

INVICTUS  
ENERGY LIMITED

# June 2022 quarterly activities report

25 July 2022

## HIGHLIGHTS

- **Mukuyu updated independent prospective resource of 20 trillion cubic feet (Tcf) + 845 million barrels<sup>#</sup> (4.3 billion boe) of conventional gas-condensate**
- **Substantial new shallow target identified in Mukuyu Prospect demonstrating strong AVO conformance to structure**
- **Multiple Farm-in bids received**
- **Funding completed to support drilling campaign**
- **Exalo Rig 202 commenced mobilisation to Mukuyu-1 wellsite with drilling to commence in August 2022**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update on its financial and operational performance for the quarter ended 30<sup>th</sup> June 2022.

## Mukuyu prospective resource upgrade

### **Mukuyu prospective resource upgraded to 20 Tcf + 845 million barrels of conventional gas condensate (gross mean unrisks basis)**

During the quarter, Invictus received an updated Independent Report from ERCE estimating substantial resource potential at its Cabora Bassa Project, as announced in the [ASX release](#) on 5 July 2022.

ERCE estimates the gross mean recoverable conventional potential of the Mukuyu prospect at a combined 20 Tcf and 845 million barrels of conventional gas condensate, or approximately 4.3 billion barrels of oil equivalent (boe) on a gross mean unrisks basis<sup>#</sup>.

*<sup>#</sup>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 Resources assessments in this release were estimated using probabilistic methods in accordance with SPE-PRMS standards.*

This marks a 2.7-fold increase on a barrel of oil equivalent basis to the 2019 independent assessment by Getech Group plc, which estimated Mukuyu (then named Mzarabani) to hold

#### 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 250,000 acres within the Cabora Bassa Basin in Zimbabwe. Special Grant 4571 contains the world class multi-TCF Mukuyu and Msasa conventional gas-condensate prospects.

#### BOARD & MANAGEMENT

**Dr Stuart Lake**  
Non-executive Chairman

**Gabriel Chiappini**  
Non-Executive Director  
& Company Secretary

**Joe Mutizwa**  
Non-Executive &  
Deputy Chairman

**Scott Macmillan**  
Managing Director

[www.invictusenergy.com](http://www.invictusenergy.com)

8.2 Tcf and 247 million barrels (~1.6 billion boe) of conventional gas condensate, on a gross mean unrisked basis.

A summary of the ERCE report's findings for the Mukuyu prospect, which incorporates the results of the new 2021 Cabora Bassa 2D Seismic Survey ("CB21 Survey") data, is tabulated below.

SG 4571			Gross Unrisked Estimated Prospective Resources <sup>#</sup>							
Cabora Bassa Project			Gas (Bcf) – 100% Gross				Condensate (mmbbl) – 100% Gross			
Prospect	Formation	Horizon	Low	Best	High	Mean	Low	Best	High	Mean
Mukuyu	Top Dande	200	152	828	4,252	1,871	4	28	174	77
	Intra Dande	250	83	465	2,488	1,075	2	16	104	44
	Intra Dande	350	273	1,498	7,951	3,387	7	51	315	137
	Forest	400	418	2,077	9,923	4,488	11	70	412	183
	Pebbly Arkose	500	169	1,014	5,635	2,469	5	35	239	102
	Upper Angwa	600	139	835	4,578	1,996	4	28	193	83
	Upper Angwa	650	172	929	4,886	2,135	5	37	228	99
	Lower Angwa	700	228	1,190	5,818	2,591	7	48	280	120
	<b>*Total gross (100%) Bcf</b>					<b>20,012</b>				<b>845</b>
Mukuyu	<b>*Total net IVZ (80%) Bcf</b>					<b>16,010</b>				<b>676</b>

