



WINCHESTER

ENERGY LIMITED

ACN 168 586 445

ASX: WEL

QUARTERLY REPORT

For the period ended 30 June 2019

HIGHLIGHTS

Two New Oil Discoveries, Significant Oil Production Increase and more Drilling Planned

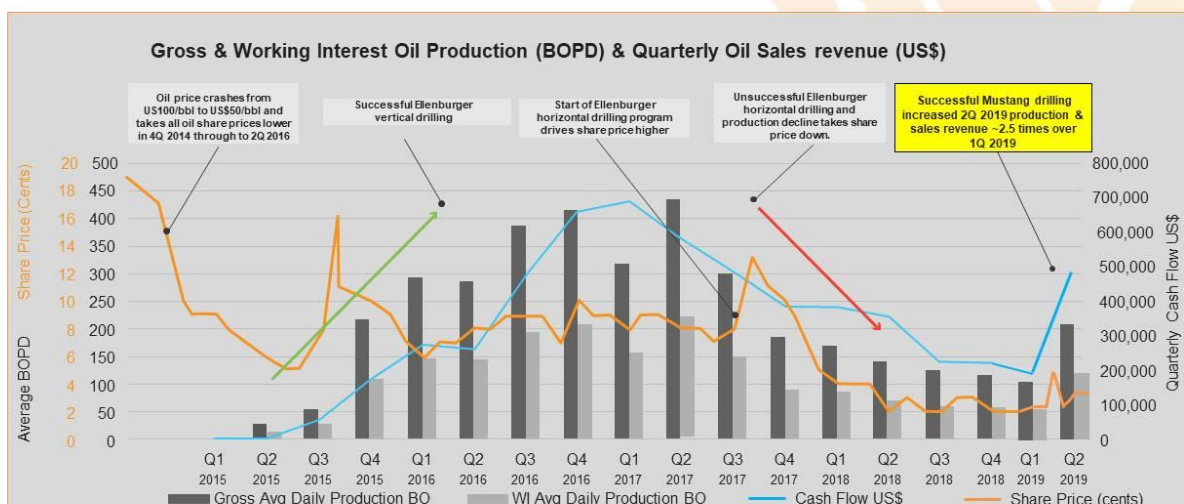
- New oil discovery well, White Hat 20#3, at Mustang Prospect with initial production rate of 306 barrels of oil per day (bopd).
- Mustang Prospect confirmed as significant development Project with nine new wells planned to be drilled in next twelve months on Mustang central lobe - two development wells, White Hat 20#4 and 20#5, to start drilling mid-August 2019.
- New oil discovery well, Arledge 16#2, at Lightning Prospect with 45 feet of interpreted net oil pay in Cisco sands to commence production testing in coming weeks.
- Successful 29 bopd vertical frack of Wolfcamp 'D' shale in Thomas119-1H well by US Energy Corporation of America upgrades shale oil potential across Winchester's 17,000 acres.
- Ongoing exploration and development drilling program on Mustang, Lightning, Spitfire & El Dorado prospects with total cumulative Gross Prospective Resource ranging from best estimate of 9.7 million barrels* to high estimate of 22.7 million barrels*.
- New Mustang oil discovery results in production turnaround with June 2019 quarter working interest (WI) production of 133 bopd - more than 2.4 times the March 2019 quarter WI oil production of 54 bopd.
- Winchester June 2019 quarter WI oil & gas sales rise to US\$488,020 (A\$697,171 at exchange rate 1A\$ =0.70 US\$) from March 2019 quarter WI oil & gas sales of US\$192,198 (A\$274,566).

* Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See ASX announcements - 15 October 2018, 21 June 2019 and 25 June 2019 for further detail



Winchester Oil Production, Cash Flow and Share Price

from IPO listing 6 October 2014 - 30 June 2019



OIL PRODUCTION SUMMARY

Winchester recorded the following gross and working interest (WI) net oil production for the quarter ended 30 June 2019 (across all oil wells in which Winchester has a WI). Winchester's WI average oil production for the June 2019 quarter of 133 bopd is 2.4 times that of the March 2019 quarter WI average of 54 bopd.

	June Quarter 2019	March Quarter 2019	December Quarter 2018	September Quarter 2018	June Quarter 2018
Gross Oil Production (bo)*					
Oil Production (Gross 100%WI)	18,913	9,838	10,726	11,346	12,660
Oil Sales (Gross 100%WI)	18,429	10,387	12,500	10,279	14,210
Winchester Working Interest Oil Production**					
Quarterly Oil Production	12,087	4,894	5,249	5,503	6,346
Quarterly Oil Sales	11,710	5,193	5,679	5,098	6,969

* Note: These figures show gross oil production only (they exclude gas sales). Winchester is entitled to its Working Interest share of net proceeds after royalty payments to the oil and gas mineral rights owners.

** Note: All oil and gas production is subject to royalty payments to the oil and gas rights owners. The figures represented above are for oil production only (and exclude gas sales) and are pre-royalty.



