

QUARTERLY REPORT

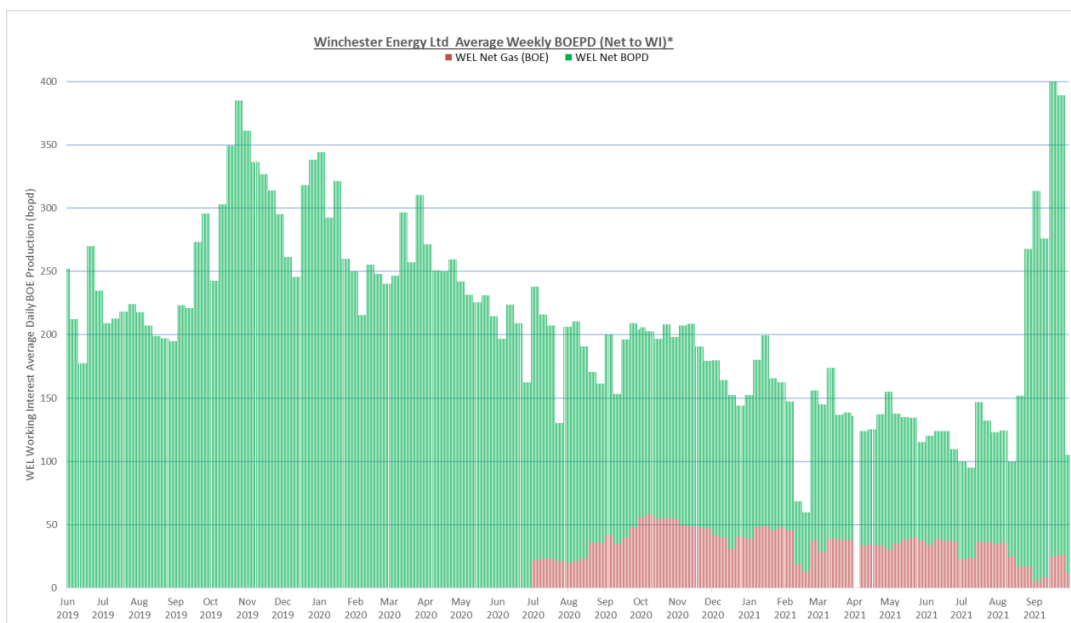
For the period ending 30 September 2021

HIGHLIGHTS

- Net oil & gas revenue in the reporting period was AUD\$589,382¹ note that sales from the successful White Hat 2106 well is not reflected in September quarter revenue as production commenced late in the quarter.
- Production during the September 2021 quarter averaged 206 barrels of oil equivalent per day² (boepd) net to Winchester's Working Interest (WI) – 58% increase from the June quarter.

Work Completed during the Quarter

- White Hat 2106 drilled and completed, currently producing in excess of 375 boepd with potential to increase further.
- With drill and completion costs at US\$785,000, White Hat 2106 has already reached pay back and sees Winchester now producing a total of over 500 boepd at a time of highly favourable oil and gas prices.
- Recompletion undertaken at McLeod 1703 as well as completion work on the newly drilled McLeod 1705 – both wells placed on production with results to be released shortly
- Following the success in the Ellenburger Formation at White Hat 2106, a recompletion targeting a 74 foot Ellenburger interval identified as prospective on logs has been undertaken at White Hat 3902 – results pending



¹ Using exchange rate 1 AUD = 0.75 USD. Unlike previous reporting, Winchester is now quoting oil and gas revenue net of severance tax

² boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The conversion ratio is based on energy equivalency and does not represent value equivalency. Estimates are rounded to the nearest boe.

