

WEL CAP STRUCTURE

Shares: ~1B
Share Price: 0.5c
Market Cap: ~\$5M
Cash: AUD\$0.57m
Debt: Nil

ASX: WEL



QUARTERLY REPORT

For the period ending 31 March 2023

HIGHLIGHTS

- Working Interest (WI) quarterly revenue of AUD\$1,429,182¹, a 9% increase in revenue from preceding quarter
- Production during the March 2023 quarter averaged 155 barrels of oil equivalent per day² (boepd) net to Winchester's WI, a 19% increase in production from the preceding quarter
- Outstanding oil price exposure - Winchester fully leveraged to strong oil and gas prices

Operations

- Drilling of the first producer well in the Varn Oil Field waterflood programme, the JVU#6 well, unexpectedly generated primary production of 80 barrels of oil per day (bopd) before levelling out at 30-40 bopd plus gas
- The JVU#6 primary production adds further revenue and bodes well for potential further bonus primary production from the next producer wells to be drilled at Varn
- The successful Group Prospect workover wells have been connected to sales, contributing to an uptick in production and revenue
- A further two surface wells awaiting deepening and completion at the Varn Oil Field (Proven and Probable Reserves (2P) of 1.068 mmboe²)



Figure 1: Workover Operations

¹ Using exchange rate 1 AUD = 0.684 USD (average March 2023 quarter exchange rate).

² boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. Conversion ratio is based on energy equivalency and does not represent value equivalency. Rounded to the nearest boe. Production is 83% oil.

PRODUCTION SUMMARY

Winchester Energy Limited's (ASX:WEL) ("Winchester", "the Company") gross and net Working Interest (WI) oil and gas production for the quarter ended 31 March 2023 is shown below:

Oil Production (boe)	March Quarter 2023	December Quarter 2022	September Quarter 2022	June Quarter 2022	March Quarter 2022
Gross Oil Production	14,993	12,897	15,839	19,090	31,043
WEL WI Share*	13,965	11,916	15,108	17,873	28,313

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

Winchester's average daily WI production in the March 2023 quarter was 155 barrels of oil equivalent per day (boepd)³, comprising 91% liquids (oil). Production increased 19% from the December 2022 quarter thanks to the contribution from the Group Prospect wells and the JV#6 well producing primary oil at Varn. Better weather conditions and the completion of scheduled maintenance also contributed to improved production.

