

## Significant Increase in Oil Reserves and Resources

### HIGHLIGHTS

- **Independent audit estimates total Reserves and Resources net to Winchester of 11.2 million barrels of oil equivalent (mmboe), comprising:**
  - **3P Reserves of 1.65 mmboe**
  - **Contingent Resources ('Best Estimates') of 6.72 mmboe**
  - **Prospective Resources<sup>1</sup> ('Best Estimates') of 2.82 mmboe**
- **Total Best Estimate Resources estimate represents a 49% increase from previous Resource estimates**
- **Winchester is well poised to benefit from improvements in oil prices**

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<sup>1</sup>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.

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Winchester Energy Limited's (Winchester or WEL) share of petroleum Reserves and 'Best Estimate' Resources in its 17,560 acre lease position in the East Permian Basin, Texas has been assessed at a combined 11.2 million barrels of oil equivalent (mmboe) as at 31 December 2019 following a recent independent Reserves and Resources Estimate.

The Reserves and Resources Reports were commissioned by Winchester and conducted by Texas-based independent consultant Kurt Mire of Mire & Associates Inc (MAI), in accordance with the definitions and guidelines set out by the United States Securities and Exchange Commission (SEC) and the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers.

Table 1 (following) provides MAI's Reserve and Resource estimates of Winchester's net interests in its Nolan County, Texas acreage. A summary of the results and further details are included in the Appendices.

Winchester's Managing Director Neville Henry commented:

*"After a very busy 2019, the Company is pleased to be able to book 1.7 mmboe in Reserves along with 6.7 mmboe in Contingent Resources and a further 2.8 mmboe in Prospective Resources. In a significant development for the Company, the combined 'Best Estimate' Resources represent a 49% increase from our previously announced Resources.*

*"With operational and overhead costs reduced, the updated Reserves and Resources estimate confirms Winchester as providing excellent exposure to any recovery in oil prices."*

Date: 25 May 2020

ASX Code: WEL

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Non-Executive Chairman

Neville Henry  
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**Reserves - WEL Net Interests - Nolan County, 31 December 2019**

Category	Net Reserves		BO equiv. (mboe)
	Oil (mBO)	Gas (mmscf)	
Proved Developed Producing (PDP)	179	75	192
Proved Developed Not Producing (PDNP)/Shut In	79	159	105
Proved Undeveloped (PUD)	131	195	164
<b>Total Proved Reserves (1P)</b>	<b>389</b>	<b>428</b>	<b>461</b>
Probable Undeveloped	299	470	377
<b>Total Proved &amp; Probable Reserves (2P)</b>	<b>688</b>	<b>898</b>	<b>838</b>
Possible Undeveloped	671	862	815
<b>Total Proved, Probable &amp; Possible Reserves (3P)</b>	<b>1,359</b>	<b>1,760</b>	<b>1,653</b>

*Table 1a – WEL Net Reserve Estimates*

**Contingent Resources - WEL Net Interests - Nolan County, 31 December 2019**

Category	Net Contingent Resources		BO equiv. (mboe)
	Oil (mBO)	Gas (mmscf)	
Contingent Resources (Low Estimate; 1C)	1,895	3,424	2,466
Contingent Resources (Best Estimate; 2C)	4,709	12,108	6,727
Contingent Resources (High Estimate; 3C)	12,029	39,523	18,571

*Table 1b – WEL Net Contingent Resources Estimates*

**Prospective Resources - WEL Net Interests - Nolan County, 31 December 2019**

Category	Net Prospective Resources		BO equiv. (mboe)
	Oil (mBO)	Gas (mmscf)	
Prospective Resources (Low Estimate; P90)	1,662	1,006	1,830
Prospective Resources (Best Estimate; P50)	2,519	1,810	2,821
Prospective Resources (High Estimate; P10)	3,888	3,296	4,437

*Table 1c – WEL Net Prospective Resources Estimates*

Notes:

- Reserves are stated net to Winchester's working interest and after deductions for royalty payments.
- All reserves estimates were prepared using deterministic methods. All resource estimates were prepared using probabilistic methods. All reserves aggregation was performed by arithmetic summation. All resource aggregations was performed probabilistically.
- Cautionary note: the aggregate 1P estimate may be a very conservative estimate and the aggregate 3P estimate may be very optimistic due to the portfolio effects of arithmetic summation.
- "bbl(s)" means barrel(s); "bopd" or "boepd" means barrels of oil per day and barrels of oil equivalent per day, respectively
- "boe" means barrels of oil equivalent. Winchester reports boe using a gas to oil conversion based on equivalent thermal energy, i.e. 6000 cubic feet of gas = 1 barrel of oil
- "m" prefix means thousand; "mm" prefix means million; "scf" means standard cubic feet
- Production quantities are measured at the leases via a sales meter (gas) or in oil storage tanks.



