

QUARTERLY REPORT

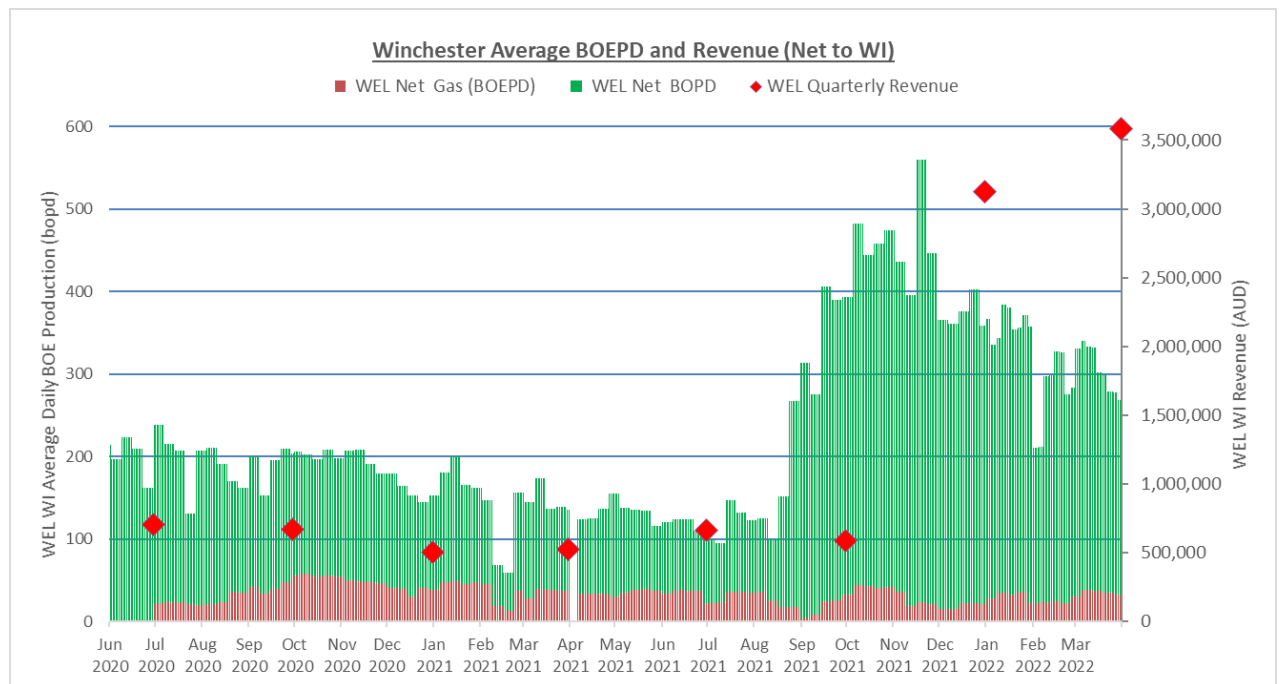
For the period ending 31 March 2022

HIGHLIGHTS

- Positive cash flow of AUD\$391,667¹ for the March 2022 quarter
- Total WI revenue was AUD\$3,580,572¹ - 14.7% increase from the December 2021 quarter
- Outstanding oil price exposure - Winchester fully leveraged to oil and gas prices with 2022 oil prices at a level not seen since 2014
- Production during the March 2022 quarter averaged 313 barrels of oil equivalent per day² (boepd) net to Winchester's Working Interest (WI)

Work Completed and Forthcoming

- Winchester has commenced a multi-well workover programme, starting with White Hat 2106 and White Hat 3902, before moving onto several other wells with significant upside – oil and gas production is anticipated to increase
- Following a successful unitisation hearing, Winchester will next month commence work on its 100% WI Varn Oil Field comprising Proven and Probable Reserves (2P) of 1.068 million barrels of oil equivalent (mmboe) – comprised of over 93% oil
- In the current US oil and gas inflationary environment, Winchester has pre-purchased a significant inventory of long lead items, at a total cost of AUD\$842,492¹ for the forthcoming Varn program, constituting a significant saving for the Company



¹ Using exchange rate 1 AUD = 0.72 USD.

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 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 2022 is shown below:

Oil Production (boe)	March Quarter 2022	December Quarter 2021	September Quarter 2021	June Quarter 2021	March Quarter 2021
Gross Oil Production	31,043	46,911	22,245	15,933	17,661
WEL WI Share*	28,313	42,713	18,784	11,857	13,055

*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 March 2022 quarter was 313 barrels of oil equivalent per day (boepd)³, comprising 89% liquids (oil).

