherwise stated.

## Review and Results of operations

All of Winchester's exploration and production activities in the report period were focussed on the Eastern Shelf area of the Permian Basin, in Texas, USA. Over the past six months, Winchester has increased the number of wells on production in its White Hat ranch oil discovery to 5 producing oil wells. A sixth well (38#1) is currently drilling. Average gross production per day for the 7 days ending on 7 September 2016 was 438 barrels of oil per day (bopd) and 411 mcfcpd. All oil and gas production is from the Ellenburger Formation.

During the first half period ending on 30 June 2016, Winchester focussed on reducing administration costs while expanding its oil exploration and production efforts. Seismic interpretation was upgraded, in particular on the Ellenburger Formation, using reprocessed seismic data and petrophysical analysis. The White Hat 21#2 well was placed on production and the White Hat 21#4 well was drilled and completed. The White Hat 21#4 well was placed on production in July 2016 and at the date of this report was producing oil at around 223 bopd. Total gross oil production from the White Hat ranch discovery has exceeded 105,000 barrels of oil (bo) from the start of production in May 2015 when the initial well, the White Hat 20#1, was placed online.

By mapping the seismic data and incorporating data from old wells, Winchester has identified a trap area of over 10,000 acres where the Ellenburger Formation is likely to be productive. Within that trap, 3D seismic interpretation and results from Winchester's five producing oil wells indicates a 5,000 acre area where there is likely to be better quality reservoir in the Ellenburger Formation. Winchester's three best producing wells are located in this area and near term drilling will target this 5,000 acre area. Well comparisons indicate that the Ellenburger reservoir in the White Hat producing wells is comparable to the Ellenburger reservoir in the nearby Suggs Oil Field, which has produced more than 10 million barrels of oil. The average oil well in the Suggs Oil Field has produced approximately 100,000 bo. Winchester owns a 50%WI in all five producing wells and their enclosing 40 acre drilling units and a 75%WI in the surrounding White Hat ranch lease.

### Review of White Hat Wells Drilled

#### White Hat 21#4 (Winchester 50%WI)

The White Hat 21#4 vertical well, located approximately 1,200 feet (366 meters) to the east of White Hat 21#1 had an early production rate of 189 bopd and 104 mcfcpd and only minor water production. Over the past 7 days, average gross production per day has been 223 bopd and 110 mcfcpd.

#### White Hat 21#1 (Winchester 50%WI)

The White Hat 21#1 well has produced over 75,000 bo from inception through to 30 August 2016. The well has produced over the past 6 months at a gross average rate per day of 200 bopd with no water cut. This well continues to be one of the best producing wells in Nolan County, Texas, USA.

#### White Hat 20#1 (Winchester 50%WI)

The White Hat 20#1 was placed on production in May 2015 and production had declined to an average of 12 bopd after 12 months. After taking fluid samples the Company determined that this well was likely to be affected by downhole formation damage and scale. The well was taken offline on 15 March 2016 and the damage was confirmed. This damage had significantly limited pump and oil production efficiency. A chemical treatment was designed and the well bore treated successfully. The well was placed back on production on 25 March 2016 and production increased from 11 bopd to an average of 58 bopd over the first

week and then proceeded to decline to below 20 bopd. After reviewing the treatment, it was determined that the well had developed a downhole bacteria problem and the scale prevention chemicals had been flushed out due to the unexpected high recovery rate. A second chemical treatment was designed to treat scale and bacteria build-up and the well bore was successfully treated down the back side of the tubing on 7 July 2016. The well was placed back on production with the result being an increase in oil production from 14 bopd to a range of production between 20 bopd to 50 bopd. It is currently producing 17 bopd and 36 bwpd. Another treatment is being considered.

#### White Hat 20#2 (Winchester 50%WI)

White Hat 20#2 was spudded on 6 November 2015 to offset White Hat 21#1 1200 feet to the west. After initially perforating the well, the well was fracture stimulated on 7 April 2016 utilizing a cross linked gel and sand to achieve greater oil production. The fracture stimulation resulted in increasing production to 60 bfpd but only a 5% oil cut. The Company is currently considering recompleting this well in a shallower sand interval that had oil and gas shows during drilling.

