

Participation in Joint Study Offshore Indonesia

Highlights

- Binding Term Sheet signed with Triangle Energy (Global) Limited (ASX:TEG) to participate in a joint study for oil and gas prospects in offshore Indonesia
- Winchester will be entitled to join Triangle in any petroleum licence or PSC awarded over the study area, in exchange for providing funding for the study and performance bond
- If successful, Triangle will be operator of any future PSC and will hold a 51% working interest; Winchester and Tetragon Energy Limited will each be entitled to 24.5%
- The outcome of the study is expected within 6 to 8 months

Winchester Energy Limited (ASX: WEL) (**Winchester** or the **Company**) has entered into a binding term sheet (**Term Sheet**) with Triangle Energy (Global) Limited (ASX:TEG) (**Triangle**) and Tetragon Energy Limited, to participate in a joint study over an offshore exploration area in Indonesian waters (**Joint Study**). Winchester has agreed to jointly fund the study and performance bond. In exchange, Winchester will have the right to acquire a 24.5% interest in any Petroleum Sharing Contract (**PSC**) awarded to Triangle over the study area.

Tetragon Energy Limited (**Tetragon Energy**) is a wholly owned subsidiary of Triangle that is currently being spun-out of Triangle and pursuing its own listing on ASX via an IPO. Tetragon is a party to the Term Sheet has committed to participate in the Joint Study on the same terms as Winchester.

About the Joint Study

Triangle has recently commenced the Joint Study in conjunction with an Indonesian technical institute, under the oversight of the Directorate General of Oil and Gas and SKK Migas (**SKK Migas**). The study is expected to take 6 to 8 months at a cost of approximately US\$300,000. Triangle has arranged through its Australian Bank to provide a performance bond to SKK MIGAS (**Performance Bond**).

A Joint Study in Indonesia is a pre-licensing arrangement coordinated by SKK MIGAS, allowing companies to evaluate open acreage before it is offered under a PSC bid round. Participants access government data and undertake geological, geophysical, and economic assessments at their own cost. While the acreage is ultimately awarded through a competitive PSC process, Joint Study participants may receive preferential consideration or a right to match competing bids for a PSC.

As any future PSC application will be subject to a competitive process, the parties cannot disclose the location or technical details regarding the study area at this time. If the results of the study are compelling, Triangle intends to apply for a PSC over the study area.

The Company notes that the study itself does not grant any exploration or production rights, but culminates in a technical and commercial proposal for a PSC. There can be no certainty that a licence or PSC will be granted or that any exploration project will eventuate. The Company will keep the market informed in accordance with its continuous disclosure obligations and provide full details as the study progresses.

Term Sheet Key Terms

The key terms of the Term Sheet are as follows:

- Winchester and Tetragon Energy will each provide loan funding of A\$500,000 to Triangle to be used as collateral for the Performance Bond required by SKK Migas for the duration of the Joint Study.
- This loan funding is refundable once the Performance Bond is released.
- All parties will fund the Joint Study in proportion to the agreed working interests.
- Winchester and Tetragon will each have an option to acquire a 24.5% interest in any petroleum licence or PSC awarded to Triangle over the study area.
- The potential future working interests of the parties are: Triangle 51% (operator), Winchester 24.5%, Tetragon 24.5%.
- Parties to negotiate a formal joint operating agreement based on customary oil & gas terms.

Financing

Chief Executive Officer Rory McGoldrick and former director Jason Peterson have each committed to providing \$250,000 respectively of funding to assist with the costs of the Joint Study as follows.

Celtic Capital Pty Ltd (an entity controlled by Jason Peterson, who is a related party) will provide an unsecured loan funding facility for \$250,000 and also contribute 20% of WEL's share of the Joint Study costs. The loan is repayable upon completion of the Joint Study. In exchange, Celtic Capital will be entitled to a contractual interest in 20% of Winchester's interest in any future PSC (i.e. 4.9% net share of any future PSC). Celtic Capital will fund its proportionate share of costs and will be entitled to its share of revenue in accordance with its participating interest.

The Company has also entered into a \$250,000 working capital loan facility with the Company's Chief Executive Officer, Mr McGoldrick on arm's length terms. The loan bears interest at a rate of 5% per annum, calculated and payable monthly in arrears. The principal amount, together with any accrued and unpaid interest, is repayable upon completion of the Joint Study.

The board has determined that the financing arrangements above are on arm's length terms and that shareholder approval is not required under Chapter 2E of the Corporations Act, as the exception in section 210 of the Corporations Act 2001 applies (arm's length transactions).

The Company is seeking advice as to whether any shareholder or regulatory approvals are required by the ASX Listing Rules. The transactions above are subject to any such approvals being obtained, if required.

This announcement was authorised for release by the Board of Directors.

For further information please contact the Company Secretaries.