WINCHESTER
ENERGY LIMITED

ACN 168 586 445

HALF YEAR FINANCIAL REPORT

Half year ended 30 June 2024

ASX Code: WEL

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CORPORATE INFORMATION

Directors

Mr Rory McGoldrick
Mr Iain Smith
Mr Ricardo Garzon Rangel
Mr Lloyd Flint
Mr Larry Liu

Company Secretary

Mr Zane Lewis

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Subiaco, Western Australia 6008

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DIRECTORS' REPORT

Your Directors submit their report for the period from 1 January 2024 to 30 June 2024.

The names of Directors in office at any time during or since the end of the period are:

Mr Rory McGoldrick	Non-Executive Director (appointed 3 June 2024)
Mr Iain Smith	Non-Executive Director (appointed 3 June 2024)
Mr Ricardo Garzon Rangel	Non-Executive Director (appointed 12 June 2024)
Mr Lloyd Flint	Non-Executive Director (appointed 12 June 2024)
Mr Larry Liu	Non-Executive Director
Mr John D Kenny	Non-Executive Director (resigned 31 May 2024)
Mr Tony Peng	Non-Executive Director (resigned 31 May 2024)
Mr Zane Lewis	Non-Executive Director (resigned 31 May 2024)
Mr Douglas Holland	Executive Technical Director (resigned 14 June 2024)

Directors were in office for this entire period unless otherwise stated.

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Review of Operations

Winchester Energy Limited (Winchester or Company), as operator, continued oil and gas exploration and production operations within its oil and gas lease position in the East Permian Basin, Texas, USA during the half year ended 30 June 2024. A summary of the activity of the Company during the period is set out below.

All references to dollars in this report will be US$ unless stated otherwise.

Oil and Gas Production

During the reporting period Winchester produced from 14 operated wells and a further 6 non-operated wells all within the East Permian Basin, Texas.

The following gross oil and gas production for the half-year ending 30 June 2024 (March and June 2024 quarters) was recorded for the Company across all oil wells in which Winchester has a working interest (WI). Winchester's WI average oil and gas production for the half-year ended 30 June 2024 was 101 barrels of oil equivalent per day (boepd).

Oil Production (boe*)	June Quarter 2024	March Quarter 2024	December Quarter 2023	September Quarter 2023
Gross Oil Production	9,162	8,983	9,064	10,344
WEL WI Share+	8,393	8,154	8,529	9,603

** 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.*

+Winchester is entitled to its Working Interest share of revenue after royalty payments to the oil and gas rights owners.

Well Summary

Well ID	Drilled/Workover	Formation	Oil Field	WEL WI	Status
White Hat 2002	Apr 2017	Strawn	Mustang	50%	Producing
White Hat 2003	Mar 2019	Strawn	Mustang	75%	Producing
White Hat 2005	Aug 2019	Strawn	Mustang	75%	Producing
White Hat 3902	Dec 2019	Ellenburger	-	100%	Producing
White Hat 2006	Jan 2020	Strawn	Mustang	75%	Producing
Arledge 1602	Jul 2019	Cisco Sands	Lightning	100%	Producing
McLeod 1703	Dec 2019	Cisco Sands	Lightning	100%	Producing
Bast 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
Group 4000 – 15A	November 2023	Cisco Sands	Group	75%	Producing
Group 4000 – 16A	July 2022	Cisco Sands	Group	75%	Producing
Group 4000 – 23A	August 2022	Cisco Sands	Group	75%	Producing
JVU #11WSW	October 2022	Strawn	Varn	100%	Water Supply Well
JVU #6	November 2022	Strawn	Varn	100%	Producing

Commodity Prices

For the first half of 2024, Winchester realized an average oil price of $81.79 per barrel of oil (**bo**). Figure 1, below, shows WEL monthly realized oil prices. Winchester has no existing hedges or oil pre-sales, and therefore, can fully benefit from any increases in oil prices.