#### White Hat 21#2 (Winchester 50%WI)

The White Hat 21#2 well located 1200 feet south from the White Hat 21#1 well, was put on production on 5 January 2016 and has continued to produce at a low decline rate with average daily gross production of 46 bopd and cumulative production of 8245 bo over the 6 month period through to 30 June 2016.

#### Thomas 119-1H (Winchester 50%WI)

The Company has suspended operations on the Thomas 119-1H horizontal well which is outside the White Hat oil trap.

#### Oil Production

Gross oil production (across all oil wells in which Company has a working interest) for the first six months of 2016 are as follows:

	Gross oil production (bo) (Gross 100% WI)	Net Oil production to Winchester (bo) (Net)
Oil production	52,920	26,460
Oil sales	53,376	26,689

*Note: These figures show gross and net oil production from all wells and is pre-royalty. Winchester is entitled to 50% of net proceeds after royalty payments of 23.5% to the oil and gas mineral rights owners.*

In summary the Company is building a strong production base with good cash flow, it has secured a significant acreage position that can be held in its entirety at low cost. The Company has identified a relatively low risk trap for the Ellenburger Formation and has high-graded 5,000 acres in the White Hat ranch for future drilling. The upside potential for the Company and shareholders is significant and the downside risk is considered low.

#### Net Lease Area

The net lease area for Winchester increased from 17,704 net acres to 18,058 net acres during the half year period.

#### Cash Position

Cash position at 30 June 2016 was US\$4,555,967 versus US\$5,641,407 at 31 December 2015.

#### Financial Results

The results for the half year ended 30 June 2016 attributable to Winchester was a net loss after tax of US\$616,004 versus a year ago at 30 June 2015 of a US\$502,289 net loss. However, the Company had earnings before depreciation, depletion and amortization (EBDDA) of \$8,761 for the six months ended June 30, 2016, compared with a US\$499,950 loss for last year's first half results.

## Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs that occurred during the half year ended 30 June 2016.

## Events after the balance sheet date

There have been no significant events after the balance sheet date other than events disclosed in note 10.

## Dividends

In respect of the period ended 30 June 2016, no dividends have been paid or declared since incorporation and the Directors do not recommend the payment of a dividend in respect of the financial period.

## Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year report.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors



Mr Peter Allchurch  
Non-Executive Chairman  
13 September 2016

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## DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303 (5) of the Corporations Act 2001.

On behalf of the Directors



Mr Peter Allchurch  
Non-Executive Chairman  
13 September 2016

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF WINCHESTER ENERGY LIMITED

As lead auditor for the review of Winchester Energy Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Winchester Energy Limited and the entities it controlled during the period.



Glyn O'Brien  
Director

BDO Audit (WA) Pty Ltd  
Perth, 13 September 2016

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2016

	Note	30 June 2016 US\$	30 June 2015 US\$
Revenue		749,968	-
Interest income		30,562	40,019
Foreign exchange expenses (Income)		(49,090)	431,420
Operating costs		(94,565)	-
Administration expenses		(586,605)	(904,019)
Depletion, Depreciation and Amortization		(624,765)	(2,339)
Finance costs		(1,060)	(2,094)
Other expenses		(40,452)	(65,276)
Loss before income tax	3	(616,004)	(502,289)
Income tax benefit	4	-	-
Loss for the period after income tax		(616,004)	(502,289)
Other comprehensive loss, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		74,003	(1,898,837)
Total comprehensive loss for the period		(542,001)	(2,401,126)
Loss per share for the half year attributable to the members of Winchester Energy Ltd		Cents	Cents
Basic loss per share (cents per share)		(0.29)	(0.23)
Diluted loss per share (cents per share)		(0.29)	(0.23)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US\$).