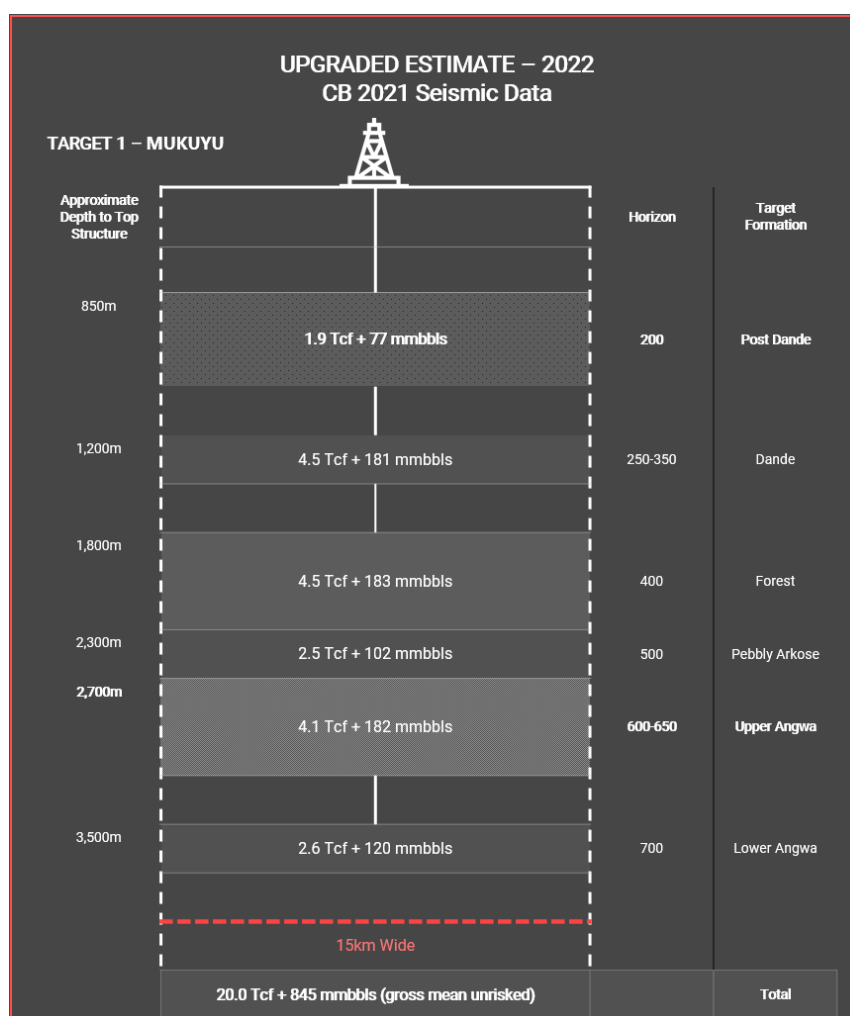


Figure 1 - Mukuyu-1 Drilling Targets and Well Schematic

## Seismic analysis

### Substantial new shallow target identified in Mukuyu prospect

During the quarter the Company completed interpretation of the CB21 Survey, identifying a substantial new shallow target in the Post Dande (Horizon 200) section of the Mukuyu prospect.

The [ASX release](#) on 7 April 2022 highlighted the extensive amplitude anomaly at the Horizon 200 level and the very positive correlation of amplitude extent and structural closure – this fit to structure is regarded as a very strong attribute for any prospect and a potential Direct Hydrocarbon Indicator (DHI) as shown in Figure 3.