PRODUCTION SUMMARY

Winchester Energy Limited's (Winchester; ASX:WEL) gross and net Working Interest (WI) oil and gas production for the quarter ended 30 September 2021 is shown below:

Oil Production (boe)	September Quarter 2021 (boe)	June Quarter 2021 (boe)	March Quarter 2021 (boe)	December Quarter 2020 (boe)	September Quarter 2020 (boe)
Gross Oil Production	22,245	15,933	17,661	23,206	23,932
WEL WI Share*	18,784	11,857	13,055	17,184	17,706

*Winchester is entitled to its Working Interest share of revenue after royalty payments to the oil and gas mineral rights owners.

Winchester's average daily WI production in the September 2021 quarter was 206 barrels of oil equivalent per day (boepd)³, comprising 88% liquids (oil).

To the end of the September 2021 quarter, Winchester's Permian Basin wells in Nolan County, Texas have produced a total gross 576,492 barrels of oil and 308 million cubic feet of gas.

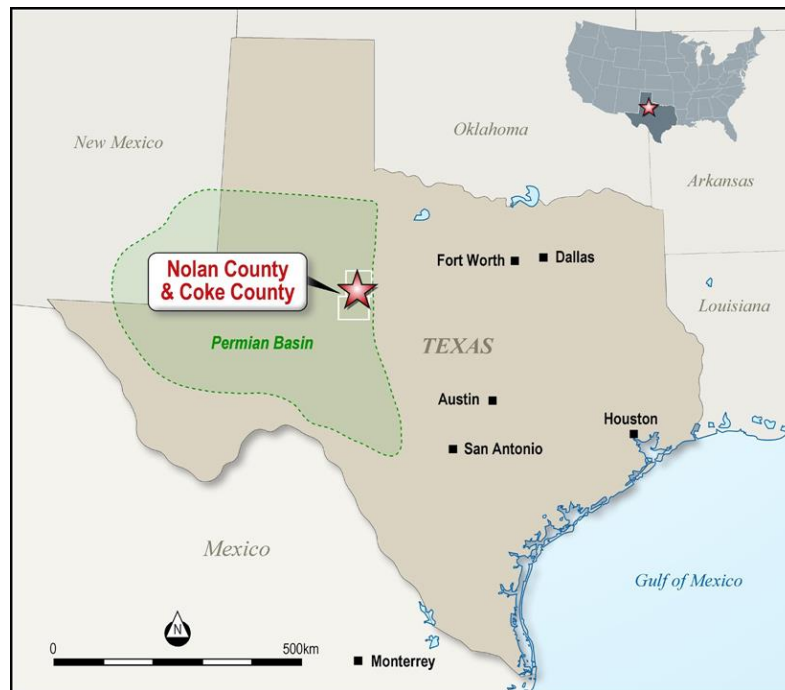


Figure 1: Location of the Company's acreage position in Nolan and Coke Counties, Texas, USA

³ boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Estimates are rounded to the nearest boe.

REVENUE SUMMARY

Total WI oil and gas sales revenue for the September 2021 quarter was A\$589,382⁴ (US\$442,037). The average sale price per barrel of oil was US\$69.47, a 7% increase from the June 2021 quarter.

During the quarter, West Texas Intermediate (WTI) oil prices continued to rise appreciably, with WTI oil currently selling at over US\$80 per barrel, bolstering sales revenue for the Company.

EXPLORATION & DEVELOPMENT OPERATIONS

Well Summary

Well ID	Drilled	Formation	Oil Field	WEL WI	Status
White Hat 2002	Apr 2017	Strawn	Mustang	50%	Producing
White Hat 2003	Mar 2019	Strawn	Mustang	75%	Producing
White Hat 2005	Aug 2019	Strawn	Mustang	75%	Producing
White Hat 3902	Dec 2019	Ellenburger	-	100%	Recently recompleted
White Hat 2006	Jan 2020	Strawn	Mustang	75%	Producing
Arledge 1602	Jul 2019	Cisco Sands	Lightning	100%	Producing
McLeod 1703	Dec 2019	Cisco Sands	Lightning	100%	Recently recompleted
Bast 1	1985	Strawn	Bast	92%	Producing
Bast 2	1985	Strawn	Bast	94%	Producing
Bast A-1	1985	Strawn	Bast	93%	Producing
McLeod 1705	June 2021	Strawn	-	100%	Recently completed
White Hat 2106	July 2021	Ellenburger	-	100%	Producing

Operations over the September 2021 quarter included the drilling and completion of White Hat 2106, recompletions at McLeod 1703 (Cisco Sands) and White Hat 3902 (Ellenburger Formation) and completion at the newly drilled McLeod 1705 well (Strawn Sand).