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 US\$	31 December 2015 US\$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		4,555,967	5,641,407
Other receivables		382,657	227,068
Total current assets		<u>4,938,624</u>	<u>5,868,475</u>
Non-current assets			
Property, plant and equipment		2,330	1,421
Exploration and evaluation expenditure	5	13,154,843	13,052,468
Oil & Gas properties	6	1,551,726	1,318,406
Total non-current assets		<u>14,708,899</u>	<u>14,372,295</u>
<b>TOTAL ASSETS</b>		<u><b>19,647,523</b></u>	<u><b>20,240,770</b></u>
<b>LIABILITIES</b>			
Current liabilities			
Other payables		146,830	198,145
Total current liabilities		<u>146,830</u>	<u>198,145</u>
Non-current liabilities			
Borrowings		4,010	3,941
Total non-current liabilities		<u>4,010</u>	<u>3,941</u>
<b>TOTAL LIABILITIES</b>		<u><b>150,840</b></u>	<u><b>202,086</b></u>
<b>NET ASSETS</b>		<u><b>19,496,683</b></u>	<u><b>20,038,684</b></u>
<b>EQUITY</b>			
Issued capital	7	24,172,873	24,172,873
Option Premium Reserve		1,891,620	1,891,620
Foreign currency translation reserve		(3,157,110)	(3,231,113)
Accumulated losses		(3,410,700)	(2,794,696)
<b>TOTAL EQUITY</b>		<u><b>19,496,683</b></u>	<u><b>20,038,684</b></u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US\$).

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2016

	Ordinary Shares	Accumulated losses	Option Premium reserve	Foreign Currency Translation Reserve	Total
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2015	24,172,873	(1,701,653)	1,891,620	(1,684,721)	22,678,119
Loss for the period	-	(502,289)	-	-	(502,289)
Other comprehensive loss, net of tax	-	-	-	(1,898,837)	(1,898,837)
Total comprehensive loss for the period	-	(502,289)	-	(1,898,837)	(2,401,126)
<i>Transactions with owners in their capacity as owners</i>					
Option premium	-	-	-	-	-
Issue of share capital (net of costs)	-	-	-	-	-
	-	-	-	-	-
Balance at 30 June 2015	24,172,873	(2,203,942)	1,891,620	(3,583,558)	20,276,993
Balance at 1 January 2016	24,172,873	(2,794,696)	1,891,620	(3,231,113)	20,038,684
Loss for the period	-	(616,004)	-	-	(616,004)
Other comprehensive loss, net of tax	-	-	-	74,003	74,003
Total comprehensive loss for the period	-	(616,004)	-	74,003	(542,001)
<i>Transactions with owners in their capacity as owners</i>					
Option premium	-	-	-	-	-
Issue of share capital (net of costs)	-	-	-	-	-
	-	-	-	-	-
Balance at 30 June 2016	24,172,873	(3,410,700)	1,891,620	(3,157,110)	19,496,683

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US\$).

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2016

	Note	30 June 2016 US\$	30 June 2015 US\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		628,695	431,419
Payments to suppliers and employees (inclusive of GST)		(772,869)	(1,004,194)
Interest paid		(1,060)	(2,094)
Net cash used in operating activities		(145,234)	(574,869)
Cash flows from investing activities			
Payment for exploration activities		(960,460)	(1,758,686)
Interest received		30,562	40,019
Purchase of property, plant, equipment and software		(910)	(2,339)
Payment for term deposits		(34,311)	-
Net cash used in investing activities		(965,119)	(1,721,006)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	(270)
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash generated by financing activities		-	(270)
Net increase in cash and cash equivalents		(1,110,353)	(2,296,145)
Cash and cash equivalents at beginning of the period		5,641,407	12,447,714
Effect of exchange rate changes on balance of cash held in foreign currencies		24,913	(742,904)
Cash and cash equivalents at the end of the period		4,555,967	9,408,665

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US\$).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2016

## 1. Summary of Significant Accounting Policies

### a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

### b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted. The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2015 annual financial report for the financial year ended 31 December 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

#### Functional and presentation currency

Items included in the consolidated annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which entity operates (functional currency). The Company's functional currency is Australian dollars and other entities are US dollars. The consolidated financial statements are presented in US dollars.

#### New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 31 December 2016 annual report as a consequence of these amendments.

#### Impact of standards issued but not yet applied by the entity

There were no new standards issued since 31 December 2015 that have been applied by the Group. The 31 December 2015 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 30 June 2016.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2016

### 2. Segment information

The Company's operating segments are based on the information that is available to the Managing Director and the Board of Directors. Segment results are reviewed regularly by the Managing Director and the Board of Directors.