Total WI sales revenue for the June 2019 quarter from oil and gas production was A\$697,171¹ (US\$488,020) - up from the March 2019 quarter WI of A\$274,566 (US\$192,198).

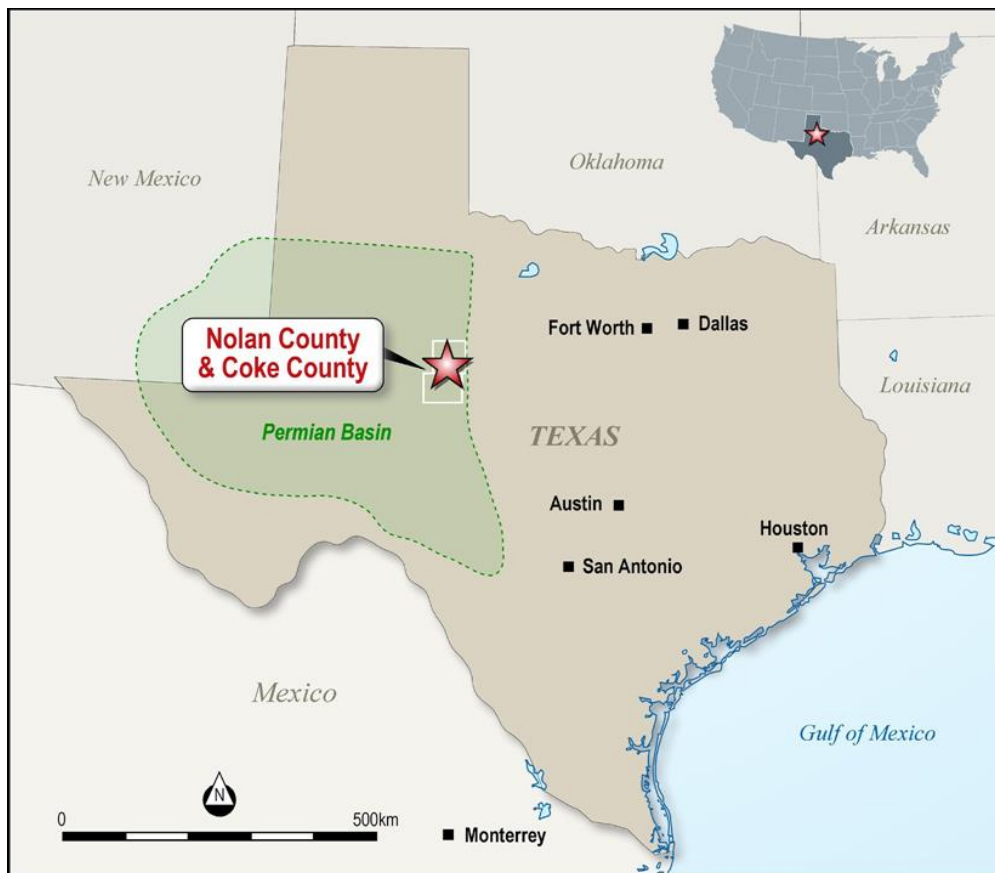
Total WI oil revenue for the June 2019 quarter was US\$484,982 and total working interest gas sales revenue was US\$3,038.

The average sale price per barrel of oil was US\$54.10

Mustang Prospect gross oil production through July 29, 2019 is 16,660 barrels of oil (Winchester WI 75%).

Sales of gas from Mustang well, White Hat 20#3 commenced on July 17, 2019 at 180 thousand cubic feet per day (mcf/d).

Oil sales from White Hat 20#3 only commenced in the last half of the June 2019 quarter with the current September 2019 quarter expected to reflect a full quarter of sales.