To the end of the March 2022 quarter, Winchester's Permian Basin wells in Nolan County, Texas have produced a total gross 651,623 barrels of oil and 360 million cubic feet of gas.

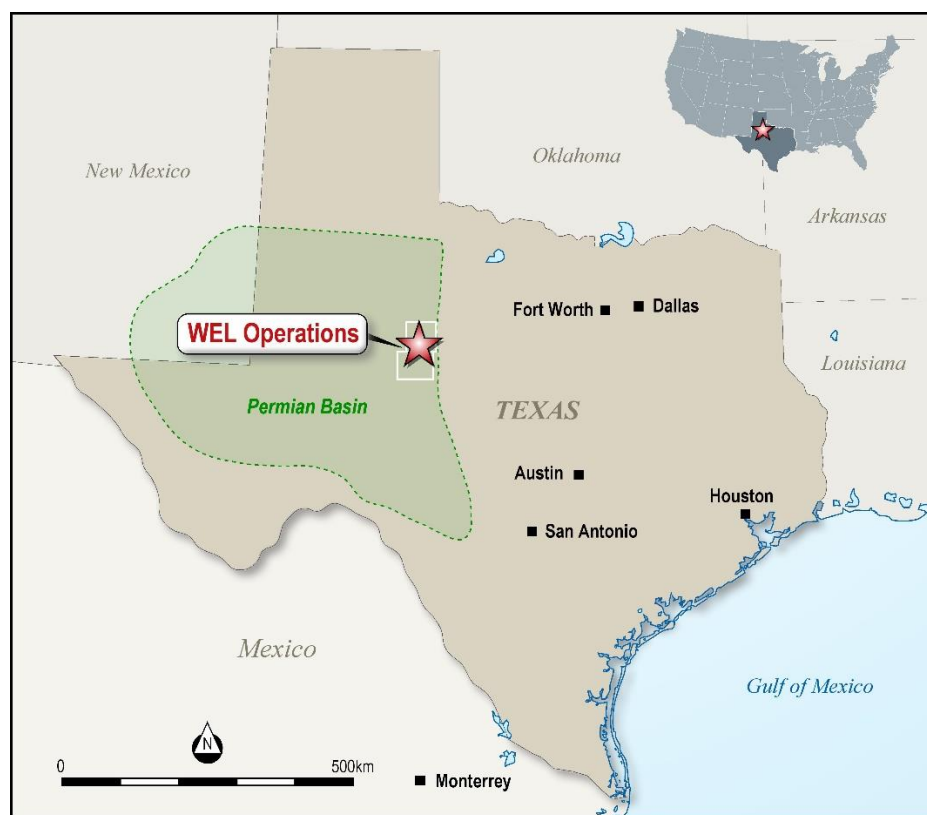


Figure 1: Location of Winchester Operations in Texas, USA

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 2022 quarter was A\$3,580,572⁴ (US\$2,578,012) – a 14.7% increase from the December 2021 quarter. The average sale price per barrel of oil was US\$93.50 - a 22.5% increase from the December 2021 quarter.

March 2022 quarterly revenue resulted in positive cash flow of AUD\$391,667 (US\$282,000) for the quarter. Winchester notes that approx. AUD\$842,492 has been spent acquiring production casing and production tubing (enough for 5 wells) for the forthcoming Varn drilling program. The sourcing and pre-purchase of long lead items has resulted in significant savings for the Company given recent inflationary pressures on US oil and gas consumables.

During the quarter, West Texas Intermediate (WTI) oil prices continued to rise appreciably, with WTI oil currently selling at over US\$100 per barrel.

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%	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 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%	Producing
White Hat 2106	July 2021	Ellenburger	-	100%	Producing

Multi-Well Workovers (100% WI)

Winchester has commenced a multi-well workover programme, starting with White Hat 2106 and White Hat 3902, before moving onto several other wells with significant upside. The programme is designed to increase production in the immediate term.

White Hat 2106 is undergoing workover which includes a separator and pump swap-out as well as re-acidisation of the well annulus. The simple and inexpensive workover is expected to optimize well performance and significantly enhance oil production from Winchester's best performing well.

⁴ Using exchange rate 1 AUD = 0.72 USD. Oil and gas revenue net of severance tax

White Hat 3902 was drilled by the Company in December 2019 targeting the Fry Sand, returning a modest initial production rate of 30 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.