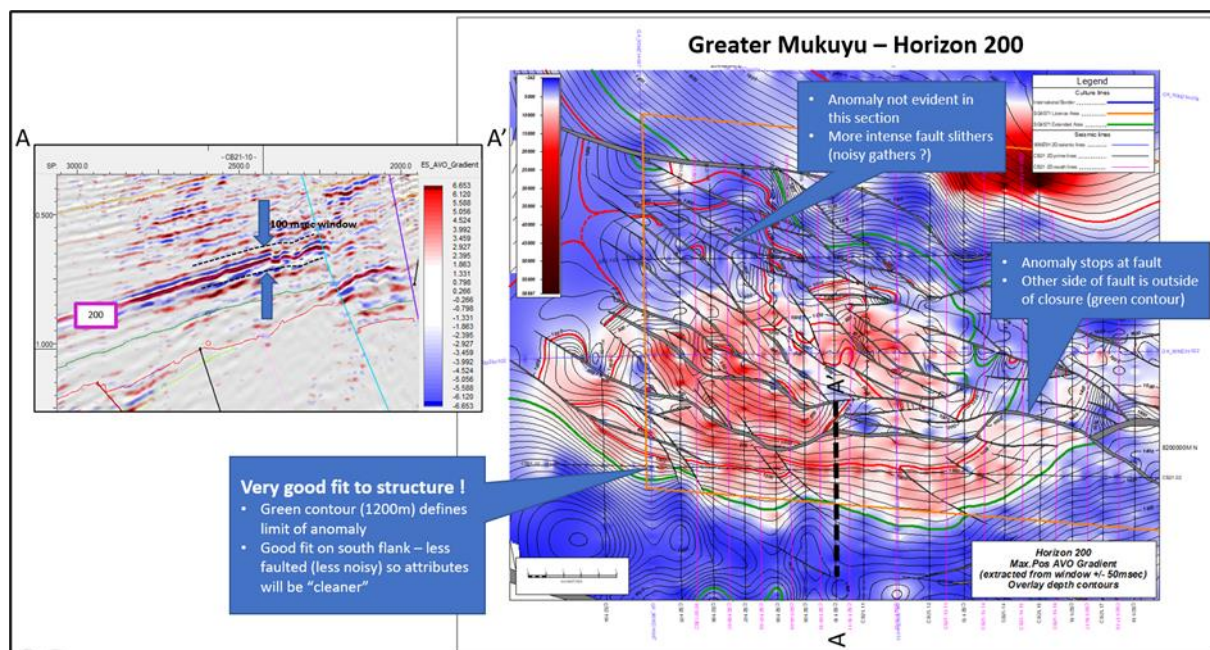


Figure 2 - Mukuyu Prospect (formerly Muzarabani): AVO Gradient at Horizon 200 Level (Post Dande) showing conformance to structure

### Potential for multiple stacked hydrocarbon bearing zones

During the quarter further quantitative analysis (QA) studies provided support for the presence of potential hydrocarbons in the Mukuyu structure as announced in an [ASX release](#) on 12 May 2022.

The results from a seismic inversion/QA study indicate the section immediately below the Horizon 200 target is likely to comprise multiple stacked hydrocarbon bearing zones, ranging in thickness from 40m to 80m. As a result, the drilling program has been updated to include a diverter system for the shallow sections of the Mukuyu-1 well.