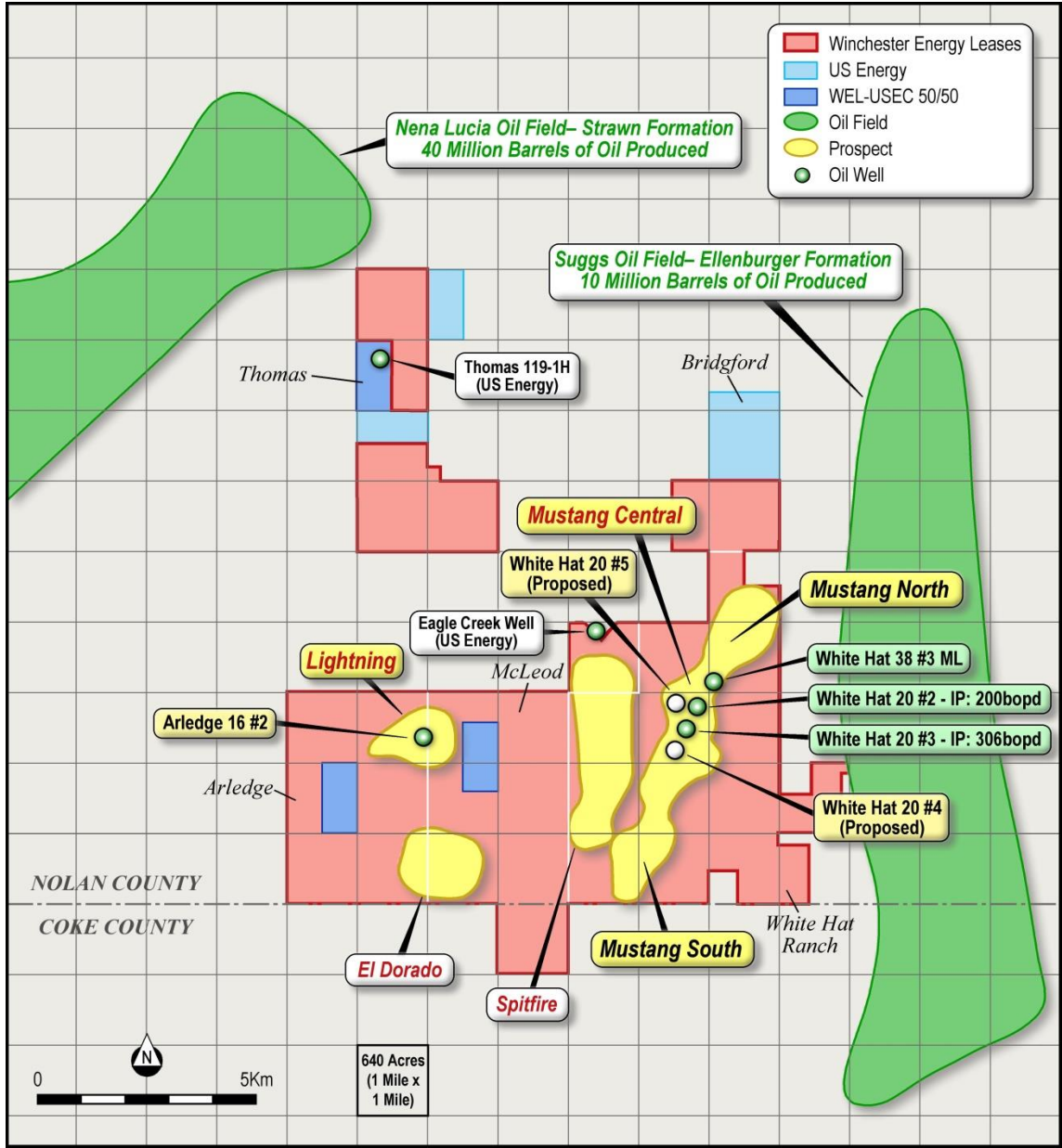


Location of the Company's acreage position in Nolan and Coke County, Texas, USA

To date, Winchester's wells in Nolan County, East Permian Basin, Texas have produced a total gross 350,000 barrels of oil and 180 million cubic feet of gas with cumulative net production to Winchester before royalties of 175,000 barrels of oil and 90 million cubic feet of gas.

¹ Using exchange rate 1 AUD = 0.70 USD





Winchester Leases Showing Exploration Prospects and Wells



EXPLORATION & DEVELOPMENT OPERATIONS SUMMARY

BACKGROUND

Winchester has expanded its production base and added a new production horizon, the Fry Sand in the Strawn Formation of Pennsylvanian age with the oil discovery in White Hat 20#3 and anticipated Cisco oil and gas production in the recent Arledge 16#2 oil discovery well.

Within the Winchester's lease position along the eastern shelf of the Permian Basin in central west Texas, USA, there are several productive units with a long history of oil and gas production. Winchester initially targeted and produced oil and gas from the Ellenburger Formation within its prime leasehold position of approximately 17,000 acres and has produced some 300,000 barrels (Winchester WI 50%).

The Eastern Shelf of the Permian contains several vertically-stacked oil productive units (vertical pay). The recent results from the Strawn and the Cisco Formations are proving that the Leases hold significant potential at several formation levels.

The recent production from the Strawn Formation in the White Hat 20#3 well (initial production (IP) of 306 bopd and IP 30 of 259 bopd with 100-140 thousand cubic feet per day (mcfgd) of gas) has already produced over 16,600 barrels of oil, augmenting White Hat 20#2 (initial production of 200 bopd with 45,000 bo recovered to date and still producing 30-40 bopd).

The younger and shallower Cisco Sands at the base of the Permian now appear to add another productive interval to Winchester's production. Although waiting on testing the Arledge 16#2 log results are very encouraging and this well has encountered two potential pay intervals with a total of 45 feet of net pay as calculated from wireline log interpretation.

As well as the Strawn and Cisco 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.

EXPLORATION & DEVELOPMENT PROSPECT SUMMARY

Winchester has identified, from both 3D seismic and well control, the Mustang, Spitfire, El Dorado and Lightning prospects in the Strawn, Ellenburger and Cisco formations. In addition Winchester has some 20 additional locations identified for potential future exploration.

The independent gross Prospective Resource best estimate (P50) for all four prospects above combined is 9.738 million barrels of oil equivalent*.