White Hat 2106 (Winchester 100% WI and Operator)

In July 2021, Winchester drilled the White Hat 2106 well to a total depth of 6,820 feet.

Winchester perforated and acid-washed a 60 foot interpreted oil pay zone from 6,652-6,712 feet within the Ellenburger Formation. The well immediately surged and flowed periodically between swab runs prior to running production tubing and rods and installing a beam pump.

White Hat 2106 is performing very strongly, with the first 12 days of October averaging 375 boepd.

The current 375 boepd average comprises 93% oil (350 bopd and 149 thousand cubic feet of gas per day (mcfpd)). To date there is no indication of pressure decline or significant water.

⁴ Using exchange rate 1 AUD = 0.75 USD. Unlike previous reporting, Winchester is now quoting oil and gas revenue net of severance tax

Drill and completion costs for White Hat 2106 totaled US\$785,000, with the well already having reached pay back.

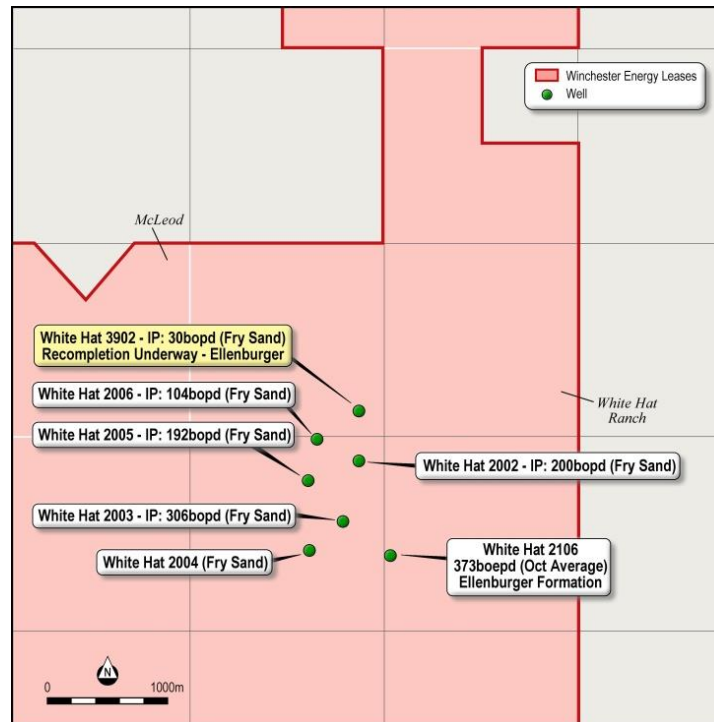


Figure 2: White Hat 2106, White Hat 3902 and producing Fry Sand well locations

White Hat 3902 (Winchester 100% WI) – Ellenburger Recompletion

White Hat 3902 was drilled by the Company in December 2019 targeting the Fry Sand, returning a modest initial production rate of 30 barrels of oil per day (bopd) before failing to maintain a commercial flow rate. White Hat 3902 penetrated the Ellenburger Formation to a total depth of 7,061 feet with logs run over all prospective formations.

In a programme costing less than US\$100,000, the Company has successfully perforated 74 feet of the Ellenburger Formation identified as prospective by logs. The interval has been acidized to clean up the annulus and is currently undergoing testing.