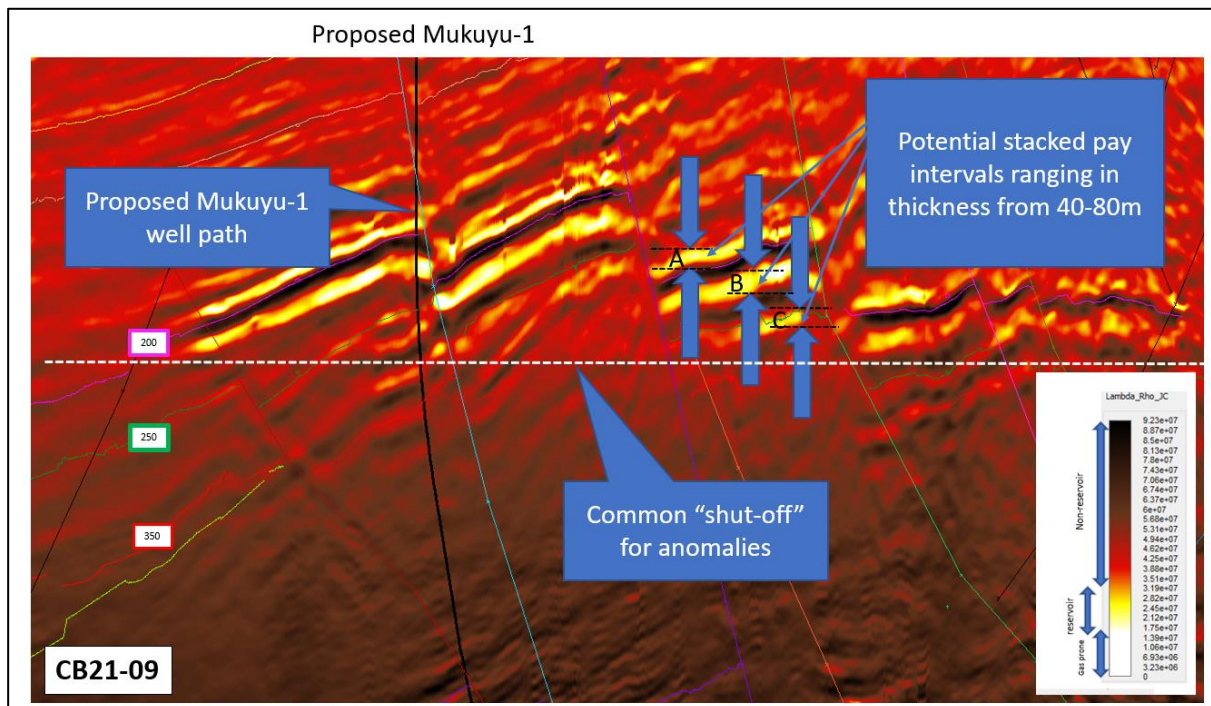


Figure 3 - Lambda-Rho attribute for Line CB21-09 showing potential for stacked hydrocarbon bearing zone below Horizon 200

The Horizon 200 target is newly identified from the CB21 Survey and will be the first target tested in the Mukuyu-1 well, as shown in Figure 3.

The extent of the amplitude anomalies (up to 16km along strike and 15km along dip) are coincident with the greater structural closure at the Horizon 200 Level (Post Dande) and shown in Figure 1. The amplitudes terminate at approximately the same two-way time (TWT) across all the dip and strike lines, which may indicate the presence of trapped hydrocarbons across the broader structure.

## Drilling campaign

### Exalo Rig 202 mobilisation to Cabora Bassa commenced

During the quarter the Exalo Rig 202 commenced mobilisation from Songo Songo Island in Tanzania to Cabora Bassa. The rig and associated equipment will arrive at the Mukuyu-1 wellsite, which has been completed and handed over by the civils contractor.

Exalo will commence rig up and then perform some additional maintenance work prior to commencing drilling the Mukuyu-1 well in August.



Figure 5 - Exalo 202 Rig Up at Mukuyu-1 Wellsite

Mukuyu-1 will be drilled as a deviated well to test multiple stacked targets within the greater Mukuyu structure from the 200 to 650 horizons, as per Figure 5.