*This announcement is authorised by the Board of Directors for release to ASX.*

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### **About Winchester Energy Ltd (ASX Code: WEL)**

Winchester Energy Ltd (ASX Code: WEL) is an Australian ASX listed energy Company with its operations base in Houston, Texas. The Company has a single focus on oil exploration, development and production in the Permian Basin of Texas. The Company has established initial oil production on its large 17,560 net acres leasehold position on the eastern shelf of the Permian Basin, the largest oil producing basin in the USA. Winchester's lease position is situated between proven significant oil fields. Winchester has discovered new oil fields and identified several prospects across its leasehold. It is currently undertaking development work at the newly discovered Mustang Oil Field.

### **Forward Looking Statements**

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Winchester Energy Limited's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Winchester Energy Limited believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Winchester Energy Limited confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

### **Competent Persons Statement**

The information in this ASX announcement is based on information 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. Mr. Henry 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.

The Reserves, Contingent Resources and Prospective Resources estimates in this report have been compiled by Kurt Mire, P.E. of Mire & Associates, Inc. from information provided by Winchester Energy. Mr Mire is a registered professional Engineer in the State of Texas and has over 35 years' experience in petroleum engineering. These estimates may be subject to revision if amendments to mapping or other factors necessitate such revision.

Mr Mire consents to the inclusion in this report of information relating to the hydrocarbon Reserves, Contingent Resources and Prospective Resources in the form and context in which they appear.

## APPENDIX 1 – RESERVES and RESOURCES EVALUATION

### Evaluator

Estimates of the Petroleum Reserves and Resources in this report were prepared by Mr Kurt Mire (P.E.) for Mire & Associates Inc (MAI). The effective date of the estimates is 31 December 2019. Mr Mire is a licensed Professional Engineer in the State of Texas and is a member of the Society of Petroleum Engineers (SPE). He has over 35 years' experience in the sector and consents to the information in the form and context in which it appears. Mr Mire is not employed by Winchester Energy.

Neither MAI, nor any of its employees has any interest in Winchester, in related entities, or in the subject properties. MAI is independent with respect to Winchester as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information promulgated by the Society of Petroleum Engineers. Neither the employment to make this review nor the compensation is contingent on MAI's estimates of reserves and future income for the subject properties.

### Reserves

The following table summarises Winchester's gross and net oil and gas reserves in Nolan County based on the MAI reserve estimates. Methodology is described below.

<b>Reserves - WEL Gross Interests - Nolan County, 31 December 2019</b>			
Category	Gross Reserves		BO equiv. (mboe)
	Oil (mBO)	Gas (mmscf)	
Proved Developed Producing (PDP)	315	132	337
Proved Developed Not Producing (PDNP)/Shut In	103	210	138
Proved Undeveloped (PUD)	196	273	241
<b>Total Proved Reserves (1P)</b>	<b>614</b>	<b>614</b>	<b>716</b>
Probable Undeveloped	426	640	532
<b>Total Proved &amp; Probable Reserves (2P)</b>	<b>1,040</b>	<b>1,254</b>	<b>1,249</b>
Possible Undeveloped	982	1,207	1,183
<b>Total Proved, Probable &amp; Possible Reserves (3P)</b>	<b>2,022</b>	<b>2,462</b>	<b>2,432</b>

