

INVICTUS
ENERGY LIMITED

March 2023 quarterly activities report

28 April 2023

HIGHLIGHTS

- **Mukuyu-2 appraisal and Phase 2 exploration commences**
- **Mukuyu-1 ST1 identifies 13 potential hydrocarbon bearing zones**
- **Post well analysis indicates potential for significant gas columns in Mukuyu-1**
- **New highly experienced board appointments**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update on its financial and operational performance for the quarter ended 31 March 2023.

Operational update

Preparations advanced for Mukuyu-2 appraisal

During the quarter, Invictus commenced preparations for the Mukuyu-2 appraisal well and Phase 2 exploration campaign at its 80 per cent owned and operated Cabora Bassa project in Zimbabwe.

The tendering process commenced during the quarter for minor additional long leads and well services for the Mukuyu-2 well, which is anticipated to spud in early Q3 CY2023.

The well will target multiple hydrocarbon (gas-condensate and potentially light oil) bearing intervals encountered in the Mukuyu-1/ST1 well in the Upper Angwa and Pebbly Arkose formations, with the aim of confirming a gas-condensate discovery.

Mukuyu-2 will also test additional prospectivity in the deeper Upper Angwa and undrilled Lower Angwa, which were not penetrated in the Mukuyu-1/ST1 campaign, providing further upside potential. It will also aim to test the Post Dande horizon away from the major east-west fault on the southern flank.

The design of Mukuyu-2 will allow for flow testing to confirm reservoir deliverability and connectivity following a successful discovery.

The appraisal well will be drilled using the Exalo Rig 202, which remained warm stacked at the Mukuyu-1 wellsite following the completion of operations at the start of the quarter.

ABOUT INVICTUS ENERGY

Invictus Energy Ltd is an independent oil and gas exploration company focused on high impact energy resources in sub-Saharan Africa. Our asset portfolio consists of a highly prospective 360,000 hectares within the Cabora Bassa Basin in Zimbabwe. SG 4571 and EPOs 1848/49 contain the Mukuyu and multiple Basin Margin prospects

BOARD & MANAGEMENT

John Bentley Non-Executive Chairman	Joe Mutizwa Non-Executive & Deputy Chairman	Scott Macmillan Managing Director	Robin Sutherland Non-Executive Director
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Gabriel Chiappini
Non-Executive Director
& Company Secretary

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As announced in the [ASX release](#) on 3 January, Invictus and Exalo Drilling S.A ("Exalo") executed a contract amendment for Rig 202 to remain in the Cabora Bassa basin for up to 12 months.

The rig will undergo planned upgrades and maintenance prior to mobilisation to the Mukuyu-2 wellsite to commence drilling.

Seismic campaign set to start

Invictus commenced preparations during the quarter for a 2D seismic campaign, which is anticipated to commence in May pending the award of the seismic contract.

The 2D seismic program will focus on multiple leads along the proven play on trend and to the east of Mukuyu, as well as additional leads along the highly prospective Basin Margin play.

The acquisition of modern 2D seismic is anticipated to allow the Company to mature a number of these leads, previously identified on vintage seismic data, to drillable prospects (see Figure 1).