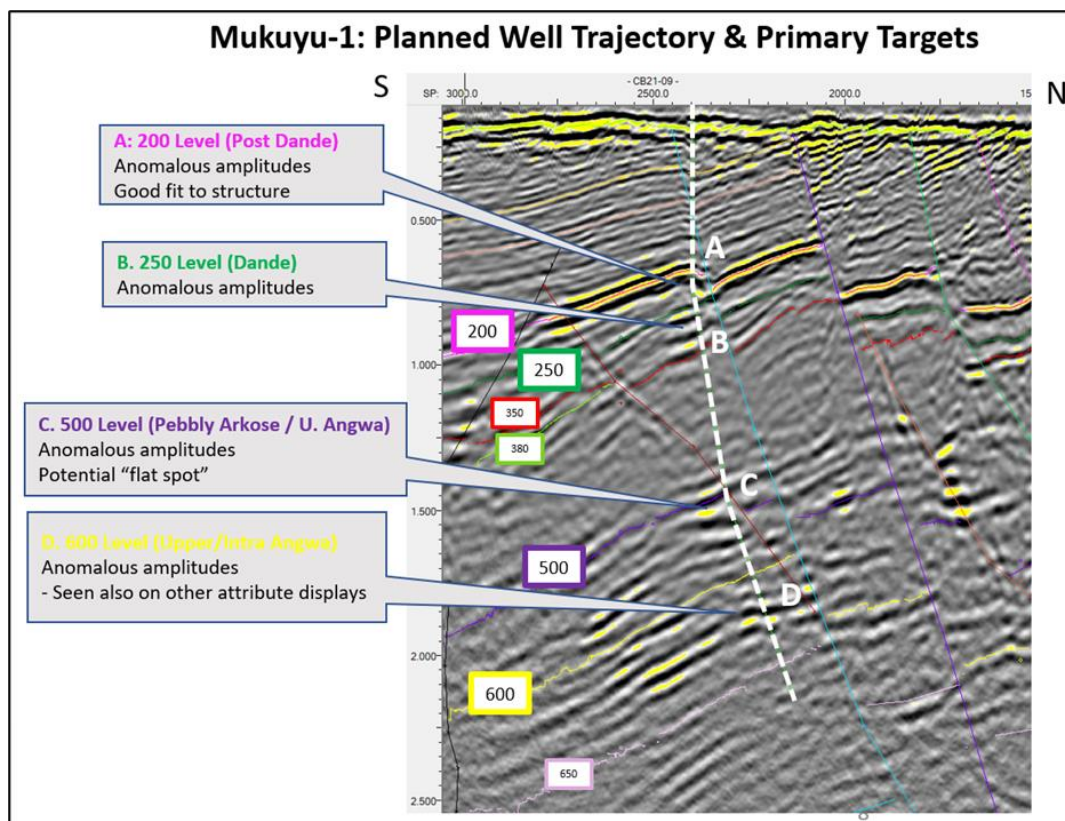


Figure 4 - Mukuyu-1 Planned Well Trajectory & Primary Targets

## **Integrated well services contract awarded to Baker Hughes**

During the quarter, Invictus executed a binding well services contract with Baker Hughes for its potentially basin opening drilling campaign.

The contract comes after Invictus signed a letter of intent with Baker Hughes in February 2022 for well services in support of the Company's upcoming two-well exploration campaign in the Cabora Bassa basin.

The contract is for services including cementing, mudlogging, wireline, drilling fluids and mud engineering, tubular running, finishing and abandonment, directional drilling and logging, liner hangers, drill bits, reservoir technical services and project management. The scope of the contract also includes the supply and installation of wellhead equipment.

Baker Hughes is one of the world's leading oilfield service providers, operating in more than 120 countries worldwide.

## **SG 4571 Area Extension**

Subsequent to the end of the June quarter the gazettal of the Exclusive Prospecting Orders surrounding the current SG 4571 licence has been completed. The Company is engaging with the Government of Zimbabwe and the Sovereign Wealth Fund of Zimbabwe (SWFZ) to provide transfer of title to Geo Associates of the expanded area.

Subject to Invictus receiving the award of title to the expanded area, the Company has agreed to increase the minimum work program obligation for the current second exploration period to drill two exploration wells, including the Mukuyu-1 prospect and one exploration well in the expanded area as detailed in the [ASX release](#) on 28 March 2022.

## **Commercial update**

### **Funding completed**

On 23 May 2022 the Company completed a \$12.0 million capital raise by way of private placement ("Placement") to sophisticated and institutional investors.

The Placement saw participation from multiple new and existing institutional investors and was strongly supported, with demand significantly exceeding shares available. The Company issued 60,026,165 new fully paid ordinary shares at a price of \$0.20 per share.

Together with the \$8 million Placement and Share Purchase Plan carried out over the prior two quarters, Invictus has raised a combined \$20 million for the upcoming drilling campaign and a further \$3.7 million through the conversion of options throughout the financial year.

The funds will be used for the drilling of the Mukuyu prospect, targeting 20 Tcf + 845 million

barrels of conventional gas condensate (gross mean unrisks), as well as for general working capital. The Company had \$13.8 million on hand at 30 June 2022 and secured the majority of the funding required for the Mukuyu-1 well.

**Multiple Farm-in bids received**

During the quarter the Company received three farm-in offers for the Cabora Bassa Project, with ongoing due diligence and internal approvals being undertaken by additional parties which may result in further bids being received.

The results of these current, and potential future, farm-in bids are subject to certain conditions precedent and further updates will be provided in due course.

**Information required under ASX listing rules****1. ASX LR 5.3.5**

During the quarter \$187,000 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 \$7.5 million, comprised of seismic processing and interpretation and drilling planning, consumables, mobilisation, well pad construction and logistics costs.