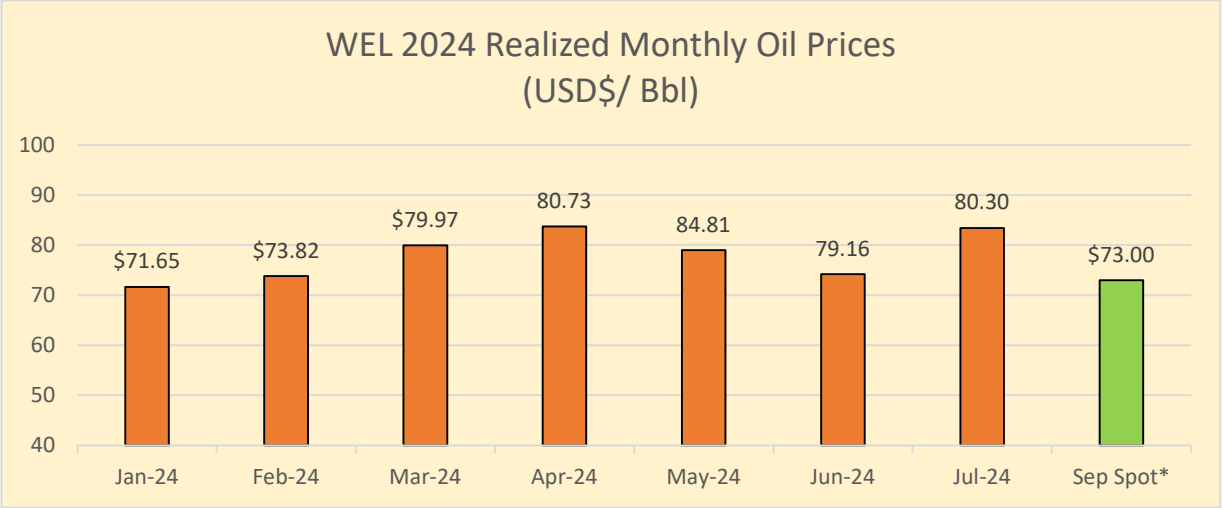

Figure 1: WEL 2024 Realized Monthly Oil Prices

***** *Sep Spot refers to average closing price for WTI oil contracts through the first 7 days of September.*

Continued Operational Improvements

During the half-year the Company has implemented a series of measures to deliver costs savings across the business. The changes include corporate cost reductions and US staff rationalizations which are expected to deliver annualised cost savings of more than US$500,000. The impact of these measures are expected to be evident in the financial results for the half-year ending 31 December 2024.

These cost saving initiatives were identified as part of an overall business review and are not expected to impact Winchester's ability to continue to generate revenue. The Company is committed to reshaping the business with a keen focus on disciplined capital allocation to maximise value for shareholders and maintain balance sheet flexibility. Going forward, costs will be managed in line with revenue, opportunity and market conditions. This approach will ensure viability of the Company's US business and position Winchester to consider new opportunities should they arise.

Winchester continues to deliver stable production, execute operational improvements, and reduce costs to maximize its reserve potential and increase its already high producing margins.

For the second half of 2024, Winchester plans to further implement operational improvements in water handling and disposal, compression, and routine maintenance to increase producing margins.

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Growth Opportunities

In addition to its existing portfolio of development opportunities across its Permian, Eastern Shelf acreage, Winchester is actively reviewing potential new project growth opportunities.

Net Lease Area

At 30 June 2024, the Company's lease holding totalled 2,642[1] net acres.

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.

Corporate

On 19 June 2024, the Company completed a placement to sophisticated and professional investors raising $750,000 (before costs) through the issue of 250,000,000 shares at an issue price of $0.003 each. The Company also made a non-renounceable entitlement offer pursuant to which eligible shareholders were entitled to apply for one new share for every four shares held for $0.003 per share, being the same offer price as the placement. The entitlement offer closed after the end of the half-year and a further $343,791 was raised under the entitlement offer.

During the half-year the following board appointments were made:

Lloyd Flint (Non-Executive Chairman)
Mr. Flint, BAcc, FGIA and MBA is a Chartered Accountant with over 25 years' experience in the corporate and financial services arena. He has held a number of management and senior administrative positions as well as providing corporate advisory services as a consultant to corporate clients.

Rory McGoldrick (Executive Director)
Mr McGoldrick is a long-term shareholder of the Company and an experienced corporate lawyer/company director. He has broad experience in project development, corporate governance, company restructures and investor relations. Rory is currently Chairman of Australasian Metals Limited (ASX:A8G) and is a founding shareholder and director of several unlisted mining and energy companies.

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

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Iain Smith (Non-Executive Director)
Mr Smith is a Petroleum Geoscientist who has held commercial and senior management roles with a number of ASX listed oil and gas companies. He was recently appointed Chief Executive Officer of Pancontinental Energy NL (ASX:PCL) prior to which he was Managing Director of Norwest Energy NL. Norwest Energy enjoyed significant exploration success within the Perth Basin and was ultimately acquired by Mineral Resources Limited in 2023.