Table 2a – Gross WEL Reserve Estimates

<b>Reserves - WEL Net Interests - Nolan County, 31 December 2019</b>			
Category	Net Reserves		BO equiv. (mboe)
	Oil (mBO)	Gas (mmscf)	
Proved Developed Producing (PDP)	179	75	192
Proved Developed Not Producing (PDNP)/Shut In	79	159	105
Proved Undeveloped (PUD)	131	195	164
<b>Total Proved Reserves (1P)</b>	<b>389</b>	<b>428</b>	<b>461</b>
Probable Undeveloped	299	470	377
<b>Total Proved &amp; Probable Reserves (2P)</b>	<b>688</b>	<b>898</b>	<b>838</b>
Possible Undeveloped	671	862	815
<b>Total Proved, Probable &amp; Possible Reserves (3P)</b>	<b>1,359</b>	<b>1,760</b>	<b>1,653</b>

Table 2b – Net WEL Reserve Estimates

## Winchester Energy Lease Holdings

Location	Lease	WEL Working Interest
Nolan County Texas	White Hat Ranch	75%
Nolan County Texas	Bridgford Ranch	100%
Nolan County Texas	Thomas Ranch	100%
Nolan County Texas	Thomas-US Energy	50%
Nolan County Texas	McLeod	100%
Nolan County Texas	McLeod-US Energy	50%
Nolan County Texas	Arledge	100%
Nolan County Texas	Arledge-US Energy	50%