Prospect (Productive unit)	Low Estimate P90*	Best Estimate P50*	High Estimate P10*
Mustang (Strawn)**	1.078 mmboe	2.029 mmboe	3.773 mmboe
Spitfire (Ellenburger and Strawn)**	1.994 mmbo	4.490 mmbo	9.907 mmbo
El Dorado (Ellenburger and Strawn)**	0.591 mmbo	1.269 mmbo	2.628 mmbo
Lightning Prospect (Cisco)**	0.602 mmbo	1.95 mmbo	6.392 mmbo
Total Gross Prospective Resources*	4.265 mmboe	9.738 mmboe	22.7 mmboe

* *Cautionary Statement* - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**See ASX announcements - 15 October 2018, 21 June 2019 and 25 June 2019 for further detail.

+ - Winchester currently owns a 75% working interest in the Spitfire and Mustang prospects and 100% of the El Dorado and Lightning prospects. WEL's future entitlement share may be subject to reduction in the event of farmout, should any farmout occur. WEL's future entitlement may also increase should the 25% working interest party (CEGX) not exercise its right to participate.

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

Winchester will maintain its exploration and development drilling focus on these conventional targets with an aggressive exploration and development drilling program planned for the coming quarter and ensuing months.

Winchester Energy 2019 - 2020 Planned Drilling Schedule

PERMIAN BASIN WINCHESTER WELL INTEREST % (After farmout- direct)	Well Interest	2019					2020	
		August	September	October	November	December	January	February
Mustang 20 #5 Fry Sand appraisal	75.0%							
Thomas Ranch #119H Wolfcamp Shale Frac-USEC	12.5%*							
Mustang 20 #4 Fry Sand appraisal	75.0%							
Mustang 20 #6 Fry Sand appraisal	75.0%							
Spitfire 212 #1 Fry/Strawn and Ellenburger	75.0%							
Mustang 20 #7/ #8/ #9 Fry Sand appraisal	75.0%							
Thomas Ranch Strawn and Ellenburger	50.0%							
Bridgford 40 Strawn and Ellenburger	50.0%							
El Dorado Strawn and Ellenburger	75.0%							

LEGEND

- Appraisal Drilling
- Vertical Drilling
- Production Testing

(Note: All well timing and well interests subject to rig availability, funding and farmout)



Mustang Prospect Exploration - White Hat 20#3 (75% WEL Working Interest)

On 27 May 2019 Winchester announced an initial production rate (IP) of 306 bopd for the White Hat 20#3 well targeting the Strawn Fry Sand Member in the Mustang Prospect.

Subsequently the Company advised that the White Hat 20#3 well had recorded initial gross oil production over 30 days (IP30) of 259 bopd. White Hat 20#3 is also flowing gas at a rate of 100 - 140 thousand cubic feet per day (mcfpd) which is equivalent to a further 17 - 23 barrels of oil equivalent (boe) per day².

The oil production rate has remained strong through the first 60 days of oil production with gross production reaching some 16,660 gross barrels of oil by the end of July 2019. Gas is good quality, rich in liquids and tested at 1300 British thermal units (Btu). The gas production was hooked up to sales pipeline on 18 July, 2019.

This is a significant result for the company in that it demonstrates the quality of the Strawn Fry Sand Member reservoir in the Mustang Prospect and validates Winchester's strategy to develop the Mustang Prospect with the objective of generating significant oil production and cash flow. In accordance with this strategy, the next Mustang well is projected to spud in mid-August, 2019.

The success of White Hat 20#3 builds on the previously drilled White Hat 20#2 located approximately 510 metres to the north east. The effect of the greater thickness of the Strawn Sand unit drilled in White Hat 20#3 relative to White Hat 20#2 is reflected in the greater IP rate observed in White Hat 20#3.

White Hat 20#2 produces oil from the same Strawn Sand as White Hat 20#3 following a similar frack stimulation with initial production of 200 bopd in April 2017. This well continues to produce oil at 40 bopd. Mire and Associates recently increased the estimated ultimate oil recovery (EUR) from the White Hat 20#2 well to 112,000 barrels oil. Production from this well has been unaffected by the oil production from White Hat 20 #3.

White Hat wells 20#2 and 20#3 drill results and 3D seismic coverage confirm the highly prospective nature of the Mustang Prospect and relatively low risk of drilling further potentially oil productive Strawn Sand oil reservoirs.

Mustang Prospect Development

Winchester has formulated a development plan to accelerate oil production from the Strawn Fry Sand member of the Mustang Prospect.

Following the success of White Hat 20#3, Winchester commissioned independent U.S. based petroleum consultants, Mire & Associates, Inc. to conduct an optimization study and update of the gross Prospective Resources of the Strawn Sand Fry member within the Mustang Prospect. Development optimisation studies identified a further 9 well locations within the central Mustang area followed by up to a possible further 25 wells across Mustang North and South (total of 34 wells) subject to ongoing development drilling success.

² boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. 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.



Prospective Resources Estimate for the Mustang Prospect (Strawn Sand Only)

Mustang Prospect	Low Estimate P90*	Best Estimate P50*	High Estimate P10*
Gross Prospective Resources⁺	1.078mmboe	2.029mmboe	3.773mmboe

* *Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

mmboe (million barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. 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.