McLeod 1703 and 1705 Frac (100% WI)

The McLeod 1703 (recent recompletion targeting the Cisco Sands) and McLeod 1705 (recent completion targeting the Strawn Sands) have both been placed on production. Results from these wells will be released once production stabilizes which is anticipated shortly.

The cost of the recompletions was approximately US\$100,000 each.

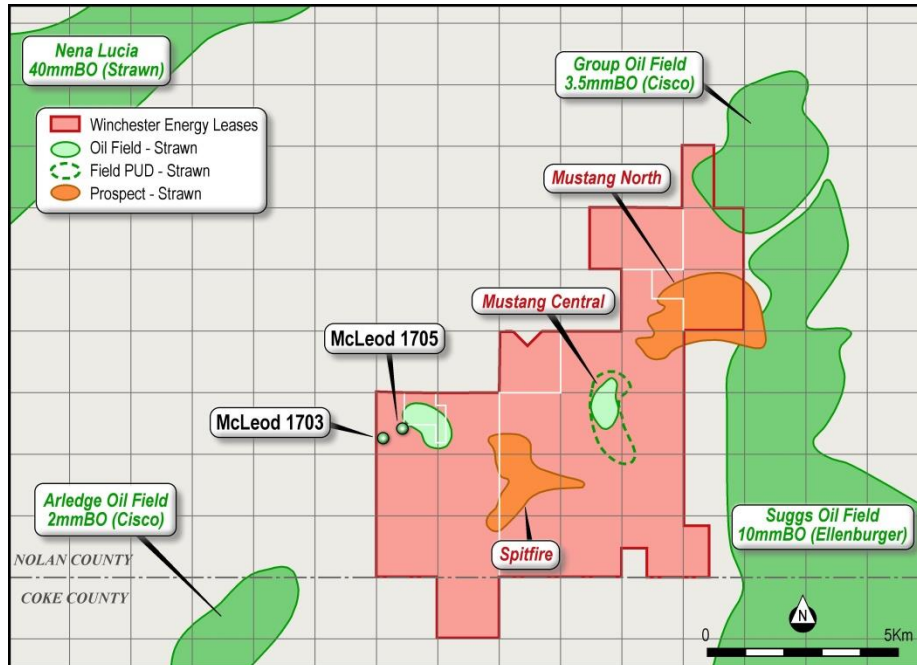


Figure 4: Location of McLeod 1703 and 1705 within the Company’s acreage position

EXPLORATION POTENTIAL

The Eastern Shelf of the Permian contains several vertically-stacked oil productive units (vertical pay). The recent results from the Strawn, Cisco and Ellenburger Formations have proven that the Winchester leases hold significant potential at several formation levels.

As well as the Strawn, Cisco and Ellenburger Formations, other prospective units include the, Wolfcamp ‘D’ high total organic carbon shale intervals, Three Fingers Shale, Lower Penn Shale and several intervals within the Canyon Sands package as well as the Odom sands and carbonates.

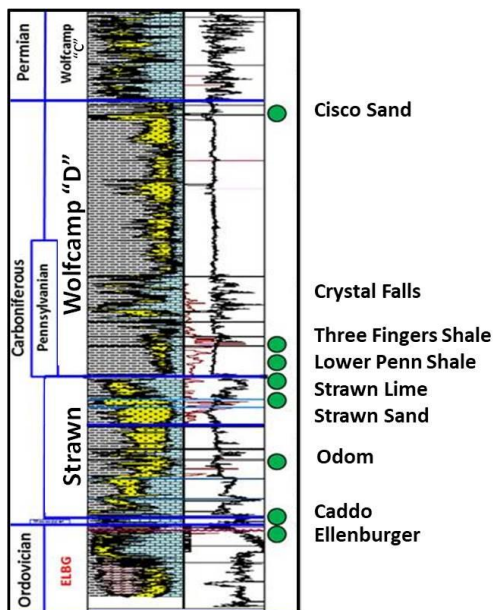


Fig 5: Stratigraphic Column – East Permian Basin

Winchester has identified, from both 3D seismic and well control, the Mustang and Lightning Oil Fields as well as the Spitfire and El Dorado prospects in the Strawn, Ellenburger and Cisco formations. Furthermore, Winchester has numerous additional locations identified for potential future exploration.

