



INVICTUS
ENERGY LIMITED

Invictus secures strategic support from Mutapa Investment Fund in Capital Raise & finalisation of Petroleum Production Sharing Agreement

29 July 2024

HIGHLIGHTS

- **Mutapa Investment Fund of Zimbabwe committed to underwriting US\$5 million of US\$10 million strategic capital raise at an issue price of AU\$0.10 per share demonstrating long-term support for Cabora Bassa Project.**
- **Securities issued will facilitate a secondary listing on the Victoria Falls Stock Exchange (VFEX) through issuance of Zimbabwe Depository Receipts (ZDRs) to support local liquidity and trading with substantial demand expected.**
- **Invictus reserves the right to accept oversubscriptions of up to US\$5 million from Zimbabwean investors as part of the local strategic capital raise.**
- **Petroleum Production Sharing Agreement to be implemented by Mutapa Investment Fund on behalf of Republic of Zimbabwe.**
- **Funds to be utilised for Mukuyu-2 flow testing, advancing early monetisation opportunities and purchase of long leads for new exploration wells.**
- **Farm-out process to secure strategic partner progressing well.**
- **Shareholder briefing to be held to provide update**

Invictus Energy Limited ("**Invictus**" or "the **Company**"), is pleased to announce it has entered into a binding share subscription offer with Mangwana Capital (Private) Limited ("Mangwana"), which is partially underwritten by the Mutapa Investment Fund of Zimbabwe ("Mutapa").

US\$10M STRATEGIC LOCAL INVESTMENT

Mangwana is the manager of existing strategic investor Mangwana Opportunities, an investor owned, closed-end investment company. It has coordinated the placement to institutional Zimbabwe investors with an investment horizon of +10 years, and has supported Invictus' Cabora Bassa Project over the years.

As part of the strategic local capital raise, Invictus is seeking greater participation by local investors given the strategic importance of the project to Zimbabwe and significant local interest via the Private Placement of US\$10million.

Invictus as part of the share subscription offers up to US\$10 million through the issuance of 151,515,152 shares at a share price of AU\$0.10 at an AUD/USD FX rate of US\$0.66.

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 newly discovered Mukuyu gas field 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

Gabriel Chiappini
Non-Executive Director
& Company Secretary

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Participants will receive an option to subscribe for one share for every four shares subscribed for under the Private Placement exercisable at AUD\$0.30 with a two-year option period.

The Company will issue shares subscribed for under the Private Placement ("Placement") to Mangwana Nominees (Private) Limited ("The Depository"), which will in turn list a non-issuer sponsored depository receipt on the Victoria Falls Stock Exchange ("VFEX"). Mangwana will seek to have shares from the placement listed as Depository Receipts on the VFEX to facilitate local trading of the underlying securities.

Following approval of the listing from VFEX and partial underwriting by Mutapa, Mangwana is completing a bookbuild for the Placement to raise up to US\$10 million from Zimbabwean institutional investors to close imminently. This comprises multiple other long-term Zimbabwean investment funds with an intention to support the project through final stages of exploration, development and into production.

Funds raised from the strategic Placement will be used to advance the Cabora Bassa Project, including Mukuyu-2 flow testing and advancement of early monetisation opportunities, purchase of long leads for shallow exploration wells targeting the Eastern Margin and Basin Margin plays and general working capital.

The Placement will be carried out in a two-tranche Private Placement with Tranche One comprising the issue of 113.6 million New Shares to raise US\$7.5 million and will fall within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A ("Tranche One").

Tranche Two will comprise an additional US\$2.5 million on the same terms as Tranche One, subject to shareholder approval to be sought at a future Extraordinary General Meeting ("EGM") of shareholders. Invictus reserves the right to accept oversubscriptions of up to US\$5 million at its absolute discretion and any oversubscriptions taken will settle in Tranche Two.

FINALISATION OF PETROLEUM PRODUCTION SHARING AGREEMENT

Participation of the Mutapa Investment Fund (the Sovereign Wealth Fund of Zimbabwe) adds further strategic value as the Republic of Zimbabwe's nominated participant in future development of the Cabora Bassa Project through the Petroleum Production Sharing Agreement ("PPSA") and will be assigned as the beneficiary of the product/profit share and equity holder on behalf of the Republic of Zimbabwe.

Mutapa Investment Fund's participation in this equity raise signifies the Government of Zimbabwe's commitment and alignment to the Cabora Bassa Project. This is further reinforced by the commitment to finalise and implement the PPSA, which provides a stable and transparent legal and fiscal framework to govern the project.

The PPSA is designed to ensure fair and equitable sharing of the project's revenue between the Government, Invictus and its partners, fostering a mutually beneficial partnership that supports the project's long-term success.

Invictus Energy Managing Director Scott Macmillan commented:

"We are thrilled with the overwhelming support from Zimbabwean institutional investors, particularly the Mutapa Investment Fund as our future partners in the project on behalf of the Republic of Zimbabwe.