Ricardo Garzon Rangel (Non-Executive Director)
Mr. Garzon Rangel is an industrial engineer and energy economist with over 15 years international experience in sourcing, managing and promoting oil and gas and mineral exploration projects. He completed his bachelor degree of Industrial Engineering at Universidad Distrital Francisco Jose de Caldas in Bogota Colombia and his MSc in Energy Economics and Management from Curtin University. Ricardo is a member of the Society of Petroleum Engineers (SPE).

During the half-year:
Mr John D Kenny ceased as a Non-Executive Director on 31 May 2024.
Mr Tony Peng ceased as Non-Executive Director on 31 May 2024.
Mr Zane Lewis ceased as Non-Executive Director on 31 May 2024.
Mr Douglas Holland ceased as Executive Technical Director on 14 June 2024.

Financial Results

Revenue from continuing operations for half year to 30 June 2024 was US$992,861 (2023: US$1,452,019). The company reported a net loss before tax of US$308,037 for the half year ended 30 June 2024 (2023: US$1,230,396) The result included a depreciation and depletion expense of US$398,579 (2023: US$448,194). The cash position at 30 June 2024 was US$596,840 (31 December 2023: US$219,211).

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs that occurred during the half year ended 30 June 2024.

Events after the reporting date

Subsequent to year end, the Company completed a non-renounceable entitlement offer which raised AUD $343,791.
Other than the above there have been no significant events after the reporting date.

Dividends

In respect of the period ended 30 June 2024, no dividends have been paid or declared since incorporation and the Directors do not recommend the payment of a dividend in respect of the financial period.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year report.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors

Mr Rory McGoldrick
Director
13 September 2024

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303 (5) of the Corporations Act 2001.

On behalf of the Directors

Mr Rory McGoldrick
Directors
13 September 2024

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To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Winchester Energy Limited for the half year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated 13th day of September 2024
Perth, Western Australia

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2024

	Note	30 June 2024 US$	30 June 2023 US$
Revenue from contracts with customers		992,861	1,452,019
Interest income		64	295
Operating costs		(399,428)	(481,736)
Administration expenses	3	(533,084)	(828,511)
Depletion, Depreciation and Amortization		(398,579)	(448,194)
Impairment expense		(32,934)	(599,972)
Reversal of share based payments		63,898	(31,824)
Provision for rehabilitation expense		-	(288,837)
Finance costs		(835)	(3,635)
(Loss)/Profit before income tax		**(308,037)**	**(1,230,396)**
Income tax benefit		-	-
(Loss)/Profit for the period after income tax		**(308,037)**	**(1,230,396)**
Other comprehensive profit/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(10,875)	3,031
Total comprehensive (loss)/profit for the period		**(318,912)**	**(1,227,365)**

Profit/(loss) per share for the half year attributable to the members of Winchester Energy Ltd	Cents	Cents
Basic (Loss)/Profit per share (cents per share)	(0.03)	(0.12)
Diluted (Loss)/Profit per share (cents per share)	(0.03)	(0.12)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US$).

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 US$	31 December 2023 US$
ASSETS			
Current assets			
Cash and cash equivalents		596,840	219,211
Trade and Other receivables		451,959	459,547
Total current assets		**1,048,799**	**678,758**
Non-current assets			
Right of use asset		10,045	30,129
Property, plant and equipment	4	1,840,906	2,029,456
Exploration and evaluation expenditure	5	3,982,375	3,978,932
Oil & Gas properties	6	1,149,082	1,306,178
Total non-current assets		**6,982,408**	**7,344,695**
TOTAL ASSETS		**8,031,207**	**8,023,453**
LIABILITIES			
Current liabilities			
Trade and other payables		544,919	522,265
Lease liability		11,923	77,000
Total current liabilities		**556,842**	**599,265**
Non-current liabilities			
Provision for rehabilitation		807,295	807,295
Total non-current liabilities		**807,295**	**807,295**
TOTAL LIABILITIES		**1,363,070**	**1,406,560**
NET ASSETS		**6,667,070**	**6,616,893**
EQUITY			
Issued capital	7	40,863,263	40,437,639
Option Premium Reserve		1,894,344	1,894,344
Share based payment reserve		1,424,092	1,480,627
Foreign currency translation reserve		(3,241,407)	(3,230,532)
Accumulated losses		(34,273,222)	(33,965,185)
TOTAL EQUITY		**6,667,070**	**6,616,893**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US$).