**3. ASX LR 5.3.3**

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 30 June 2022:

<b>Tenement</b>	<b>Opening</b>	<b>Disposed</b>	<b>Acquired</b>	<b>Closing</b>
SG 4571*	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 program.*

*The Company's principal asset is SG 4571 located in the Cabora Bassa Basin in Zimbabwe which contains the world class Mukuyu (Muzarabani) prospect – the largest undrilled prospect onshore Africa independently estimated to contain 20 Tcf and 845 million barrels of conventional gas condensate (gross mean unrisked basis).*

*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.*

## Abbreviations

**mmbbls** – millions of barrels of oil or condensate  
**mmboe** – millions of barrels of oil equivalent  
**scf** – standard cubic foot  
**mmscf** – thousands of standard cubic feet  
**mmscf** – millions of standard cubic feet  
**Bcf** – billion standard cubic feet  
**Tcf** – trillion standard cubic feet  
**PRMS** – Petroleum Resource Management System  
**SPE** – Society of Petroleum Engineers  
**SG** – Special Grant

## Conversions

1 BOE = 5,800 scf natural gas  
 1 mmboe = 5.6 Bcf  
 1 Tcf = 1,000 Bcf  
 1 mmscf/d = 1.06 TJ/d  
 1 Bcf = 1.06 PJ

## Disclaimer

**\*Cautionary Statement for Prospective Resource Estimates** - With respect to the Prospective Resource estimates contained within this report, it should be noted that the estimated quantities of Petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal may be required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**Hydrocarbon Resource Estimates** – The Prospective Resource estimates for Invictus' SG 4571 permit presented in this report are prepared as at 30 June 2022. The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2018, approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods. The Prospective Resource estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.

**No New Information or Change in Assumptions** – Since the date of completion of this hydrocarbon resource study, the Company is not aware of any new information and that all material assumptions and technical parameters underpinning prospective resource estimate continue to apply and have not materially changed

**Competent Person Statement Information** – In this report information relating to hydrocarbon resource estimates has been independently prepared by ERCE. The work has been supervised by Mr Anthony Hughes, Principal Reservoir Engineer in ERCE's Perth office who has over 25 years of experience in the oil and gas industry. Mr Hughes is a member of the Society of Petroleum Engineers and Engineers Australia. Mr Hughes consents to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears.

**Forward looking statements** – This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Invictus' 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 Invictus Energy Ltd 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. The entity 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.

## 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")

30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation (if expensed)	-	-	-
(b) development	-	-	-
(c) production	-	-	-
(d) staff costs	(109)	(481)	
(e) administration and corporate costs	(756)	(2,013)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	1	5	
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	46	216	
- Restricted cash returned	-	96	
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(818)</b>	<b>(2,177)</b>	
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) Entities	-	-	-
(b) Tenements	-	-	-
(c) property, plant and equipment	-	(377)	
(d) exploration & evaluation (if capitalised)	(7,507)	(15,439)	
(e) investments	-	-	-
(f) other non-current assets	-	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7,507)</b>	<b>(15,816)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	11,490	19,461
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	3,362	3,683
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(781)	(1,014)
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	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>14,071</b>	<b>22,130</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,351	9,135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(818)	(2,177)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,507)	(15,816)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14,071	22,130

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	746	571
4.6	<b>Cash and cash equivalents at end of period</b>	<b>13,843</b>	<b>13,843</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	8,651	3,889
5.2 Call deposits	5,192	3,462
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>13,843</b>	<b>7,351</b>

**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

<b>Current quarter \$A'000</b>
187 <sup>1</sup>
-

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

<sup>1</sup> 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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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)	435 ^	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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 0.69 at 30 June 2022.		
Not applicable		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(818)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(7,507)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(8,325)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	13,843
8.5 Unused finance facilities available at quarter end (Item 7.5)	435
8.6 Total available funding (Item 8.4 + Item 8.5)	14,278
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.71
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: Yes	
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 is managing its funding requirements by way of farm-in and/or financing and confident of completing.	
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.

<b>Tenement</b>	<b>Opening</b>	<b>Disposed</b>	<b>Acquired</b>	<b>Closing</b>
SG 4571 *	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**

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

Date: 25 July 2022

Authorised by: Authorised by the: Audit & Risk Committee

## **Notes**

1. 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.
2. 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.
3. 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.
4. 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".
5. 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.