"Mutapa's investment is a strong endorsement of the Cabora Bassa Project and recent significant gas-condensate discoveries delivered from Mukuyu-2.

"Further support of institutional investors and the Mangwana Opportunities Fund strengthens our investor base and in-country presence.

"Our partnership with Mangwana continues to assist the Company advance key objectives in country and provide exposure for local investors to our world class Cabora Bassa Project.

"The Government of Zimbabwe's commitment, through the PPSA, provides a solid foundation for a transparent and stable operating environment, which is crucial for the successful phased and ultimate full-field development of Cabora Bassa.

"Our farmout process to secure a strategic partner continues to progress well with active discussions advancing with multiple parties."

Mutapa Investment Fund Chief Executive Officer Dr John Mangudya commented:

"The Government of Zimbabwe's commitment, through our support for Invictus and the negotiations of the Petroleum Production Sharing Agreement, provides a solid foundation for a transparent and stable operating environment, which is crucial for the successful development of this world-class asset through our future partnership."

"The Mutapa Investment Fund's participation in the development of the Cabora Bassa Project has the potential to generate substantial returns while delivering sustainable benefits to the nation for generations to come."

"We are confident that our support for Invictus and the project lays the foundation stone for a vibrant and productive oil and gas sector that will contribute to the creation of jobs, generation of exports and delivery of energy security to Zimbabwe."

Mangwana Capital Managing Director Ben Mbanga commented:

"Mangwana is pleased to have led this strategic investment process. Our fund investors comprise a broad range of Zimbabwe's institutional investors and our Investment in Invictus will ensure that they share in the success of the Company."

"The Cabora Bassa project and Mukuyu discovery is a potential game changer for the country which can bring about significant economic benefits and energy security to the entire region."

"We look forward to supporting Invictus to achieve their goals in Zimbabwe and furthering our partnership with them."

INVICTUS ENERGY LTD SHAREHOLDER BRIEFING

The Company will host a shareholder briefing webinar today on Monday 29 July at 10:30 AEST / 08:30 WST and details are as follows:

Presenters: Managing Director Scott Macmillan (via Zoom)

Time: Monday 29 July 2024 at 10:30 AEST / 08:30 WST

Where: Zoom Webinar, details to be provided upon registration.

To register your interest for the webinar please click through to the link below.

https://us02web.zoom.us/webinar/register/WN_tp4o7l0mQ2egGEHnZA3qgg

After registering, you will receive a confirmation email containing information about joining the webinar.

The briefing will be recorded and posted to the Company's website for shareholders unable to attend the webinar.

NEAR TERM EXPLORATION STRATEGY

The Company will utilise Placement proceeds to progress the Cabora Bassa Project, including Mukuyu-2 flow test and early monetisation studies, purchase of long lead items for exploration wells and general working capital.

The Company is nearing completion of the well test design study and contract negotiations for the provision of well services and equipment.

NEAR TERM CORPORATE STRATEGY

The Company's development strategy reflects the significance of the Cabora Bassa Basin opportunity and the importance of gas in Southern Africa's future energy mix.

Invictus is building internal capability to ensure it has the people and systems in place to manage its transformation from explorer to developer, and ultimately producer.

The Company's high equity stake across the three licence areas in a significant and strategic resource provides multiple partnering and financing pathways for each licence area, including upstream JV partners, services companies, regional development banks and other strategic partners, which are being progressed to unlock value for the Company and its shareholders.

As a part of the Company's plan to develop the resource base, Invictus is engaged in active discussions on multiple fronts to bring in strategic participants in the Cabora Bassa Project and manage Invictus' equity position through the completion of a farmout to accelerate development of the project.

MEDIUM TERM DEVELOPMENT STRATEGY

Invictus intends on transitioning from an oil and natural gas explorer to producer in Zimbabwe in order to ensure long term, reliable and affordable energy, whilst providing excellent returns to shareholders.

Invictus will leverage its position as the sole oil and gas resource holder in Zimbabwe to develop a profitable production business that helps meet the region's energy needs.

Dual gas-condensate discoveries declared last December at Mukuyu in the Upper and Lower Angwa reservoirs marks a significant development in the Company's history. Invictus is embarking on executing its longer-term strategy for appraising and developing this resource.

The Company's strategy is built on the strong foundation provided by Mukuyu, which is:

- A strategic sized gas-condensate resource.
- Very high-quality gas composition with negligible impurities, which will require minimal processing for sale to downstream customers.
- Close to demand centres and existing infrastructure including the Southern Africa Power Pool (SAPP) to facilitate large scale transmission of power.
- Liquid hydrocarbon content providing additional high value revenue stream in the form of condensate and supply liquid petroleum gases (LPGs) which is in high demand both locally and regionally.

The market opportunity for Mukuyu is based on the field being located in close proximity to high energy demand sectors in Zimbabwe and in turn being a lower cost option for reliable gas supply to these industries.