+ - WEL's working interest in the Mustang Prospect is 75%. WEL's future entitlement share may be subject to reduction in the event of farmout in the future, should any farmout occur. WEL's future entitlement may also increase should the 25% working interest party (CEGX) not exercise its right to participate.

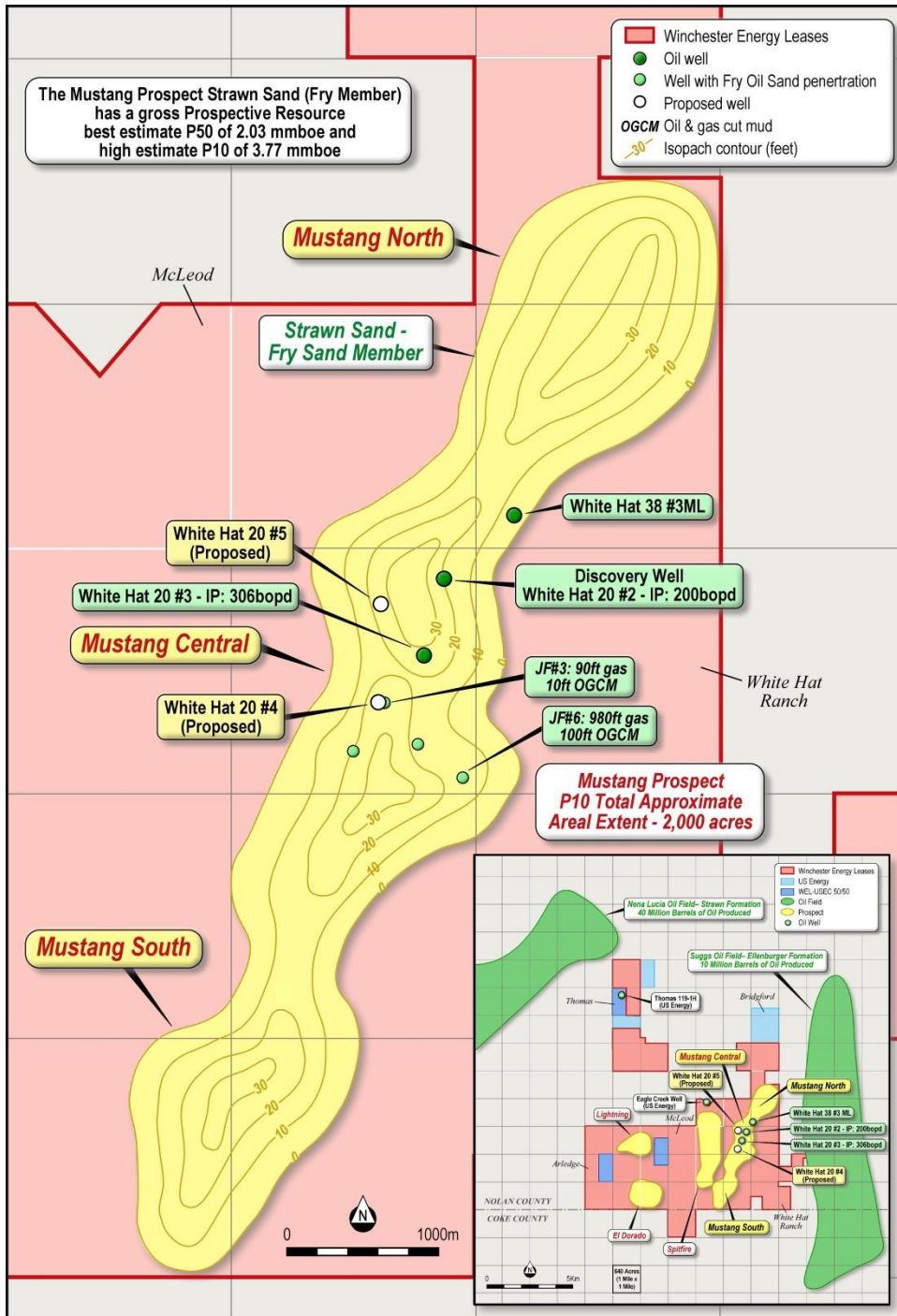
Preparations for the spudding of White Hat 20#5 in the central lobe of the Mustang Prospect, 375 metres west southwest of the successful White Hat 20#2 and 400 meters northwest of White Hat 20#3 well are underway with the well scheduled to spud in early August 2019.

White Hat 20#5 is a high confidence well targeting the Fry Sand member within the Strawn Formation located with good well control, along the axial trend of the Fry Sand and supported by seismic amplitude response. Success in the drilling, fracking and completion of White Hat 20#5, as at White Hat 20#2 and White Hat 20#3, is intended to rapidly and significantly increase Winchester's oil production.

Permitting work has also commenced for other development locations and a new well location for White Hat 20#4 is located 420 meters south west of White Hat 20#3 which is currently scheduled to spud shortly after the conclusion of drilling White Hat 20#5.