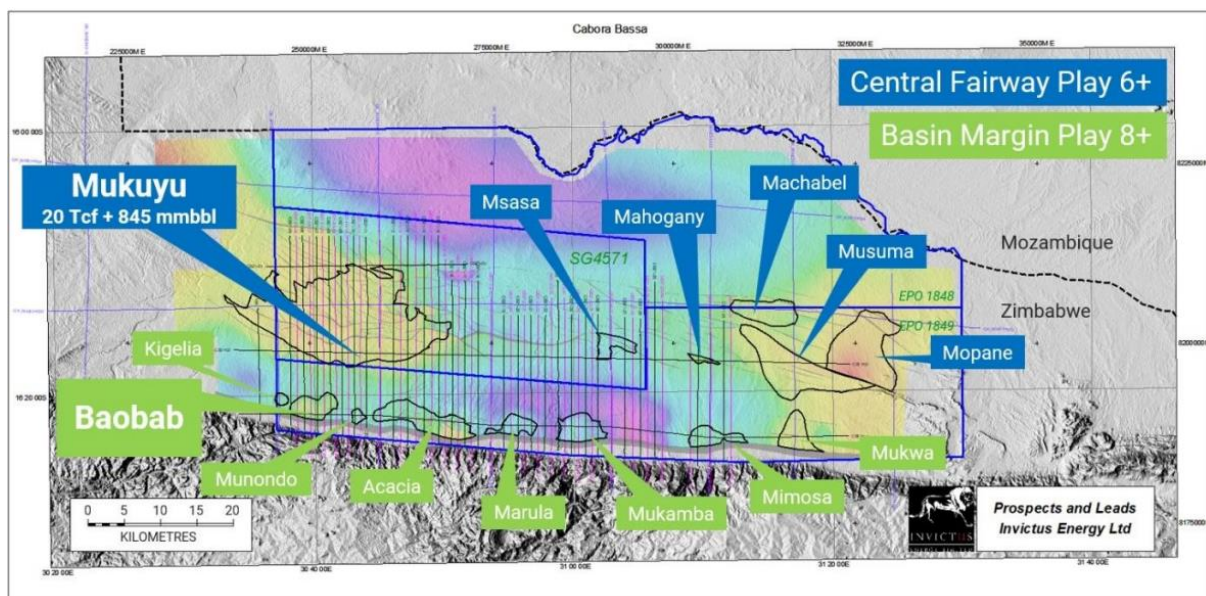


Figure 1 - Cabora Bassa Basin prospect and lead map.

Mukuyu-1 and ST1 analysis ongoing

The exploration and appraisal campaign follows the successful drilling of the Mukuyu-1 well, which confirmed a working hydrocarbon system in the Cabora Bassa basin.

The Mukuyu-1 ST1 well identified 13 potential hydrocarbon bearing zones, as announced in the [ASX release](#) on 23 January 2023, with a combined 225 metres of gross potential hydrocarbon bearing zones identified in the primary target Upper Angwa.

The potential hydrocarbon bearing zones that have been isolated are as follows:

Formation	Top of Interval mMDRT	Bottom of Interval mMDRT	Gross Interval ¹ mMDRT ²
Pebbly Arkose	2456	2459	3
Pebbly Arkose	2678	2683	5
Upper Angwa	2823	2852	29
Upper Angwa	2969	3007	38
Upper Angwa	3023	3072	49
Upper Angwa	3120	3150	30
Upper Angwa	3173	3189	16
Upper Angwa	3254	3257	3
Upper Angwa	3296	3309	13
Upper Angwa	3417	3445	28
Upper Angwa	3465	3467	2
Upper Angwa	3484	3488	4
Upper Angwa	3526	3539	13

Table 1 - Potential hydrocarbon bearing zones isolated in Mukuyu-1 STI.

¹Some gross intervals may contain significant proportions of non-net reservoir. Further log calibration will be obtained following completion of side wall core analysis.

²metres Measured Depth below Rotary Table (mMDRT)

Wireline log interpretation calculated porosity of up to 15% and gas saturation of up to 90% in selected potential pay zones in the Upper Angwa. However, the results reported during the quarter are yet to be calibrated with fluid and core data and are subsequently subject to wide margins of error.

The results to date from Mukuyu-1 have validated the Company's pre-drill basin model, indicating the presence of organic rich source, multiple phases of oil and gas generation and hydrocarbon charged reservoirs at multiple horizons.

Post well analysis indicates potential for significant gas columns

As of the end of the quarter, analysis of the sidewall cores obtained in Mukuyu-1 was ongoing.

As reported in the [ASX release](#) on 24 February 2023, initial processing unveiled strong fluorescence in side wall cores obtained from approximately 2,407 metres Measured Depth in the upper Pebbly Arkose reservoir sections (see Figure 2)