Table 3 – WEL Nolan County Lease Holdings as at 31 December 2019

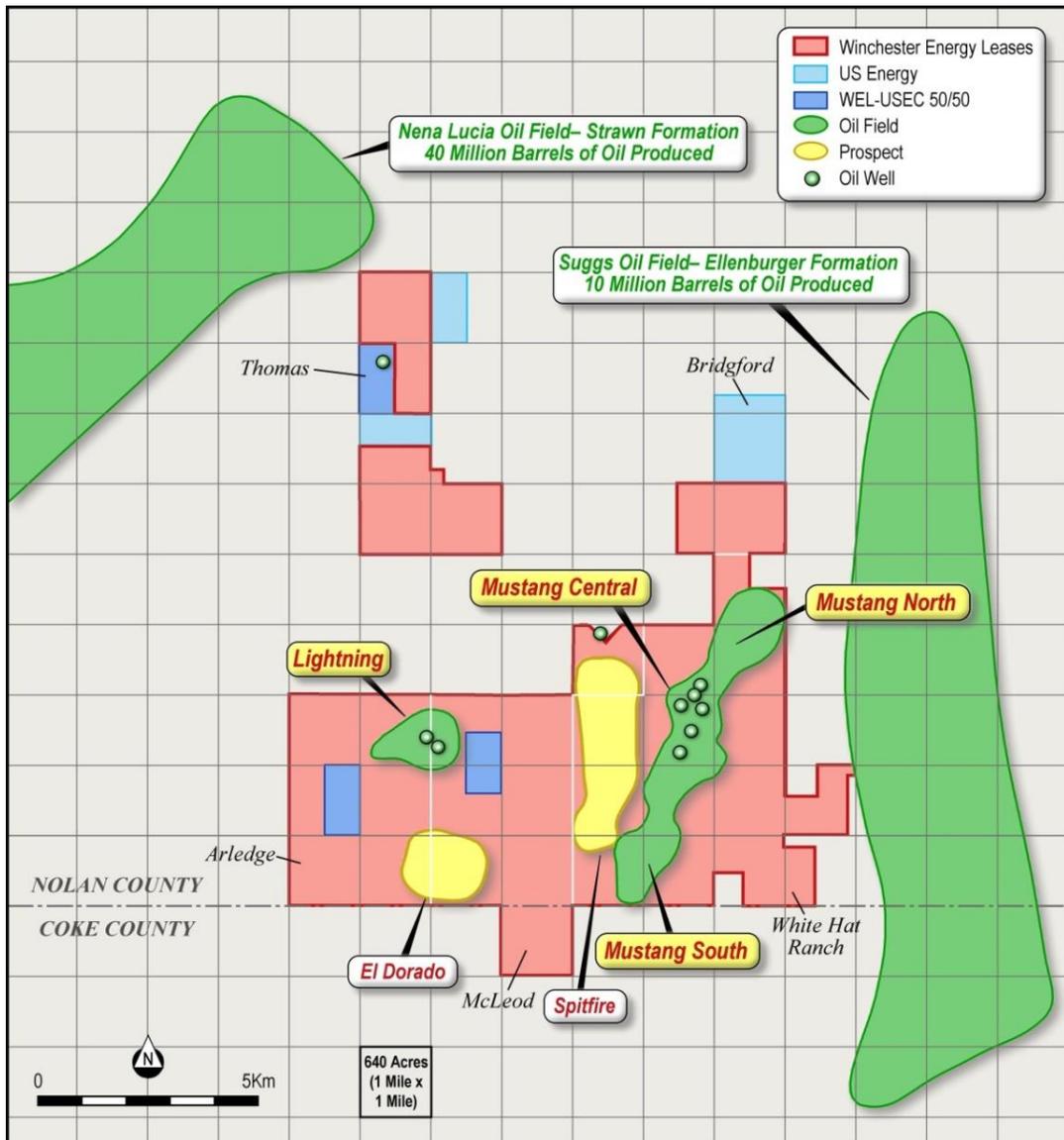


Figure 1 - Winchester Lease Position – Lease and Prospect Locations

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## Methodology

Estimates of reserves presented in this report have been prepared in compliance with the regulations promulgated by the United States Securities and Exchange Commission (SEC). Estimates of resources have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

MAI reviewed the engineering and geologic data for the Winchester, wells in Nolan County, Texas. Winchester has interest in 17 wells in the White Hat Ranch Field area. At year end there were 10 actively producing wells, 2 wells being drilled or completed and 3 planned new wells.

MAI has evaluated the proved, probable, and possible reserves for these wells. In December 2019 total gross production was about 396 barrels of oil per day and 145 MCF of gas per day.

Winchester Energy LLC, a wholly owned subsidiary of Winchester Energy Limited, is the owner and operator of the leases. Carl E Gungoll Exploration LLC (CEGX) is the operator of 5 wells producing from the Ellenburger formation on White Hat Ranch (Winchester 50% WI).

Leases are described in Table 3 and shown in Figure 1.

As of January 1, 2020, net proved and probable reserves (2P) were 688 mbo and 898 mmcf. All reserve estimates were generated using oil and gas prices from the March 27, 2020 NYMEX market, adjusted for local field differentials.

For this reserve evaluation, production data were available through January 22, 2020 and operating expense and revenue data were available through November 2019. The analytical procedures used to estimate the oil reserves were decline-curve analysis, historic production data and relevant subsurface data including, formation tests, 3D seismic surveys, rate-transit-analysis, well logs and core analysis that indicate significant extractable oil. The summaries for each of the reserves categories are shown in Table 2a (gross reserves) and Table 2b (net reserves).

The basis for confirming the commercial producibility and booking of the estimated Oil Reserves is supported by actual current and historic production together with sales and/or formation tests.

The proposed extraction method of the estimated Oil Reserves will be through approved conventional drilling, hydraulic fracturing, commingling conventional perforated zones (if applicable), downhole pumps, sucker rods and associated lifting equipment with separators that can slow or accelerate oil production and manage produced formation fluids. Wellbores will be cased and cemented with sufficiently rated wellheads and oil will be recovered through production tubing and gathered to onsite storage tanks.

## Undeveloped Petroleum Reserves

The development project is targeting undeveloped reserves and will require standard minimum production infrastructure to be constructed to facilitate trucking to the nearby pipeline. Commencement of drilling and workover of existing wells is targeted for the second half calendar 2020.

Purchaser of existing production, Sun Oil LLC, has a well-established oil and gas marketing, infrastructure making sale of commercial oil and gas production virtually certain. Nolan County has a well-established and accessible transportation infrastructure which allows quick access to market.

No specific environmental approvals are required for developing Reserves beyond local and state and federal government regulations (as applicable). However, wellbores are designed to protect aquifers and lessen the overall impact to surface owners, environmental receptors, local land uses. Consideration is given to the consolidation of surface infrastructure where applicable.

### Resource Estimates

Estimates of resources have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

The Contingent Resources have been estimated probabilistically on an un-risked basis with a range from low (P90 or 1C), best estimate (P50 or 2C) and high (P10 or 3C). The Contingent Resources estimated are within the sub-class of Development Pending. The PRMS defines this sub-class as having a reasonable potential for eventual commercial development.

The Prospective Resources have been estimated probabilistically on an un-risked basis with a range from low (P90), best estimate (P50), high (P10); the assessments typically include consideration of offset well information, seismic expression and field analogues.