Carl E Gungoll Exploration LLC (CEGX), a private company, has the right to participate at a 25% working interest in the Mustang Prospect and has elected to participate in both White Hat 20#5 and White Hat 20#4.





Mustang Prospect – Conceptual (preliminary) Isopach Contour Map of Strawn Fry Sand from Well Control and 3D Seismic

Lightning Prospect Exploration – Arledge 16#2 (100% WEL Working Interest)

Subsequent to the end of the June 2019 quarter, Winchester drilled the Arledge 16#2 well targeting the Cisco Sands in the Lightning Prospect.



The Cisco Sands are a proven producer in this area, historically producing a cumulative 5 million barrels of oil and 2.25 bcf of gas and is productive in the Bast Field one mile to the northeast.

Arledge 16#2 commenced drilling on 8 July, 2019 encountering very good oil and gas shows in the target Cisco Sands. Wireline log interpretation has confirmed 45 feet of calculated net oil pay in the Upper and Lower Cisco sands.

Wireline logs confirm 25 feet of calculated net pay in the Upper Cisco sand between 4,735 feet and 4,800 feet where oil and gas shows were reported. The formation image tool (FMI) log will be used to recalculate and may increase the net pay. The section of Upper Cisco sands is comprised of thin bedded turbidites and marine over-bank deposits.

Thin shales affect pay calculations by reducing resistivity and reduce water saturation. The thin beds continue from 4,800 feet to 4,900 feet and may also contribute additional oil pay.

Log calculations also confirm 20 feet of calculated net oil pay in the Lower Cisco sand. This sand is a distributary channel 4,993 feet – 5,040 feet.

Production casing has been run and cemented at a total depth of 5,500 feet in preparation for completion and testing.

The initial study of the FMI image log from Arledge 16#2 does establish that thicker thin bed oil bearing potential occurs in both units and in particular, shows abundant and stacked thin sands from 1 inch thick to 2 – 3 feet thick from 5,040 feet to 5,200 feet.

These sands are turbiditic, showing slumping and soft sediment deformation probably associated with slumping and thin mass flow deposits. The shales are very organic rich and the clay content may have disguised a thicker gross oil column.

The company is in the process of designing an initial test of the deeper potential before the main sand.

Depending on the success of the planned Arledge 16#2 completion work, this well on the Lightning Prospect may open another development opportunity for Winchester that adds to the recent Mustang oil discoveries.

Prospective Resources Estimate for the Lightning Prospect (Lower Cisco Sand)

Lightning Prospect	Low Estimate P90*	Best Estimate P50*	High Estimate P10*
Gross Prospective Resources	0.602mmbo	1.95mmbo	6.392mmbo

* - *Cautionary Statement* - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See ASX release of 25 June 2019 for details.



Thomas 119-1H (WEL Working Interest – 12.5% Back-in Right)

In June 2019 Winchester was advised by US Energy Corporation of America Inc. (USEC) that they have successfully executed a frack within the vertical section of the Thomas 119-1H well and commenced production.

USEC, as operator, performed a slick water frack with over 500,000 pounds of sand targeting a 100ft section of the Three Fingers Shale Member (TFS) within the Wolfcamp 'D' Formation.

USEC immediately put the well on production and, after recovery of frack fluid and the resolution of some mechanical issues, the well has been producing oil and gas over the last week using a progressive cavity (PC) pump at an average of 29 bopd, 450 mcgfd and 65 barrels of water per day (bwpd).

The organic-rich TFS is approximately 100ft thick with several intervals of very high total organic carbon (TOC) evidenced by high gamma ray and high resistivity on electric logs. The zone is associated with oil and gas shows when drilled in the Thomas 119-1H vertical section and wherever the interval has been penetrated in Winchester wells to date.

The success at Thomas 119-1H has the potential to impact the value of Winchester's acreage given the Wolfcamp 'D' (TFS) extends across Winchester's entire 17,000 acre lease position. Importantly, the TFS now represents a highly attractive target for horizontal drilling and fracture technologies that may hold the key to accessing moveable hydrocarbons in the TFS.

Winchester notes that approximately 40 miles to the south west of Winchester's acreage, oil rates of up to 1,250 bopd have been reported in the past from horizontal fracked wells in the Wolfcamp 'D' Formation.