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2024

	Ordinary Shares	Accumulated losses	Option Premium reserve	Share based payment reserve	Foreign Currency Translation Reserve	Total
	US$	US$	US$	US$	US$	US$
Balance at 1 January 2023	**40,380,883**	**(31,400,260)**	**1,894,344**	**1,456,778**	**(3,241,455)**	**9,090,290**
(Loss) for the period	-	(1,230,396)	-	-	-	(1,230,396)
Other comprehensive Profit/(loss)		-	-	-	3,031	3,031
Total comprehensive Profit/(loss) for the period	**-**	**(1,230,396)**	**-**	**-**	**3,031**	**(1,227,365)**
Transactions with owners in their capacity as owners						
Share based payment transactions	-	-	-	31,825	-	31,825
Issue of share capital (net of costs)	56,756	-	-	-	-	56,756
Balance at 30 June 2023	**40,437,639**	**(32,630,656)**	**1,894,344**	**1,488,603**	**(3,238,424)**	**7,951,506**
Balance at 1 January 2024	**40,437,639**	**(33,965,185)**	**1,894,344**	**1,480,627**	**(3,230,532)**	**6,616,893**
(Loss) for the period	-	(308,037)	-	-	-	(308,037)
Other comprehensive Profit/(loss)	-	-	-	-	(10,875)	(10,875)
Total comprehensive Profit/(loss) for the period	**-**	**(308,037)**	**-**	**-**	**(10,875)**	**(318,912)**
Transactions with owners in their capacity as owners						
Share based payment reversal	-	-	-	(56,535)	-	(56,535)
Issue of share capital (net of costs)	425,624	-	-	-	-	425,624
Balance at 30 June 2024	**40,863,263**	**(34,273,222)**	**1,894,344**	**1,424,092**	**(3,241,407)**	**6,667,070**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US$).

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2024

	Note	30 June 2024 US$	30 June 2023 US$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,007,634	1,487,537
Payments to suppliers and employees (inclusive of GST)		(921,360)	(1,340,145)
Interest paid		-	(3,062)
Net cash generated by operating activities		**86,274**	**144,330**
Cash flows from investing activities			
Payment for exploration and development activities		(67,204)	(293,128)
Interest received		64	295
Purchase of property, plant, equipment		(43,528)	(214,743)
Net cash used in investing activities		**(110,668)**	**(507,576)**
Cash flows from financing activities			
Proceeds from the issue of shares		459,954	-
Payments for share issue costs		(34,330)	-
Lease liability payments		(20,089)	(20,309)
Net cash generated by / (used in) financing activities		**405,535**	**(20,309)**
Net (decrease)/increase in cash and cash equivalents		381,141	(383,555)
Cash and cash equivalents at beginning of the period		219,211	738,991
Effect of exchange rate changes on balance of cash held in foreign currencies		(3,512)	3,031
Cash and cash equivalents at the end of the period		**596,840**	**358,467**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes. All figures are stated in US dollars (US$).

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2024

1. Summary of Significant Accounting Policies

a) Basis of preparation and compliance statement

The consolidated interim financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The accounting policies adopted are consistent with those adopted and disclosed in the Company's Annual Report for the year ended 31 December 2023 unless otherwise stated.

Going Concern

The financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss before income tax of $308,037 (30 June 2023: $1,230,396) and a net operating cash inflow of $86,274 (30 June 2023: $144,330).

The ability of the Group to continue as a going concern is dependent on the Group securing additional funding through the issue of equity, raising of debt, joint venturing assets, trading profitably or the sale of assets as and when the need to raise working capital arises to continue to fund its planned operational activities.

There has been significant volatility in world oil and gas pricing. Notwithstanding that the oil and gas prices have recovered, these conditions also indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management have prepared a cash flow forecast for a period of 12 months beyond the sign off date of this half-year report and believes there is sufficient funds to meet the Groups working capital requirements.

The financial statements have been prepared on the basis that the Group is a going concern for the following reasons:

- The Group is currently generating cashflow from operating wells;
- The Group has a recent proven history of successfully raising capital if required. As described in Note 9, the Company raised $343,791 subsequent to year end via a non-renounceable entitlement issue; and
- Following the Board and management restructure completed in June 2024, the Group has implemented expenditure reductions.

Should the Consolidated Entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2024

Functional and presentation currency

Items included in the consolidated annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which entity operates (functional currency). The Company's functional currency is Australian dollars and other entities are US dollars. The consolidated financial statements are presented in US dollars.