### Gross Resource Estimates

The gross Contingent and Prospective Resources on a probabilistic basis, if oil and gas are present (in productive reservoir targets) are shown in Table 4a and 4b.

<b>Gross Contingent Resource</b>	<b>Low Estimate (mmboe) 1C (P90)</b>	<b>Best Estimate (mmboe) 2C (P50)</b>	<b>High Estimate (mmboe) 3C (P50)</b>
Lightning Cisco	3.465	9.455	26.101

*Table 4a – WEL Gross Contingent Resources*

<b>Gross Prospective Resource*</b>	<b>Low Estimate (mmboe) P90</b>	<b>Best Estimate (mmboe) P50</b>	<b>High Estimate (mmboe) P10</b>
Eldorado	0.753	1.360	2.411
Spitfire	1.589	2.936	5.533

*Table 4b – WEL Gross Prospective Resources*

*\*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.*

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### Net Resource Estimates

The net Contingent and Prospective Resources on a probabilistic basis, if oil and gas are present (in productive reservoir targets) are shown in Table 5a and 5b.

Net Contingent Resource	WEL WI	WEL Net Royalty Interest	Low Estimate (mmboe)** 1C (P90)	Best Estimate (mmboe)** 2C (P50)	High Estimate (mmboe)** 3C (P50)
Lightning Cisco	93.00%	76.53%	2.466	6.730	18.571

Table 5a – WEL Net Contingent Resources

Net Prospective Resource	WEL WI	WEL Net Royalty Interest	Low Estimate (mmboe)** P90	Best Estimate (mmboe)** P50	High Estimate (mmboe)** P10
El Dorado	100.00%	75.00%	0.565	1.020	1.809
Spitfire	75.00%	76.53%	0.912	1.685	3.176

Table 5b – WEL Net Prospective Resources

\*\*Total Net to WEL is scaled to WEL's current Working Interests (93% for the Contingent Resources and average 87.5% for Prospective Resources) and is net of applicable lease royalties, equating to average 71.2% of the Total Gross Contingent Resources and 66.3% of the Prospective Resources. Note that WEL's future interests may vary.

The key contingencies that prevent the Contingent Resources from being classified as reserves at this time are the finalisation of development plans (seismic interpretation and well control) and the commerciality of developing the resources in the current oil price environment.

Exploration drilling and potential re-completion of existing wells will be required to assess Prospective Resources, targeting the second half of calendar 2020 for commencement of these activities.

### Contingent Resource Description

#### Lightning Prospect - Winchester Energy 100% WI

The Lightning Prospect is a stratigraphic trap derived from seismic and well control data. The prospect is composed of Late Pennsylvanian-age sands ("Cisco Sands") deposited as a series of deltaic/slope sands off the shelf edge (to the east).

The Cisco Sands are proven producers in the Permian Basin and locally have produced over 100,000 barrels of oil in the nearby Bast Oil Field.

Successful drilling by Winchester within the prospect area has led to oil discoveries in the Cisco Sands on the Arledge and McLeod leaseholds ("the Lightning Field"). Reserves for the Lightning Field have been derived separately and are included in the Proven, Probable and Possible Reserve summaries shown in Table 1.

Multiple intervals in the Cisco Sands are considered to be prospective. Additional prospectivity is identified in the Ellenburger and Wolfcamp "D" shales.

For the purpose of this report, only the Cisco Sands are included in the determination of the Contingent Resources for the Lightning Prospect. Recent oil discoveries by Winchester in the Lightning Field have elevated this Resource to Contingent status, with further work in the rest of the project area contingent on further reservoir mapping and on suitable commodity prices.

The potential gross recoverable oil has been estimated probabilistically on an un-risked basis with a range from low (P90 or 1C), best estimate (P50 or 2C) and high (P10 or 3C) set out in Table 6. Please refer to Appendices 2 & 3 for additional information.