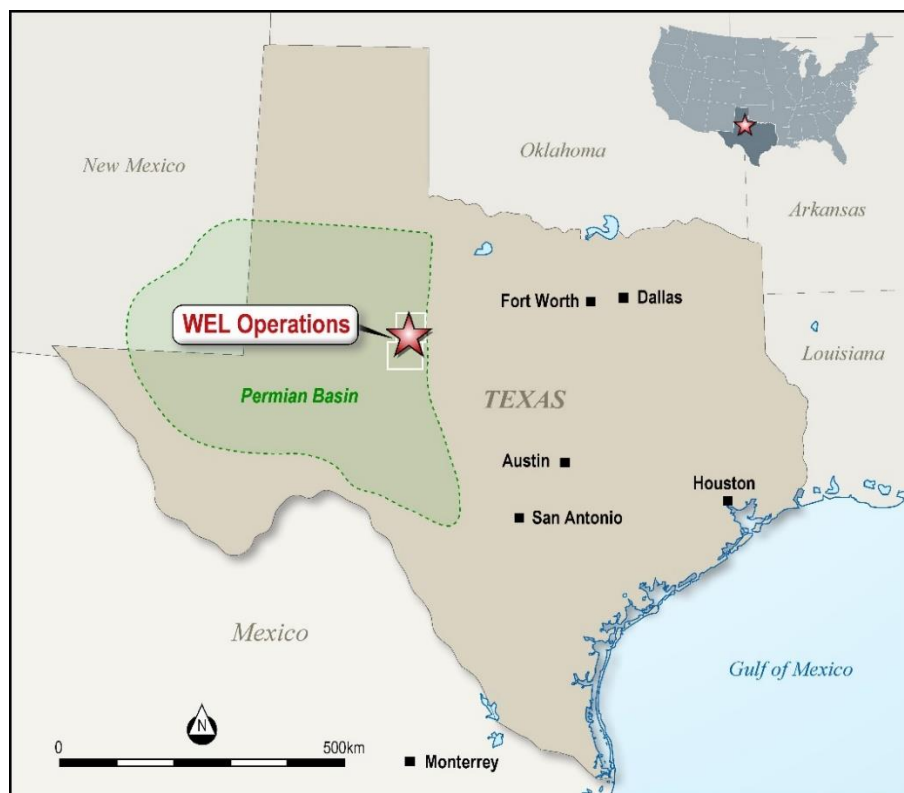


Figure 2: Location of Winchester Operations in Texas, USA

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 March 2023 quarter was A\$1,429,182⁴ (US\$977,560). The average sale price per barrel of oil was US\$75.19.

EXPLORATION & DEVELOPMENT OPERATIONS

Well Summary

Well ID	Drilled/Workover	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%	Producing
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%	Producing
Bast 2	1985	Strawn	Bast	94%	Producing
Bast A-1	1985	Strawn	Bast	93%	Producing
McLeod 1705	June 2021	Strawn	-	100%	Producing
White Hat 2106	July 2021	Ellenburger	-	100%	Producing
Group 4000 – 15A	November 2022	Cisco Sands	Group	75%	Producing
Group 4000 – 16A	July 2022	Cisco Sands	Group	75%	Producing
Group 4000 – 23A	August 2022	Cisco Sands	Group	75%	Producing
JVU#11WSW	October 2022	Strawn	Varn	100%	Water supply well
JVU#6	November 2022	Strawn	Varn	100%	Producing

Varn Oil Field (100% WI)

Operations have continued at Winchester's Varn Oil Field (2P Reserves of over 1,068,000 boe⁵), located 18 miles to the east of Winchester's existing producing assets in Nolan County, Texas.

Following the drilling of four initial 300ft surface wells, Winchester completed the first Varn well (JVU#11WSW) as a water source well.

Winchester recently drilled, cased and completed JVU#6 to a total depth of 4,715ft. JVU#6 is the first designated producer well for the forthcoming Varn Oil Field waterflood operations where water will be injected into the Lower and Upper Fry formations via water injector wells to raise reservoir pressure thereby forcing oil towards pre-drilled producer wells.

⁴ Using exchange rate 1 AUD = 0.684 USD

⁵ See ASX Release dated 3 December 2021

JVU#6 returned net pay of over 26ft across the Lower and Upper Fry formations which, despite the Upper and Lower Fry formations having been depleted by historic production, prompted Winchester to perforate the zones for any potential bonus residual primary oil production.

After successfully swabbing oil and gas, JVU#6 was placed on pump and immediately produced approximately 80 bopd with gas. After production stabilized over ensuing days, JVU#6 produced approximately 30-40 bopd plus gas.

To encounter primary production in JVU#6 is an unexpected bonus for the Company with oil reporting immediately to sales.

Given the results at JVU#6 it is now considered relatively likely that the producer wells in the vicinity of JVU#6 (see Figure 3) will similarly also produce primary oil and gas. These producer wells are scheduled to be drilled next.