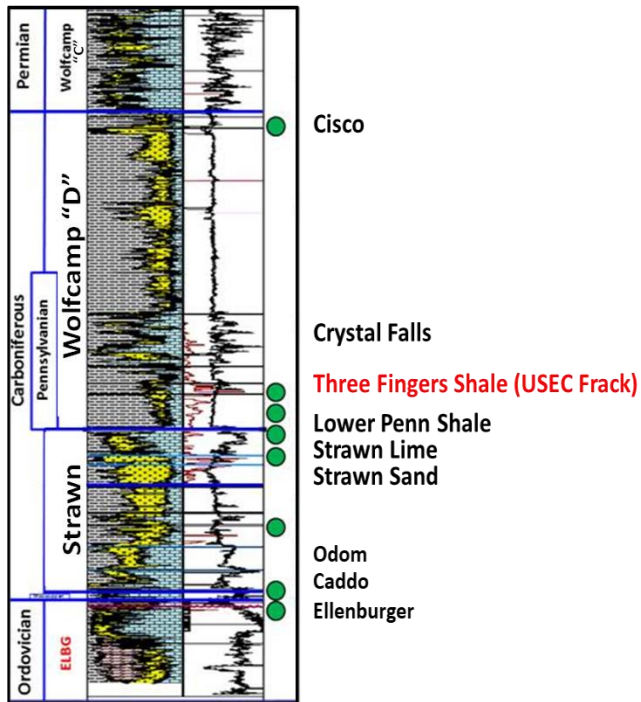
Prior to Winchester acquiring the McLeod lease, Devon, a large US independent oil company, permitted a 5,000 ft. horizontal well in 2014 which was never drilled.

The Wolfcamp 'D' shale is a known oil producing unit on the Eastern Shelf of the Permian Basin. The Wolfcamp shales in the Midland Basin portion of Texas' Permian Basin contain an estimated mean of 20 billion barrels of oil, 16 trillion cubic feet of associated natural gas, and 1.6 billion barrels of natural gas liquids, according to an assessment in November 2016 by the U.S. Geological Survey. This estimate is for unconventional oil, and consists of undiscovered, technically recoverable resources³.

Winchester has the right to a 12.5% WI in Thomas 119-H at no cost to Winchester following the recovery by USEC of all costs associated with fracking and completion activities at Thomas 119-1H.

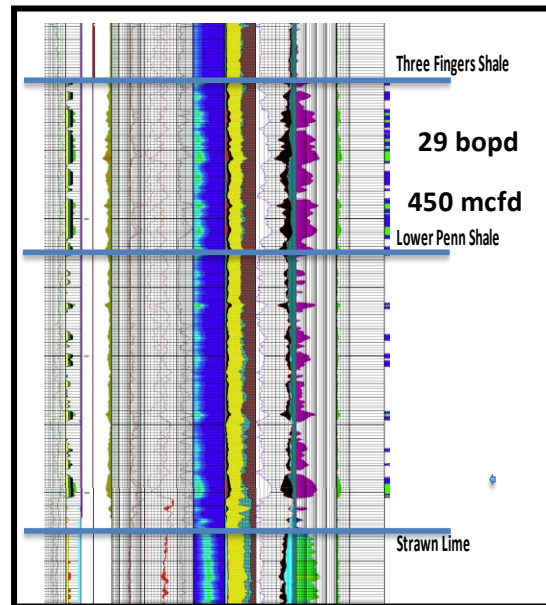
³ <https://www.usgs.gov/news/usgs-estimates-20-billion-barrels-oil-texas-wolfcamp-shale-formation>





Simplified Stratigraphic Column

Thomas 119-1H: Three Fingers Shale Analysis by Nutech



EXCITING EXPLORATION PROSPECTS WITH GROSS PROSPECTIVE RESOURCES

As well as the Mustang and Lightning Prospects detailed above, Winchester’s broad 17,000 acre lease position also incorporates the Spiffire and El Dorado prospects, both of which have calculated Prospective Resources.

Spiffire Prospect - Winchester Energy 75% Working Interest

This prospect is interpreted from the 3D seismic following seismic inversion processing as a series of lobes of potential reservoir sediments with intra-formation seals lying within a topographic low as thick valley fill. Well control adjacent to the interpreted Strawn valley fill is provided by an immediately adjacent well on the edge of the seismically interpreted valley fill.

Oil shows are present in this ‘edge’ well to the interpreted valley fill in the Strawn sands and carbonates, the primary target within the Spiffire Prospect. Reservoir risk and intra-formational seal risk within the valley fill are determined to be the main risks for the Spiffire Prospect containing an oil productive formation.



Multiple horizons are prospective including the Strawn sandstones and carbonates, the Wolfcamp 'D' shales and carbonates and the Ellenburger carbonate.

For the purpose of this report, only the Strawn Formation and Ellenburger carbonates are being considered in the determination of the Gross Prospective Resources for the Spitfire Prospect. The potential recoverable oil resource classified as Gross Prospective Resources have been estimated probabilistically on an un-risked basis with a range from low (P90), best estimate (P50), high (P10) and mean basis.

Prospect	Low Estimate (mill bbls)*	Best Estimate (mill bbls)*	High Estimate (mill bbls)*
	P90	P50	P10
Spitfire	1,994	4,490	9,907

* - Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See announcement dated 15 October 2018 for further detail.

Given the control over the Spitfire Prospect provided by the 3D seismic and adjacent wells with oil shows surrounding the prospect and the reservoir and seal risk, the estimated probability of success for both targets is 28%.

Cautionary Statement: Estimated probability of success in finding oil is based on Winchester's analysis of the risk relating to presence of: Trap X Reservoir X Seal X Charge.

El Dorado Prospect - Winchester Energy 100% Working Interest

The El Dorado prospect is a large four-way closed structure. The closure has been mapped at multiple levels.

