

#### WEL CAP STRUCTURE

Shares: ~1B  
Share Price: 0.3c  
Market Cap: ~\$3.1M  
Cash: AUD\$0.54m  
Debt: Nil

ASX: WEL



## QUARTERLY REPORT

For the period ending 30 June 2023

### HIGHLIGHTS

- Working Interest (WI) quarterly revenue of AUD\$1,285,612<sup>1</sup>
- Production during the June 2023 quarter averaged 137 barrels of oil equivalent per day<sup>2</sup> (boepd) net to Winchester's WI
- Outstanding oil price exposure - Winchester fully leveraged to strong oil and gas prices

### Operations

- Electrification expansion project underway in Group Field and completed in White Hat Ranch field. Anticipated to reduce operational cost and improve runtimes
- The JVU#6 primary production continues to be better than expected, showing zero decline since late February, 2023
- With the successful workover of three wells in Group Field, plans underway to establish water disposal well and test additional wellbores for re-completion potential
- A further two surface wells awaiting deepening and completion at the Varn Oil Field (Proven and Probable Reserves (2P) of 1.068 mmb<sup>2</sup>)



Figure 1: Varn Facilities Installation

<sup>1</sup> Using exchange rate 1 AUD = 0.668 USD (average June 2023 quarter exchange rate).

<sup>2</sup> 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 93% oil.

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## 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 30 June 2023 is shown below:

Oil Production (boe)	June Quarter 2023	March Quarter 2022	December Quarter 2022	September Quarter 2022	June Quarter 2022
Gross Oil Production	<b>13,463</b>	14,993	12,897	15,839	19,090
WEL WI Share*	<b>12,482</b>	13,965	11,916	15,108	17,873

\*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 June 2023 quarter was 137 barrels of oil equivalent per day (boepd)<sup>3</sup>, comprising 93% liquids (oil). Production was lower than in the previous quarter due to natural decline and scheduled maintenance.

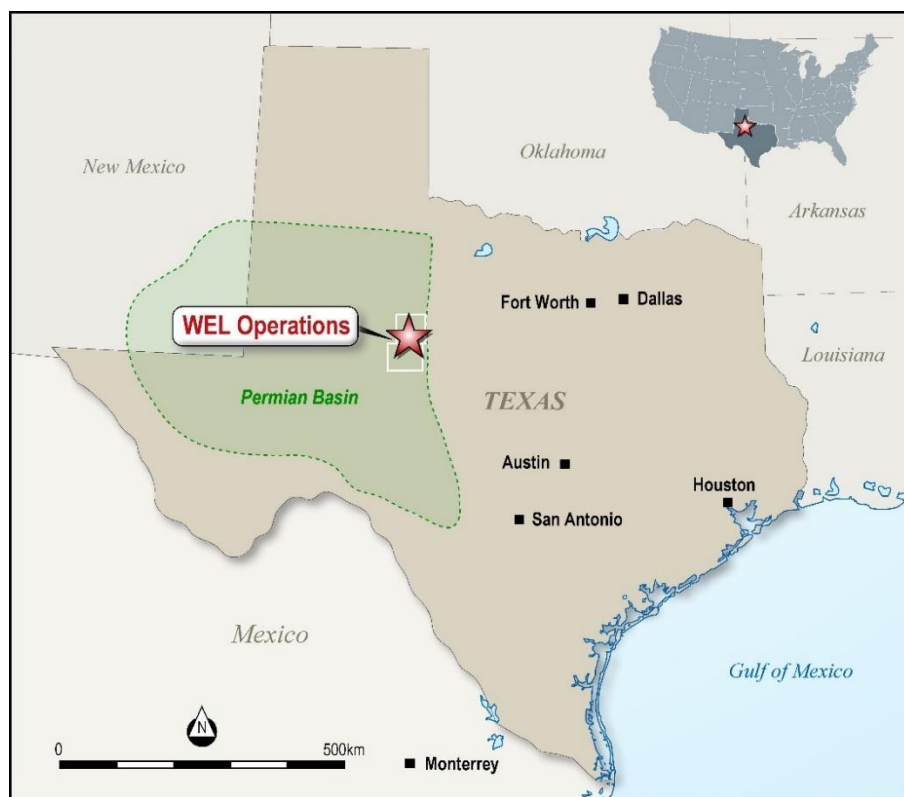


Figure 2: Location of Winchester Operations in Texas, USA

<sup>3</sup> 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.

