



Winchester Well Positioned

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ASX Code: WEL

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The recent sharp drop in oil prices combined with the COVID-19 virus outbreak has produced considerable volatility in global markets.

Despite the market turmoil, Winchester Energy is well positioned to withstand the current challenges and poised to benefit from any market improvement:

- **Ongoing production and positive cash-flow (at prevailing low oil prices)**
- **Over A\$6.5 million cash on hand as of 29th of February**
- **Cash in US dollars – limited exposure to adverse currency fluctuations**
- **All revenue in US dollars**
- **No Debt**
- **Opportunity-rich portfolio ranging from low-cost behind-pipe opportunities to multi-target prospects with sizeable resource potential suitable for low cost testing**
- **Large lease-holdings with low holding costs**
- **High quality technical and operating team**

Prior to the COVID-19 outbreak the Company had already decided to pause our heavy drilling schedule to review our ongoing operational program results and have now initiated a full review of operations to identify ways of further reducing costs while maintaining production efficiencies. All elements of our organization are being optimized, from field completion and production operations, vendor support and costs, to our internal approval and reporting procedures and financial and accounting practices.

Winchester has an exceptionally talented technical and management team. The recent appointment of a dedicated Operations Manager (Doug Holland) has been of great assistance. Doug, with experience at El Paso Corporation and Noble Energy, has 'hit the ground running' and has already identified and implemented policies to increase efficiency and reduce costs. Our team of high-level performers in Houston and Perth ensure that the company is in the best of hands to see it through this latest pricing period and to build shareholder value again as we emerge from this period of uncertainty.

In the immediate term the Company will be addressing the following priorities:

- Belt tightening – important and focussed on improving productivity
- Optimising revenue
- Focusing on lowest-cost, lowest-risk behind-pipe options to add to production
- Visiting vendors to discuss appropriate pricing adjustments
- Continue internal emphasis on technical and operational excellence
- Reduce risk of new prospect drilling through farmout partnering
- Assessing new opportunities with 'bolt-on' production potential - quality assets will be coming up for sale as operators burdened by debt are forced to rationalize their portfolios.

Finally, while a steep drop in oil prices is never helpful to explorers and producers, Winchester's management have navigated through a number of downturns in the last 40 plus years and are confident that we will get through this latest crisis, seeing it as an opportunity as much as a challenge.

Neville Henry
Managing Director

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