<b>Lightning</b>	<b>Low Estimate (1C)</b>	<b>Most Likely Estimate (2C)</b>	<b>High Estimate (3C)</b>
<b>Gross Contingent Resource (million boe recoverable)</b>	<b>3.465</b>	<b>9.455</b>	<b>26.101</b>

*Table 6 – WEL Contingent Resources - Lightning*

## Prospective Resource Descriptions

### El Dorado Prospect - Winchester Energy 100% WI

The El Dorado prospect is a large four-way closed structure with closure mapped at multiple levels. It was defined as a Prospective Resource by Winchester

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

The company has used numerous wells in Nolan County in the vicinity and within the Company's acreage to determine recovery factors along with 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 considered in the determination of the prospective resources. The gross potential recoverable oil has been estimated probabilistically on an un-risked basis with a range from low (P90), best estimate (P50), high (P10) and mean basis as set out in Table 7. Given the control over the prospect provided by the 3D seismic and adjacent wells surrounding the prospect with oil shows, Winchester's estimated probability of success for both targets is 48%\*.

\* 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	Low Estimate (P90)	Most Likely Estimate (P50)	High Estimate (P10)
<b>Gross Prospective Resource (million boe recoverable)*</b>	<b>0.753</b>	<b>1.360</b>	<b>2.411</b>

*Table 7 – WEL Prospective Resources – El Dorado*

*\* The estimated quantities of petroleum in this report 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.*

Please refer to Appendices 2 & 3 for additional information.

### **Spitfire Prospect - Winchester Energy 100% WI**

The Spitfire Prospect is interpreted to be an incised valley fill of Pennsylvanian/Strawn Formation sediments composed of sands and carbonates as identified in local wells. The Strawn valley fill is located in a depression between structural highs that has created an extensive stratigraphic trap.

This valley fill is interpreted - from the 3D seismic following seismic inversion processing - as a series of lobes of potential reservoir sediments intra-formationally sealed within the 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 within this 'edge' well in the Strawn sands and carbonates, the primary target within the Spitfire Prospect. Reservoir risk and intraformational seal risk within the valley fill are determined to be the main risks for the Spitfire 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.

The local production of oil from the Strawn Fm/Fry Sands at the Mustang Field (approximately 1 mile to the east of Spitfire) elevated the Resource to Contingent status. Planned drilling at Spitfire is contingent primarily on suitable commodity prices and securing a drilling partner.

For the purpose of this report, only the Strawn Formation and Ellenburger carbonates are being considered in the determination of the gross Contingent Resources for the Spitfire Prospect. The potential recoverable oil has been estimated probabilistically on an un-risked basis with a range from low (P90), best estimate (P50), high (P10) as set out in Table 7.

Given the control over the prospect provided by the 3D seismic and adjacent wells surrounding the prospect with oil shows, Winchester's estimated probability of success for Spitfire is 28%\*.

*\* 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.*

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<b>Spiffire</b>	<b>Low Estimate (P90)</b>	<b>Most Likely Estimate (P50)</b>	<b>High Estimate (P10)</b>
<b>Gross Prospective Resource (million boe recoverable)*</b>	<b>1.589</b>	<b>2.936</b>	<b>5.533</b>

*Table 7 – WEL Prospective Resources – Spiffire*

*\* The estimated quantities of petroleum in this report 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.*

Please refer to Appendices 2 & 3 for additional information.

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## APPENDIX 2 - Contingent and Prospective Resources

All Resource estimates provided in this report are prepared as of 31 December 2019.

The estimates are on a 100% basis and have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2018 "PRMS" approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods.

**Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be subclassified based on project maturity and/or economic status.

The Contingent Resource estimates provided in this report are low estimate (1C), best estimate (2C) and high estimate (3C) and represent that there is a 90%, 50% and 10% probability that the actual resource volumes will be in excess of the amounts reported. Estimated recoverable quantities from a discovery are classified as Contingent Resources until such time that a defined project can be shown to have satisfied all the criteria necessary to reclassify some or all of the quantities as Reserves.

**Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

The Prospective Resource estimates provided in this report are low estimate, best estimate and high estimate and represent that there is a 90%, 50% and 10% probability that the actual resource volumes will be in excess of the amounts reported.

Unless otherwise stated, resource estimates provided in this report are Best Estimates. The estimates are un-risked and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the gross total Resource. The net to WEL Resource estimates include royalty interests payable to royalty interest holders.

Winchester has accumulated an extensive proprietary regional East Permian Basin database comprising well drilling and production information from private and public sources. This database is used by Winchester and Mire and Associates, Inc in generating probabilistic estimates for future wells and programs where the data can be tailored to the specific parameters required for analysis such as depth, play type, etc.