The Company has one reportable segment being the oil and Gas operations in the USA. For the purposes of this disclosure, the operations carried out are in respect of the acquisition and drilling program of the Company's oil and gas leases of which US\$13,154,843 was capitalised as exploration and evaluation expenditure in the statement of financial position. The remaining unallocated items in the statement of profit or loss and statement of financial position are in relation to the Company's administrative functions in Australia and USA.

Following is an analysis of entity's results from operations and asset for each of the geographic location.

	Segment Revenue (US\$)		Segment Loss (US\$)		Segment Assets (US\$)	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	31 December 2015
Unallocated	-	-	292,178	88,930	4,373,312	5,477,714
USA	749,968	-	323,826	413,359	15,274,211	14,763,056
<b>Total</b>	<b>749,968</b>	<b>-</b>	<b>616,004</b>	<b>502,289</b>	<b>19,647,523</b>	<b>20,240,770</b>

The accounting policies of the reportable segments are the same as the Company's accounting policies.

### 3. Loss before income tax

	30 June 2016 US\$	30 June 2015 US\$
Loss before tax is arrived after charging following expenses		
Consultancy fees	240,431	611,652
Legal Fees	10,321	-
Rent	161,327	103,850
Depletion expense	624,765	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2016

### 4. Income taxes

#### a) Income tax recognised in profit or loss

The major components of income tax expense are:

	30 June 2016 US\$	30 June 2015 US\$
Current tax	-	-
Deferred tax	-	-
Income tax benefit reported in the Statement of profit or loss and other comprehensive income.	-	-

#### b) Reconciliation of income tax expense:

	30 June 2016 US\$	30 June 2015 US\$
Loss before income tax	616,004	502,289
Income tax benefit calculated at rate of 30%	(184,801)	(150,687)
Effect of revenue losses not recognised as deferred tax assets	184,801	150,687
Income tax reported in the consolidated Statement of profit or loss and other comprehensive income.	-	-

### 5. Exploration and evaluation expenditure

	30 June 2016 US\$	31 December 2015 US\$
Opening balance	13,052,468	10,377,742
Exploration and evaluation expenditure capitalised during the period	1,410,462	4,443,134
Transferred to Oil & Gas properties	(1,308,087)	(1,768,408)
Closing balance	13,154,843	13,052,468

The recoverability of the carrying amounts of exploration and valuation assess is dependent on the successful development and commercial exploitation or sale of the respective are of interest.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2016

### 6. Oil & Gas properties

	30 June 2016 US\$	31 December 2015 US\$
Opening balance	1,318,406	-
Transferred from Exploration and evaluation expenditure	1,308,087	1,768,408
Accumulated depletion	(1,074,767)	(450,002)
Closing balance	1,551,726	1,318,406

### 7. Issued capital

	30 June 2016 US\$	31 December 2015 US\$
215,416,672 fully paid ordinary shares	24,172,873	24,172,873

Fully paid ordinary shares	Number of Shares	Share capital US\$
Balance at 1 July 2015	215,416,672	24,172,873
Issue of shares	-	-
Share issue costs	-	-
Balance at 31 December 2015	215,416,672	24,172,873
Issue of shares	-	-
Share issue costs	-	-
Balance at 30 June 2016	215,416,672	24,172,873

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2016

### 8. Fair values of financial instruments

#### Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

#### Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

### 9. Related party transactions

Remuneration arrangements and related party transactions of key management personnel (KMP) are disclosed in the annual report for the year ended 31 December 2015.

During the period Winchester Energy paid \$24,743 to Siena Energy LLC a company owned by Neville Henry and Hugh Idstein for use of server and data room services.

During the period Winchester Energy paid \$395,783 to WEL Operating Services a company owned by Neville Henry and Hugh Idstein for salaries of employees including Neville Henry, Hugh Idstein and others, in addition for the use of office equipment and office rent.

### 10. Events after balance sheet date

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Winchester Energy Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Winchester Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Winchester Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Winchester Energy Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Winchester Energy Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over the printed name. The signature is written in a cursive style.

Glyn O'Brien

Director

Perth, 13 September 2016

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