The Winchester technical team continues to review and assess new project/play opportunities. Winchester is progressing several discussions and will inform the market if and when any transaction is completed.

CORPORATE

As of 30 September 2021, Winchester Energy had 1,006,366,497 ordinary shares on issue and cash reserves of approximately AUD\$2.8 million⁵. Tranche 2 of the placement announced 26 May 2021 was completed during the quarter and raised AUD\$2.2M on top of the AUD\$2.8M raised in tranche 1 on 3 June 2021.

The total raising of \$5 million has been used to accelerate oil exploration and production activity across Winchester's lease holding.

During the September 2021 quarter, USD\$57,000 was paid to related parties and their associated entities which was comprised of directors' fees and salaries.

Oil and Gas Leases Held as at 30 September 2021

Winchester's lease holding at the end of the September 2021 quarter was 12,891⁶ acres.

	WEL Interest	Lease/Prospect	Location
Held at end of quarter			
	75%	White Hat Ranch	Nolan County Texas
	100%	McLeod	Nolan County Texas
	100%	Coke	Coke County Texas
	92%	Bast	Nolan County Texas
	100%	Whiteside	Nolan County Texas
Acquired during the quarter	-	-	-
Disposed during the quarter	100%	Arledge	Nolan County Texas

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Winchester, the Directors and management of Winchester. These risks, uncertainties and assumptions could cause actual results to differ materially from those expressed in any forward-looking statements. Winchester has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by law. Winchester cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

⁵ Using exchange rate 1 AUD = 0.75 USD

⁶ The Company's net acreage position varies modestly in accordance with earned interests in drilling units of the current operations.

COMPETENT PERSON'S STATEMENT

The information in this report is based on information compiled or reviewed by Mr Keith Martens, consulting geologist/geophysicist to Winchester Energy. Mr Martens is a qualified petroleum geologist/geophysicist with over 45 years of Australian, North American and other international executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

WINCHESTER ENERGY LIMITED (ASX CODE: WEL)

ABN

21 168 586 445

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (..9.months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	359	1,320
1.2 Payments for		
(a) exploration & evaluation	(1,031)	(2,116)
(b) development	(44)	(146)
(c) production	(378)	(655)
(d) staff costs	(370)	(814)
(e) administration and corporate costs	(241)	(451)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,707)	(2,865)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(25)	(25)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets (ROU asset)	(131)	(131)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (..9.months) \$USD'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(156)	(156)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,659	3,797
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(104)	(241)
3.5	Proceeds from borrowings (ROU liability)	131	131
3.6	Repayment of borrowings	(9)	(73)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,677	3,614
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,331	1,610
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,707)	(2,865)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(156)	(156)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,677	3,614

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (..9.months) \$USD'000
4.5	Effect of movement in exchange rates on cash held	(52)	(110)
4.6	Cash and cash equivalents at end of period \$USD'000	2,093	2,093

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	2,093	2,331
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,093	2,331

6.	Payments to related parties of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	57
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,707)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,707)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,093
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,093
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Operating revenue will be able to meet all liabilities as and when they fall due.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Expenditure to increase production has been successful. Along with an increase in oil and gas prices, operating revenue will meet liabilities as and when they fall due.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: As announced to market, expenditure to increase production has been successful. Along with an increase in oil and gas prices, operating revenue will meet liabilities as and when they fall due. There is no immediate need to undertake cost reductions or raise capital but these can be readily implemented to ensure business objectives can be met.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:28 October 2021.....

Authorised by:Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.