The Contingent and Prospective Resources were calculated utilising the above-mentioned regional database. From the regional database Mire and Associates, Inc developed a series of expectation curves from which the P90-P50-P10 outcomes shown have been extracted. Winchester has undertaken its own due diligence on these data and is satisfied that they represent a good estimate for the portfolio of opportunities to be drilled.



*For each of the prospects, a probabilistic resource was calculated using analogue offset well information and 3D seismic data. The probabilistic additions above have been undertaken using a Monte Carlo approach to each prospect's expectation curve.*

**Prospects**

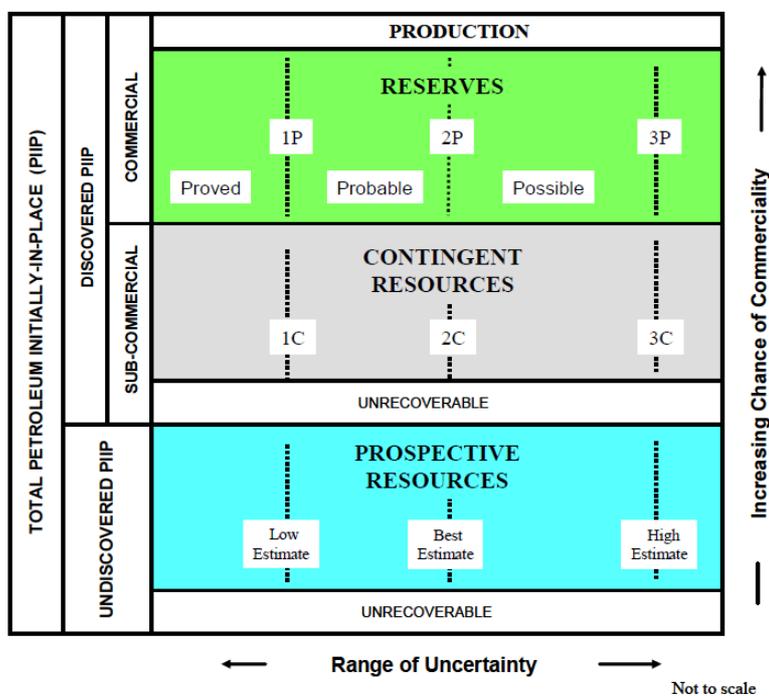
*The meanings of "Prospects" in this report are in accordance with the Petroleum Resource Management System 2018 approved by the Society of Petroleum Engineers. A Prospect is a project associated with an undrilled potential accumulation that is sufficiently well defined to represent a viable drilling target.*

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## APPENDIX 3 - Petroleum Resources Management System

Extract from Guidelines for Application of the PRMS (SPE et al, Nov 2011):

“PRMS is a fully integrated system that provides the basis for classification and categorization of all petroleum reserves and resources. Although the system encompasses the entire resource base, it is focused primarily on estimated recoverable sales quantities. Because no petroleum quantities can be recovered and sold without the installation of (or access to) the appropriate production, processing, and transportation facilities, PRMS is based on an explicit distinction between (1) the development project that has been (or will be) implemented to recover petroleum from one or more accumulations and, in particular, the chance of commerciality of that project; and (2) the range of uncertainty in the petroleum quantities that are forecast to be produced and sold in the future from that development project. This two-axis PRMS system is illustrated below.



**Resource Classification Framework**

Each project is classified according to its maturity or status (broadly corresponding to its chance of commerciality) using three main classes, with the option to subdivide further using subclasses. The three classes are Reserves, Contingent Resources, and Prospective Resources. Separately, the range of uncertainty in the estimated recoverable sales quantities from that specific project is categorized based on the principle of capturing at least three estimates of the potential outcome: low, best, and high estimates.

For projects that satisfy the requirements for commerciality (as set out in Sec. 2.1.2 of PRMS), Reserves may be assigned to the project, and the three estimates of the recoverable sales quantities are designated as 1P (Proved), 2P (Proved plus Probable), and 3P (Proved plus Probable plus Possible) Reserves. The equivalent categories for projects with Contingent Resources are 1C, 2C, and 3C, while the terms low estimate, best estimate, and high estimate are used for Prospective Resources. The system also accommodates the ability to categorize and report Reserve quantities incrementally as Proved, Probable, and Possible, rather than using the physically realizable scenarios of 1P, 2P, and 3P.”