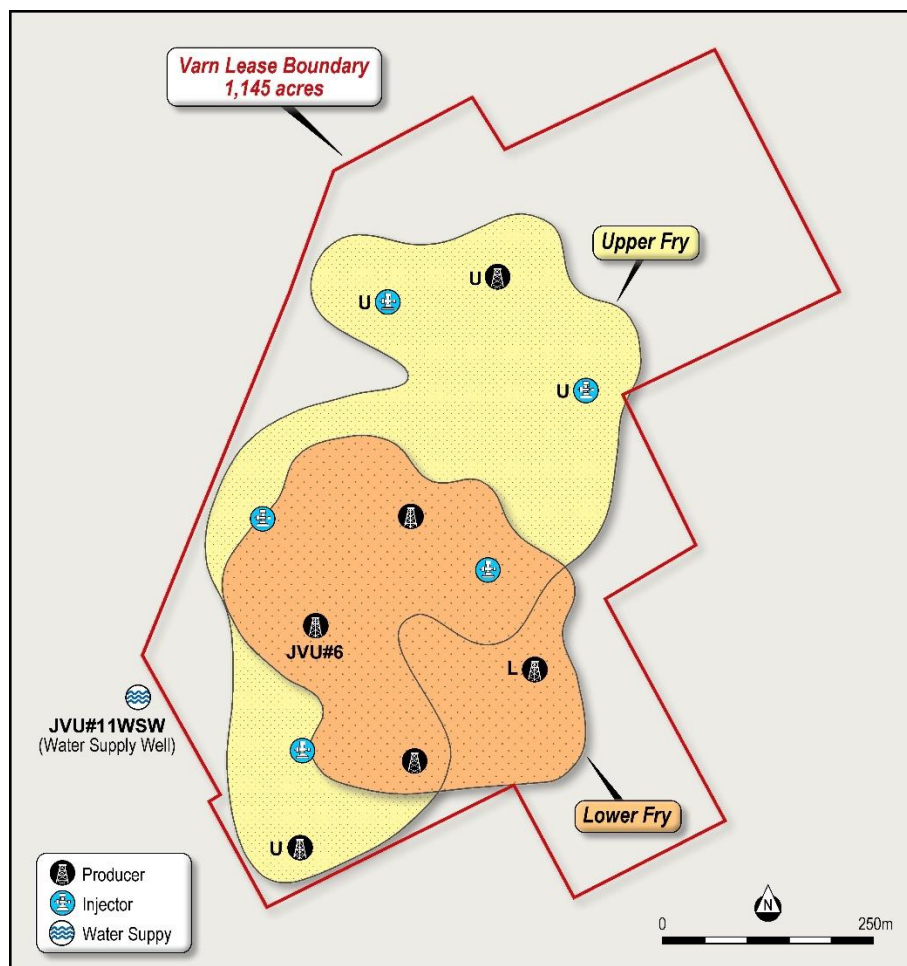


Figure 3: Varn Oil Field waterflood showing location of drilled wells JVU#11WSW and JVU#6 and planned injector and producer wells

Winchester is the operator at Varn, which is a waterflood field operation comprising 11 wells (five oil and gas producers, five water injectors and 1 water source well). The majority of these wells are planned for the central area where the Upper and Lower Fry Sand overlap while the rest of the wells capture oil from the more widespread Upper Fry Sand.

Calculated Varn Oil Field Reserves - Mire Petroleum Consultants

Reserves	Product	1P – Proved Reserve	2P – Proved + Probable Reserve	3P – Proved + Probable + Possible Reserve
Upper and Lower Fry Sands	BO	415,000	994,000	1,680,000
	MCF	169,000	442,000	894,000
	BOE	443,000	1,068,000	1,829,000

BO – barrels of oil

BOE – barrel of oil equivalent

MCF – thousand cubic feet of gas

Calculated Reserves incorporate WEL's net revenue interest of 77%

Further ASX Listing Rule 5.31 Information (Notes to Reserves) related to these reserves is provided in the ASX release of 3 December 2021