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## REVENUE SUMMARY

Total WI oil and gas sales revenue for the June 2023 quarter was A\$1,285,612<sup>4</sup> (US\$858,789). The average sale price per barrel of oil was US\$71.70.

## 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 boe<sup>5</sup>), located 18 miles to the east of Winchester's existing producing assets in Nolan County, Texas.

Winchester continues to generate strong primary production from its first Varn producer, the JVU #6. To date, the well has produced in excess of 3200 gross barrels of oil and has shown zero decline since late February.

Winchester is the operator at Varn, and plans are underway to expand the Varn Oil Field waterflood programme. A further two surface wells have been drilled and are awaiting deepening and completion. In total, the waterflood field operation will comprise 11 wells (five oil and gas producers, five water injectors and 1 water source well).

<sup>4</sup> Using exchange rate 1 AUD = 0.668 USD

<sup>5</sup> See ASX Release dated 3 December 2021

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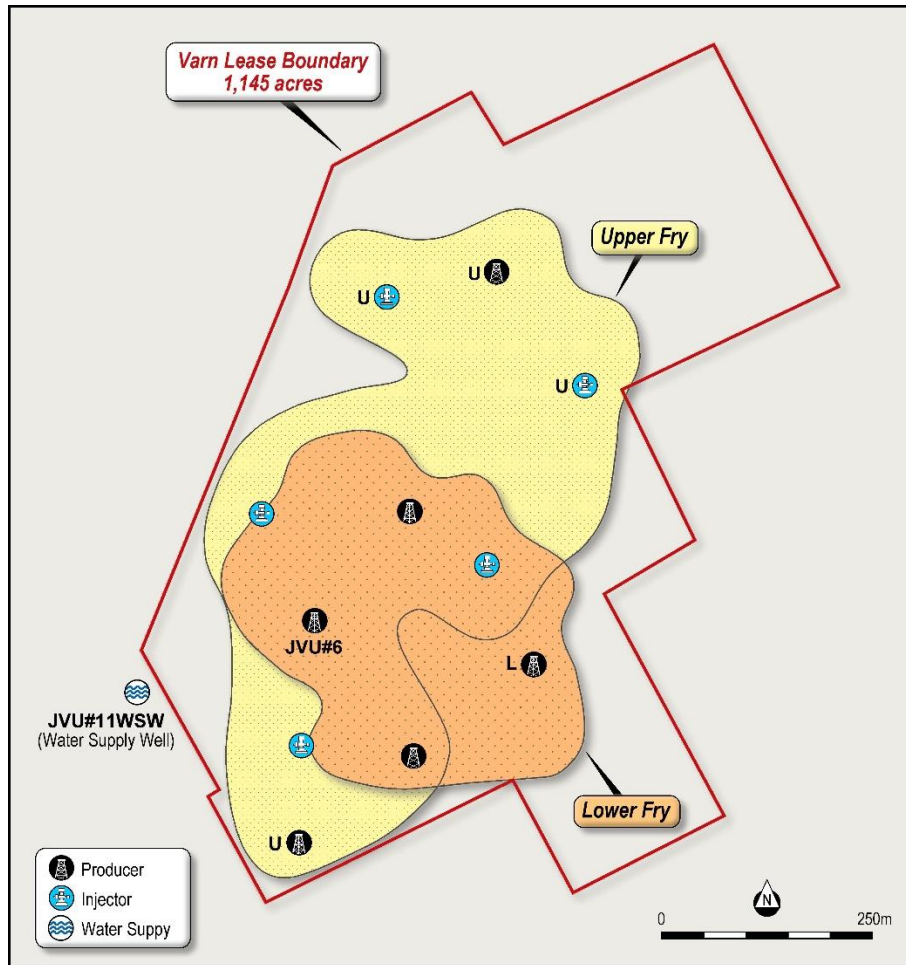


Figure 3: Varn Oil Field waterflood showing location of drilled wells JVU#11WSW and JVU#6 and planned injector and producer wells