Amended accounting standards

The impact of other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

2. Segment information

The Company's operating segments are based on the information that is available to the Board of Directors.

The Company has one reportable segment being the Oil and Gas operations in the USA. The remaining unallocated items in the statement of profit or loss and statement of financial position are in relation to the Company's administrative functions in Australia and USA.

Following is an analysis of entity's results from operations and asset for each of the geographic location.

	Segment Revenue (US$)		Segment Profit/(loss) (US$)		Segment Assets (US$)		Segment Liabilities (US$)	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Australia	64	295	(65,734)	(207,078)	486,049	135,807	188,586	56,651
USA	992,861	1,452,019	(242,302)	(1,023,318)	7,545,158	7,887,646	1,174,484	1,349,909
Total	**992,925**	**1,452,314**	**(308,036)**	**(1,230,396)**	**8,031,207**	**8,023,453**	**1,364,070**	**1,406,560**

The accounting policies of the reportable segments are the same as the Company's accounting policies.

3. Administration expenses

	30 June 2024 US$	**30 June 2023 US$**
Employee benefit and Director fee expenses	481,130	686,779
Other expenses	51,954	141,732
Total	**533,084**	**828,511**

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2024

4. Property Plant and equipment

	30 June 2024 US$	31 December 2023 US$
Opening balance	2,029,456	1,989,252
Additions	33,484	380,586
Depreciation expense	(222,034)	(340,382)
Balance at period end	**1,840,906**	**2,029,456**
Cost	2,649,004	2,615,520
Accumulated depreciation and impairment	(808,098)	(586,064)
Net carrying amount	**1,840,906**	**2,029,456**

5. Exploration and evaluation expenditure

	30 June 2024 US$	31 December 2023 US$
Opening balance	3,978,932	6,758,094
Exploration and evaluation expenditure capitalised during the period	3,443	110,626
Changes in restoration provision estimates	-	315,555
Transferred to oil and gas properties	-	(978,645)
Impairment	-	(2,226,698)
Closing balance	**3,982,375**	**3,978,932**

In certain circumstances costs have been written off where it was perceived there might be diminished prospectively of securing production and more prospective leases pursued. Whilst all leases have been maintained in accordance with lease terms, no leases have been abandoned during the current year. A review carried out by management on relevant wells has determined that no leases exceed their recoverable value.

6. Oil & Gas properties

	30 June 2024 US$	31 December 2023 US$
Opening balance	1,306,178	110,899
Additions	37,026	301,820
Changes in restoration provision estimates	-	491,740
Transferred from Exploration and evaluation expenditure	-	978,645
Depletion expense	(194,122)	(296,534)
Impairment	-	(280,392)
Closing balance	**1,149,082**	**1,306,178**

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2024

7. Issued capital

	30 June 2024 US$		31 December 2023 US$	
Fully paid ordinary shares	**Number of Shares**	**Share capital US$**	**Number of Shares**	**Share capital US$**
Opening balance	1,010,219,792	40,437,639	1,010,219,792	40,380,883
Shares in lieu of services	-	-	10,202,115	56,756
Placement	228,000,000	459,954	-	-
Costs of issue	-	(34,330)	-	-
Closing balance	**1,238,219,792**	**40,863,263**	**1,020,421,907**	**40,437,639**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitles their holder to one vote, either in person or proxy, at a meeting of the Company.

8. Fair values of financial instruments

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

9. Events after reporting date

Subsequent to year end, the Company completed a non-renounceable entitlement offer which raised AUD $343,791.

Other than the above there have been no significant events after the reporting date.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2024

10. Commitments and Contingencies

Commitments

There are no material changes to commitments from the disclosures described in the Annual Report for the year ending 31 December 2023.

Contingent liabilities:

On Friday 9 August 2024, the Company advised that it had received a Petition filed in the 32nd Judicial District Court of Nolan County, Texas by Westex Resources, Inc. (Westex). Westex is claiming that Winchester is in breach of its farm-in obligations regarding the Group Prospect in Nolan County, Texas. In the Petition, Westex is alleging that Winchester failed to perform all of the agreed farm-in work commitments and is therefore claiming damages in an amount of US$413,500.

The Company has instructed lawyers to advise and act on its behalf and the Company intends to defend itself against the claims made by Westex in the Petition. The Company does not believe that the claims have any merit.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF WINCHESTER ENERGY LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Winchester Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Winchester Energy Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report, which indicates that the Consolidated Entity incurred a net loss of $308,037 during the half year ended 30 June 2024. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated 13th day of September 2024
Perth, Western Australia