Invictus also forecasts significant demand for reliable power supply by Zimbabwe's growing

natural resources and industrial sectors.

These opportunities and development scenarios are currently being evaluated and progressed, and will be announced in subsequent market updates as the sale agreements become material.

As a result, Invictus' strategy and plans for developing its Cabora Bassa Basin assets are summarised below:

- Completing post-well studies program to maximise insights from existing wells.
- Reservoir engineering studies to determine how best to test and produce the Mukuyu reservoirs to inform likely development concept.
- Refine well design, data acquisition program and well services contracts to deliver a reduction in future Mukuyu well costs by 40%.
- Ongoing engagement with seismic, drilling and ancillary service providers to ensure equipment availability in Zimbabwe on favourable terms.
- Conduct 3D seismic over the Mukuyu gas-condensate field to assist in delineating resources and reservoir connectivity to determine future well locations, high-grade areas of the field for early development and strategic locations for surface processing and distribution facilities.
- Further appraisal drilling including well testing to build the resource base sufficiently and underpin future development.
- Phased development of Mukuyu to generate early cashflow, maximise capital efficiency and optimise a larger scale full field development based on a full understanding of the available resource:
 - Pilot Phase: Expandable pilot project with onsite power generation or trucked compressed natural gas (CNG) to Eureka Gold Mine through the Himoina and Dallaglio Investments gas sale MOU.
 - Phase 1: Large scale gas to power through existing SAPP network underpinned by Mbuyu Energy.
 - Phase 2: Piped gas to large industrial consumers underpinned by Sable Chemicals.
- Exploration of Invictus' dominant position in the Cabora Bassa prospective fairway, including the Central Fairway, Eastern Margin and the potentially more liquid prone Basin Margin plays to understand its full resource potential. Current planned activities include:

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- Maturation of additional prospects and leads from the CB23 seismic survey.
- Integration of Mukuyu results to apply to wider acreage area.
- Proposed exploration drilling campaign resulting from seismic activities above.

With an appropriate capital partner in place to support continued exploration and development of the basin, Invictus Energy will be well placed to execute upon this strategic plan.

Alpine Capital acted as Corporate and Financial Advisor to Invictus on the transaction.

MMC Capital acted as Corporate and Financial Advisor to Mangwana on the transaction

APPENDIX

About Mutapa Investment Fund

- Mutapa Investment Fund is the Sovereign Wealth Fund of Zimbabwe
- Zimbabwe established a Sovereign Wealth Fund through an Act of Parliament in 2015 and this was renamed the Mutapa Investment Fund in 2023.
- Objectives of the Mutapa Investment Fund include:
 - to make secure investments for the benefit and enjoyment of future generations of Zimbabweans;
 - to support the development objectives of the government, including its long-term economic and social development;
 - to support fiscal or macroeconomic stabilization, to supplement (in accordance with the Sovereign wealth Fund of Zimbabwe Act and the Finance Act) the revenues of Zimbabwe when these are prejudiced by the fluctuation of prices payable for those minerals on which royalties and other taxes are collected for the benefit of the Consolidated Revenue Fund; and
 - to contribute to Zimbabwe's revenues from the net returns on its investments.

About Mangwana Opportunities Fund

- Mangwana is funded by Zimbabwean institutional investors including pension funds and invests primarily in the agriculture, resources and tourism sectors.
- The typical investment horizon is 10 years.
- The Fund has prescribed asset status and has been granted tax exempt status by the Ministry of Finance.

About Victoria Falls Stock Exchange (VFEX) and Zimbabwe Depository Receipts (ZDRs)

- Victoria Falls Stock Exchange (VFEX) is a wholly owned subsidiary of the Zimbabwe Securities Exchange (ZSE) established to kick start the Offshore Financial Services Centre (OFSC) earmarked for the special economic zone in Victoria Falls.
- The trading currency on the VFEX is the USD.
- Key incentives applicable to VFEX include:
 - Capital raised by a company listed on the exchange may be held in an approved local or offshore account with an internationally recognised banking institution;
 - allowance to use offshore settlement for trades done; and
 - tax incentives for shareholders of shares listed on VFEX – 5% dividend withholding tax (foreign investors only) and exemption from capital gains withholding tax.
- Depository Receipts (DRs) are negotiable certificates issued by a domestic depository agent, representing an ownership interest in a foreign Issuer's securities. The underlying securities represented by DRs may either be debt, or more commonly,

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equity instruments.

- VFEX Listing Rules define a DR as an instrument representing Issuance & Listing of Invictus ZDRs an issuer's securities, where the instrument confers rights in such securities. DRs are thus derivatives instruments
- Invictus will be able to access a broader investor base in Zimbabwe, thus creating a robust domestic shareholder base and enhancing share liquidity;

-Ends-

Approved for release by the Board

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Questions and enquiries

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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.*

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