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

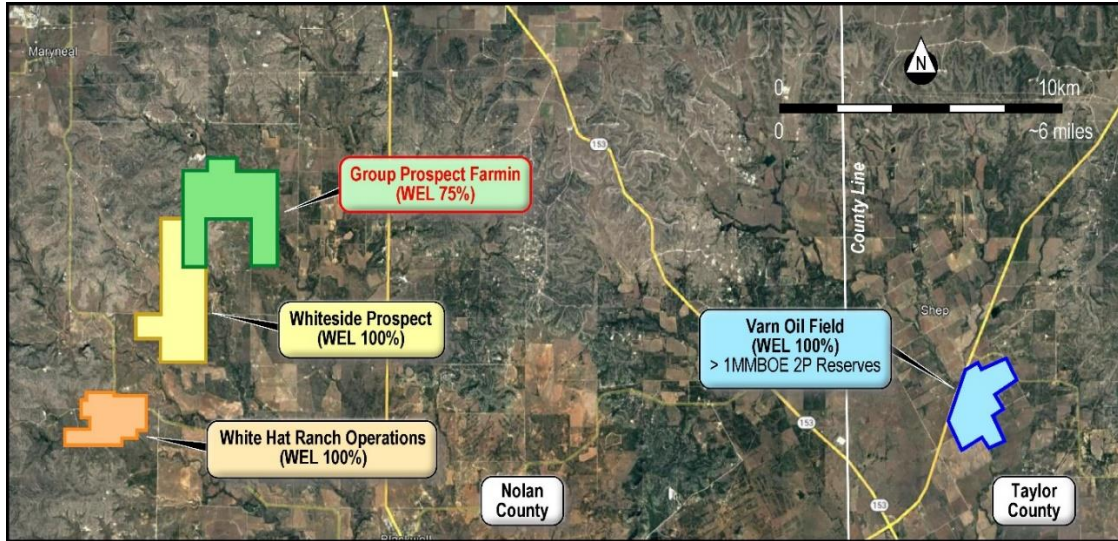
BO – barrels of oil

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. 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 is currently expanding the electricity infrastructure in the field to provide a lower cost, more efficient, and more reliable power source for operations. In addition, plans are underway to establish a water disposal well and test additional wellbores for re-completion potential.

## CORPORATE

As of 30 June 2023, Winchester Energy had 1,020,421,907 ordinary shares on issue and cash reserves of approximately AUD\$0.54 million<sup>6</sup>.

During the June 2023 quarter, USD\$140,284 was paid to related parties and their associated entities:

	Salary & fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Share based payments
<b>Directors</b>	US\$	US\$	US\$	US\$	US\$	US\$
D. Holland	67,650	-	15,179	-	-	-
L Liu	9,450	-	-	-	-	-
T Peng	9,450	-	-	-	-	-
J Allchurch	37,925	-	-	630	-	-
<b>Total</b>	<b>124,475</b>	<b>-</b>	<b>15,179</b>	<b>630</b>	<b>-</b>	<b>-</b>

<sup>6</sup> Using exchange rate 1 AUD = 0.668 USD

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## Oil and Gas Leases Held as at 30 June 2023

Winchester's lease holding at the end of the June 2023 quarter was 3,688<sup>7</sup> acres.

	WEL Interest	Lease/Prospect	Location
<b>Held at end of quarter</b>			
	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
<b>Acquired during the quarter</b>	-	-	-
<b>Disposed during the quarter</b>	1,222		

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**

## 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.*

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

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## 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 June 2023

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (..6.months) \$USD'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	528	1,338
1.2	Payments for		
	(a) exploration & evaluation	(146)	(496)
	(b) development	(26)	(86)
	(c) production	(184)	(482)
	(d) staff costs	(90)	(229)
	(e) administration and corporate costs	(76)	(192)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>5</b>	<b>(149)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements		
	(c) property, plant and equipment	(6)	(215)
	(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 (..6.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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(215)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(20)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(10)</b>	<b>(20)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	371	739
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5	(149)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(215)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10)	(20)



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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (..6.months) \$USD'000</b>
4.5	Effect of movement in exchange rates on cash held	(2)	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period \$USD'000</b>	<b>358</b>	<b>358</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	358	371
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>358</b>	<b>371</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$USD'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$USD'000</b>	<b>Amount drawn at quarter end \$USD'000</b>
<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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$USD'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	5
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)	5
8.4 Cash and cash equivalents at quarter end (item 4.6)	358
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	358
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	N/A
<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: .....31 July 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.