Multiple horizons are prospective including the Wolfcamp 'D' shales and carbonates, the Penn Carbonate, the Strawn sandstones and carbonates and the Ellenburger carbonates with closure present over 3,000 feet of vertical section.

The company has used a vast number of wells in Nolan County in the vicinity and within the Company's acreage to determine recovery factors, 3D seismic mapping to calculate the trapping area and well logs to determine the prospective reservoir thickness. The recoverable barrels per acre-ft for the prospects are based on the adjacent Suggs Oil Field and White Hat Ranch Field producing well data.



For the purpose of this report only the Ellenburger carbonates and the Strawn formation are being considered in the determination of the prospective resources.

The gross potential recoverable oil resource classified as Prospective Resources have been estimated probabilistically on an un-risked basis with a range from low (P90), best estimate (P50), high (P10) and mean basis.

Prospect	Low Estimate (mill bbls)* P90	Best Estimate (mill bbls)* P50	High Estimate (mill bbls)* P10
El Dorado	0.591	1.269	2.628

* - Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See announcement dated 15 October 2018 for further detail.

Given the control over the prospect provided by the 3D seismic and adjacent wells surrounding the prospect with oil shows, the estimated probability of success for both targets is 48%.

Cautionary Statement: Estimated probability of success in finding oil is based on Winchester's analysis of the risk relating to presence of: Trap X Reservoir X Seal X Charge.

CORPORATE

Winchester ended the quarter with cash reserves of approximately AUD\$1,502,015.

On 8 July the Company advised of the resignation due to health reasons of Non-Executive Director Peter Allchurch effective 31 July 2019. Mr. Allchurch was the founding Chairman of Winchester and was instrumental in the identification and acquisition of the Company's oil and gas assets in the USA.

Oil and Gas Leases Held as at 30 June 2019

Winchester's lease holding at the end of the June 2019 quarter is 17,266⁴ acres.

⁴ The Company's net acreage position varies modestly in accordance with earned interests in drilling units of the current operations.



On 24 December 2018 Winchester announced that it was in the process of reviewing the status of both the Arledge and McLeod leases that in aggregate comprise approximately 7,200 acres of Winchester's 17,266 acre lease position.

On 25 January, 2019 Winchester announced that the lessor of the McLeod lease has confirmed that the Lease Agreement between the lessor and Winchester is in good standing.

The lessors of the Arledge lease have also now confirmed that the Lease Agreement between the lessors and Winchester is in good standing.

	Winchester % Interest	Lease	Location
Held at end of quarter			
	75%	White Hat Ranch	Nolan County Texas
	100%	Bridgford Ranch	Nolan County Texas
	100%	Thomas Ranch	Nolan County Texas
	50%	Thomas-US Energy	Nolan County Texas
	100%	McLeod	Nolan County Texas
	50%	McLeod-US Energy	Nolan County Texas
	100%	Arledge	Nolan County Texas
	50%	Arledge-US Energy	Nolan County Texas
	100%	Coke	Coke County Texas
Acquired during the quarter	-	-	-
Disposed during the quarter	-	-	-



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 Neville Henry. Mr Henry is a qualified petroleum geologist with over 43 years of Australian, USA and other international technical, operational and executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation, as well as new oil and gas ventures identification and evaluation. Mr Henry has a BA (Honours) in geology from Macquarie University.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

WINCHESTER ENERGY LIMITED (ASX CODE: WEL)

ABN

21 168 586 445

Quarter ended ("current quarter")

6 Months ended 30 June 2019

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	340	350
1.2 Payments for		
(a) exploration & evaluation	(934)	(1,038)
(b) development	(11)	(41)
(c) production	(95)	(139)
(d) staff costs	(2)	(57)
(e) administration and corporate costs	(26)	(184)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(728)	(1,109)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) 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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,306	2,063
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(51)	(74)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(4)	(4)
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	(1,251)	(1,985)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	679	307
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(728)	(1,109)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,251	1,985
4.5 Effect of movement in exchange rates on cash held	(119)	(100)
4.6 Cash and cash equivalents at end of period	1,083	1,083

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	1,083	679
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)	1,083	679

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$USD'000**

78

-

Salaries and directors fees paid to the directors during the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$USD'000**

133

-

During quarter reimbursement payments totally to USD\$133,000 were made to service entities associated with Neville Henry (the Managing Director of Winchester) for server and data room services and office operating services in the United states, including Mr Henry's salary of USD\$16,312 for the period (excluding on-costs), office rent and outgoings pursuant to an office sub-lease arrangement. The payments also include payments to geological, geophysical and engineering consultants. These services were provided to Winchester Energy on a cost reimbursement, non-profit basis.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$USD'000
9.1 Exploration and evaluation	500
9.2 Development	50
9.3 Production	90
9.4 Staff costs	85
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	875

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nolan County, Texas, USA	Please refer to March 2019 quarterly Activities Report	17,266 net acres	17,266 net acres
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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.

Sign here:
(Company secretary)

Date: 31 July 2019

Print name: Lloyd Flint

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.