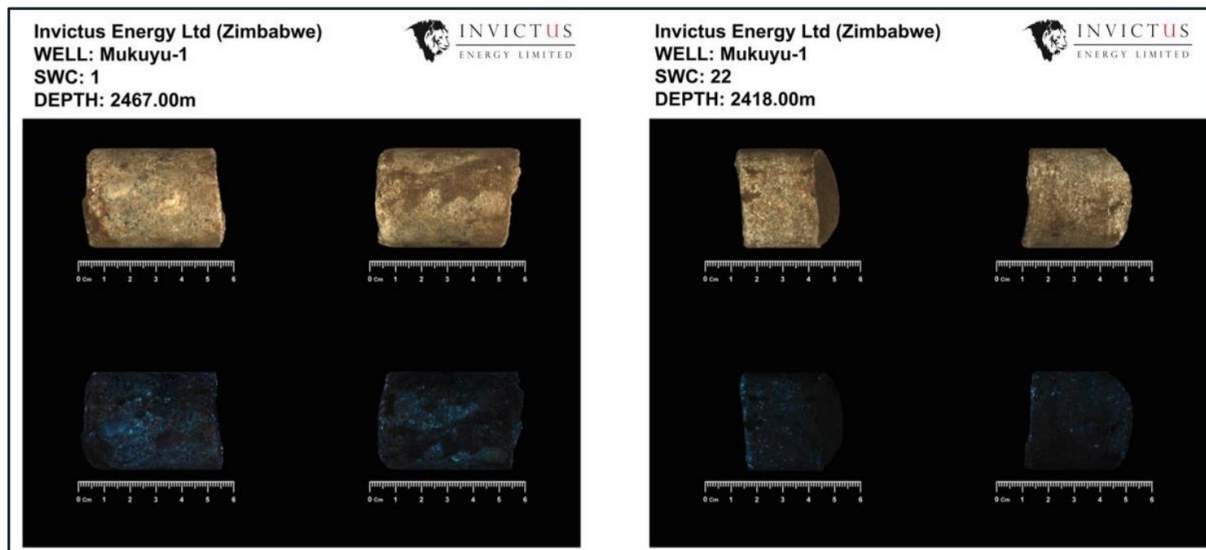


Figure 2 - Mukuyu-1 Side Wall Cores from upper Pebbly Arkose showing strong fluorescence under ultraviolet light.

This has increased the gross interval with hydrocarbon charge throughout the Pebbly Arkose and Upper Angwa to 1,500 metres and substantially expands the play interval in the Cabora Bassa Basin.

Post well analysis determined significant filter cake build-up on the wellbore impeded the ability to acquire formation pressure pre-tests to confirm hydrocarbon gradients and the ability to obtain fluid samples in reservoir zones interpreted from wireline data to contain hydrocarbons.

However, valid formation pressure pre-tests obtained in the upper Pebbly Arkose and Upper Angwa reservoirs were considerably above hydrostatic pressure and potentially indicate a significant gas column (assuming a normally pressure aquifer) in these formations.

Ongoing analysis of this data will help determine whether any changes to the drilling mud design and drilling fluid composition is required for future wells.

New Board appointments

During the quarter John Bentley was appointed Non-Executive Chairman, as announced in the [ASX release](#) on 30 January 2023.

John has more than 40 years' experience in international natural resource development, with a specific focus on Africa's upstream oil and gas industry for past three decades.

He was instrumental in the formation of Energy Africa Ltd and led the Company's growth in 12 African countries and several important hydrocarbon resource discoveries, laying the groundwork for Tullow Oil's successful US\$500 million takeover of Energy Africa in 2004.

John has held executive and board roles in numerous E&P companies over the past two decades, with the majority Africa focused.

Robin Sutherland was also appointed to the Board as a Non-Executive Director during the quarter, as announced in the [ASX release](#) on 1 February 2023.

Robin has worked in the African E&P sector for more than 35 years and played a key role in the development of Energy Africa, joining as a specialist geophysicist in 1997 and had a hand in several important hydrocarbon resource discoveries.

Following the acquisition of Energy Africa by Tullow in 2004, he led Tullow's exploration team through the discovery and appraisal of the Jubilee and TEN fields in Ghana, and the Lokichar Basin in Kenya before becoming Tullow's General Manager Exploration Africa in 2015.

Both John and Robin's appointments were effective as of 1 February 2023 and both joined the rest of the Board on a country visit to Zimbabwe in March.

During this visit, the Invictus Board and leadership team met with Zimbabwe Government officials and local stakeholders for the Cabora Bassa Project to progress key items including the Production Sharing Agreement.



Figure 3 - Invictus & One-Gas Meeting with Minister of Mines and Mining Development Hon. Winston Chitando

\$10million Placement and Share Purchase Plan

Subsequent to the end of the quarter the Company completed a placement to sophisticated and institutional investors to raise \$10.0m (before costs) by way of private Placement.

The Placement was strongly supported by new and existing institutional and sophisticated shareholders, and was strategically cornered by existing investor Mangwana Capital, local Zimbabwean partners and the Board of Directors.

Under the Placement, Invictus will issue 83,333,333 new fully paid ordinary shares (New Shares) at an issue price of \$0.12 per new share, representing a 20 per cent discount to the last traded price of IVZ shares on 3 April 2023, being the last trading date before the Placement, and a 10.7 per cent discount to the 15-day VWAP prior to that date.

Placement participants will be entitled to a one-for-two listed option for every share issued, exercisable at \$0.20 (67% premium to the Placement price) with a three year term. The attaching options issued under the Placement will seek quotation, subject to meeting the ASX's minimum listing requirements and the issue of a prospectus.

Furthermore, the attaching options issued via the transaction are expected to provide meaningful additional capital to the Company's balance sheet, at a materially higher valuation than the Placement, should the Company continue to achieve exploration success during its appraisal drilling program.