During the December 2021 quarter, in a programme costing less than US\$100,000, the Company successfully perforated 74 feet of the Ellenburger Formation identified as prospective by logs. The interval was then acidised to clean up the annulus and swabbed to remove the spent acid.

White Hat 3902 was placed on production and initially averaged 92 boepd has comprised 73 bopd and 114 thousand cubic feet gas per day (mmcfpd)⁵ but has since decreased to approximately 20 boepd.

White Hat 3902 will be further perforated in the Ellenburger and treated with a cutting-edge high viscosity acid designed to greatly increase oil flow.

Varn Oil Field (100% WI)

In December 2021 Winchester announced the acquisition of a 100% working interest in the Varn Oil Field, located 18 miles to the east of Winchester's existing producing assets in Nolan County, Texas.

Winchester will be the operator at Varn, with 11 wells – six oil and gas producers and five water injectors – comprising the waterflood operation. 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.

The total cost for the Varn Oil Field waterflood is estimated at approximately US\$5.5M spread out over a period of six months giving a highly attractive acquisition and development cost of US\$5.61 per boe.

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 equivalent¹

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 in the ASX release of 3 December 2021

⁵ 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.

Development of Varn will be exclusively funded from existing cashflow and will contribute significant production over the life of the field.

The Varn Project unitisation hearing before the Texas oil regulatory body, the Texas Railroad Commission (TRC), was successfully completed in mid-April with no issues identified by the Panel. As a formality, Winchester is now awaiting final approval. Operations will commence next month.

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.

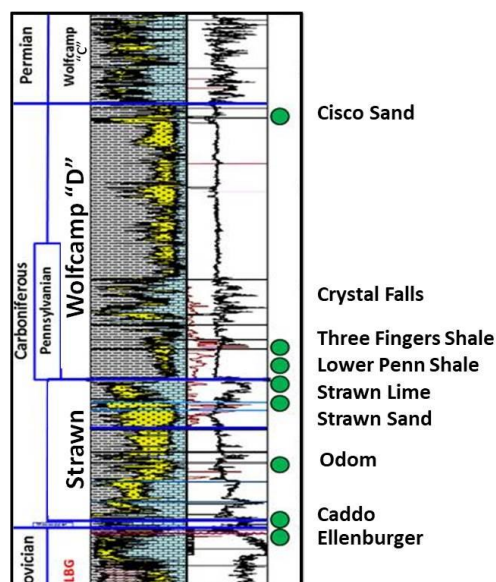


Fig 5: Stratigraphic Column – East Permian Basin

Winchester has identified, from both 3D seismic and well control, the Mustang and Lightning Oil Fields 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

Winchester recorded positive cash flow of US\$282,000 for the March 2022 quarter driven by vastly improved oil and gas production coupled with cost reductions.

As of 31 March 2022, Winchester Energy had 1,010,219,792 ordinary shares on issue and cash reserves of approximately AUD\$3.95 million⁶.

⁶ Using exchange rate 1 AUD = 0.72 USD

During the March 2022 quarter, USD\$133,000 was paid to related parties and their associated entities which was comprised of directors' fees and salaries.

Oil and Gas Leases Held as at 31 March 2022

Winchester's lease holding at the end of the March 2022 quarter was 3,688⁷ 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	Nolan County Texas
	100%	Whiteside	Nolan County Texas
	100%	Varn Oil Field	Taylor County Texas
Acquired during the quarter	-	-	-
Disposed during the quarter	100%	McLeod (non-producing acreage only)	Nolan County Texas

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

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.

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

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 2022

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	1,403	1,403
1.2	Payments for		
	(a) exploration & evaluation	(517)	(517)
	(b) development	(83)	(83)
	(c) production	(166)	(166)
	(d) staff costs	(197)	(197)
	(e) administration and corporate costs	(158)	(158)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(3)	(3)
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	282	282

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(42)	(42)
	(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	(42)	(42)

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	(1)	(1)
3.5	Proceeds from borrowings (ROU liability)	-	-
3.6	Repayment of borrowings	(9)	(9)
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	2,565	2,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	282	282
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(42)	(42)
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	50	50
4.6	Cash and cash equivalents at end of period \$USD'000	2,845	2,845

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	2,845	2,565
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)	2,845	2,565

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	133
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 <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>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
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)	282
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)	282
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,845
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,845
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) <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>	N/A
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 2022.....

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.