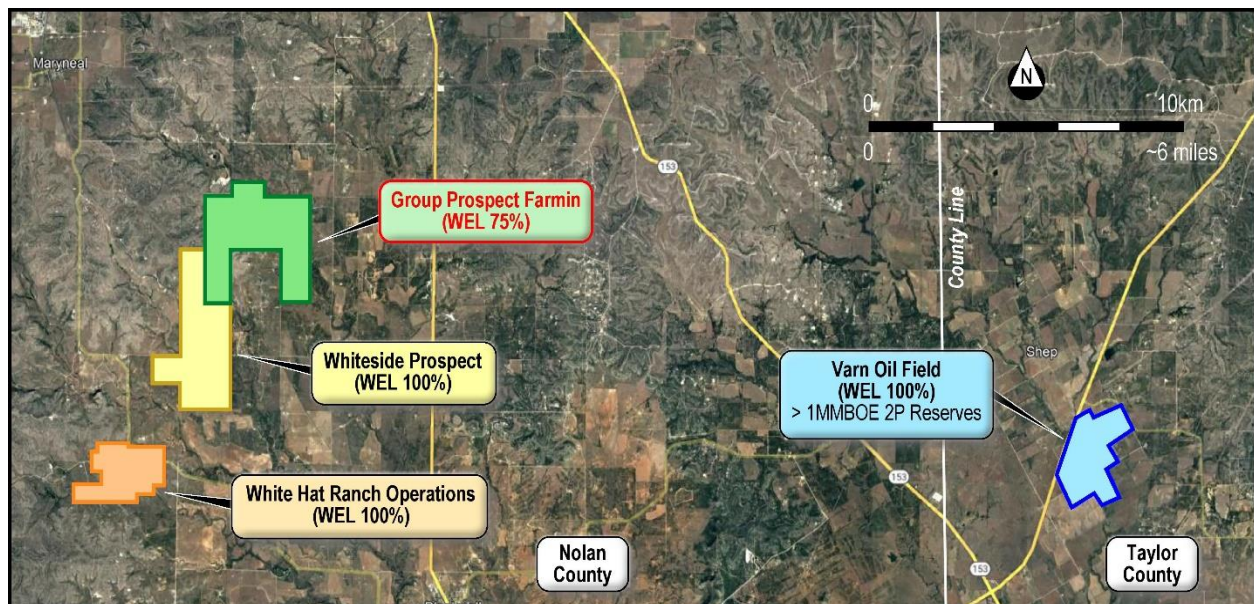


Figure 4: Location of WEL assets in Nolan and Taylor Counties, Texas

Group Prospect (75% WI)

All three of the recently re-completed Group Prospect wells (Group 15A, Group 16A and Group 23A) were successful and have been connected to oil sales. In aggregate, the wells' sustained production is approximately 35 bopd. The wells are also producing gas which will be measured to determine the feasibility of connecting one or more of the wells to gas sales.

The production at the Group Prospect has been derived from the inexpensive re-entry and re-completion of historic wells in the area, targeting known permeable oil reservoir zones which were not stimulated for oil production by previous operators. Winchester has placed pumps on the wells, installed power and production facilities and has already sold numerous oil loads from the Group Prospect.

CORPORATE

As of 31 March 2023, Winchester Energy had 1,020,421,907 ordinary shares on issue and cash reserves of approximately AUD\$0.57 million⁶.

During the March 2023 quarter, USD\$144,600 was paid to related parties and their associated entities:

	Salary & fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Share based payments
Directors	US\$	US\$	US\$	US\$	US\$	US\$
D. Holland	71,775	-	15,412	-	-	-
L Liu	9,450	-	-	-	-	-
T Peng	9,450	-	-	-	-	-
J Allchurch	37,883	-	-	630	-	-
Total	128,558	-	15,412	630	-	-

Oil and Gas Leases Held as at 31 December 2022

Winchester's lease holding at the end of the March 2023 quarter was 4,910⁷ acres.

	WEL Interest	Lease/Prospect	Location
Held at end of quarter			
	100%	McLeod (HBP only)	Nolan County Texas
	100%	Coke	Coke County Texas
	100%	White Hat (HBP only)	Nolan County Texas
	100%	Arledge (HBP only)	Nolan County Texas
	92%	Bast (HBP only)	Nolan County Texas
	100%	Whiteside	Nolan County Texas
	100%	Varn Oil Field	Taylor County Texas
	75%	Group Prospect	Nolan County Texas
Acquired during the quarter	-	-	-
Disposed during the quarter	-	-	-

HBP – Held by Production (no lease costs or holding obligations as long as oil and gas production continues)

This announcement was authorised for release by the Board

⁶ Using exchange rate 1 AUD = 0.654 USD

⁷ The Company's net acreage position varies modestly in accordance with earned interests in drilling units of the current operations.

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.

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (..3.months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	810	810
1.2 Payments for		
(a) exploration & evaluation	(350)	(350)
(b) development	(60)	(60)
(c) production	(298)	(298)
(d) staff costs	(139)	(139)
(e) administration and corporate costs	(116)	(116)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(2)
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	(154)	(154)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements		
(c) property, plant and equipment	(209)	(209)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets (ROU asset)	-	-

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 (..3.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	(209)	(209)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings (ROU liability)	-	-
3.6	Repayment of borrowings	(10)	(10)
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	(10)	(10)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	739	739
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(154)	(154)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(209)	(209)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10)	(10)

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 (..3.months) \$USD'000
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	Cash and cash equivalents at end of period \$USD'000	371	371

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	371	739
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)	371	739

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	145
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)	(154)
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)	(154)
8.4 Cash and cash equivalents at quarter end (item 4.6)	371
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	371
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.4
<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: N/a	
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: N/a	
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: N/a	
<i>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.</i>	

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 April 2023.....

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.