Directors, Mr John Bentley, Mr Robin Sutherland and Mr Gabriel Chiappini intend to subscribe for new shares issued under the Placement subject to shareholder approval at forthcoming EGM. In addition, shares placed to Mangwana Capital and local partner Mr Paul Chimbodza will also be subject to shareholder approval at the same EGM.

The Company will also conduct a Share Purchase Plan ("SPP") offer on the same terms as the Placement to existing shareholders which will launch during the June Quarter.

Information required under ASX listing rules

1. ASX LR 5.3.5

During the quarter AUD\$164,000 was paid to related parties of the Company relating to executive director salary, non- executive director fees and company secretary fee.

2. ASX LR 5.3.1

The exploration and evaluation activity spend for the quarter totalled AUD\$8.683 million.

3. ASX LR 5.3.3

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 31 March 2023:

Tenement	Opening	Disposed	Acquired	Closing
SG 4571*	80%	-	-	80%
EPO 1848	80%	-	-	80%
EPO 1849	80%	-	-	80%

*Located within the Cabora Bassa Basin in Zimbabwe. No binding farm-in or farm-out agreements were entered into during the quarter.

-Ends-

Approved for release by the Board

Questions and enquiries

Investors

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About Invictus Energy Ltd (ASX: IVZ)

Invictus Energy Ltd is an independent upstream oil and gas company listed on the Australian Securities Exchange (ASX: IVZ). The Company is headquartered in Perth, Australia and has offices in Harare, Zimbabwe. Invictus is opening one of the last untested large frontier rift basins in onshore Africa – the Cabora Bassa Basin – in northern Zimbabwe through a high impact exploration programme.

Invictus Energy is committed to operating in a safe, ethical and responsible manner, respecting the environment, our staff, contractors and the communities in which we work.

#Cautionary Statement: *The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons. Prospective Resource assessments in this release were estimated using probabilistic methods in accordance with SPE-PRMS standards.*

Not an offer in the United States: *This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.*

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Invictus Energy Ltd

ABN

21 150 956 773

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation (if expensed)	-	-	-
(b) development	-	-	-
(c) production	-	-	-
(d) staff costs	(107)	(390)	
(e) administration and corporate costs	(506)	(2,068)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	50	87	
1.5 Interest and other costs of finance paid	-	-	-
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives	-	-	-
1.8 Other:			
- Office recharges	24	71	
1.9 Net cash from / (used in) operating activities	(539)	(2,300)	
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) Entities	-	-	-
(b) Tenements	-	-	-
(c) property, plant and equipment	-	-	-
(d) exploration & evaluation (if capitalised)	(8,683)	(35,068)	
(e) investments	-	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets:			
• Establishment of carbon credit business		-	(720)
2.2 Proceeds from the disposal of:			
(a) entities		-	-
(b) tenements		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) 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		(8,683)	(35,788)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	25,225
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	4	3,804
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,593)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	4	27,436

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	12,624	13,718
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(539)	(2,300)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(8,683)	(35,788)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4	27,436
4.5	Effect of movement in exchange rates on cash held	(59)	281
4.6	Cash and cash equivalents at end of period	3,347	3,347

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 \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,041	5,914
5.2	Call deposits	37	2,297
5.3	Bank overdrafts	-	-
5.4	Other (provide details) • Stand by Letter of Credits	2,269	4,413
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,347	12,624

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

164¹

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

¹ Payments relate to executive director salary, non- executive director fees and company secretary fee

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	447 ^	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 ^The Company has a share placement agreement with Mangwana Opportunities Fund for an additional 2 tranches of funding which may be called on over the next 12-24 months as announced on 30 April 2020. USD300k using an exchange rate of 0.67 at 31 March 2023.		
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(539)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(8,683)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(9,222)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,347
8.5 Unused finance facilities available at quarter end (Item 7.5)	447
8.6 Total available funding (Item 8.4 + Item 8.5)	3,794
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.4
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. The Company has concluded its Phase 1 drilling program and will require less funding than previous quarters for immediate work program commitments.	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, the Company has announced a Private Placement and Share Purchase Plan to raise up to AU\$20m. Refer to ASX announcement dated 6 April 2023.	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, based on answer 8.2 above.	

9. Tenement Summary

In accordance with ASX Listing Rule 5.3.3 below is the Company's tenement holdings at quarter end.

Tenement	Opening	Disposed	Acquired	Closing
SG 4571 *	80%	-	-	80%
EPO 1848	80%	-	-	80%
EPO 1849	80%	-	-	80%

* Located within the Cabora Bassa Basin in Zimbabwe. No farm-in or farm-out agreements were entered into during the quarter.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023

Authorised by the: Audit & Risk Committee

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow 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 cash flow 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.
- 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.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.