

September 2022 quarterly activities report



INVICTUS
ENERGY LIMITED

28 October 2022

HIGHLIGHTS

- **Potentially play opening two-well exploration campaign kicks off in Zimbabwe**
- **Multiple drill-ready prospects identified in Basin Margin Area**
- **Cabora Bassa could be world-first carbon neutral oil and gas project**
- **\$25m placement completed to fund drilling of Mukuyu-1 and Baobab-1 wells**
- **Invictus granted DTC approval for shares to be traded on North America's OTCQB**

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

Operational update

Two-well Cabora Bassa drilling campaign commences with Mukuyu-1

During the quarter, Invictus commenced its maiden oil and gas exploration drilling campaign at its 80 per cent owned and operated Cabora Bassa project in Zimbabwe.

The campaign kicked off on 23 September with the spudding of the Mukuyu-1 well, which is designed to target several stacked Triassic and younger sandstones within a 200km² four-way dip closure on the basement high trend.

Mukuyu is one of the largest oil and gas exploration prospects to be drilled globally in 2022, targeting a combined prospective resource potential of 20 trillion cubic feet and 845 million barrels of conventional gas condensate, or about 4.3 billion barrels of oil equivalent, on a gross mean unrisks basis[#], as announced in the [ASX release](#) on 7 July 2022.

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

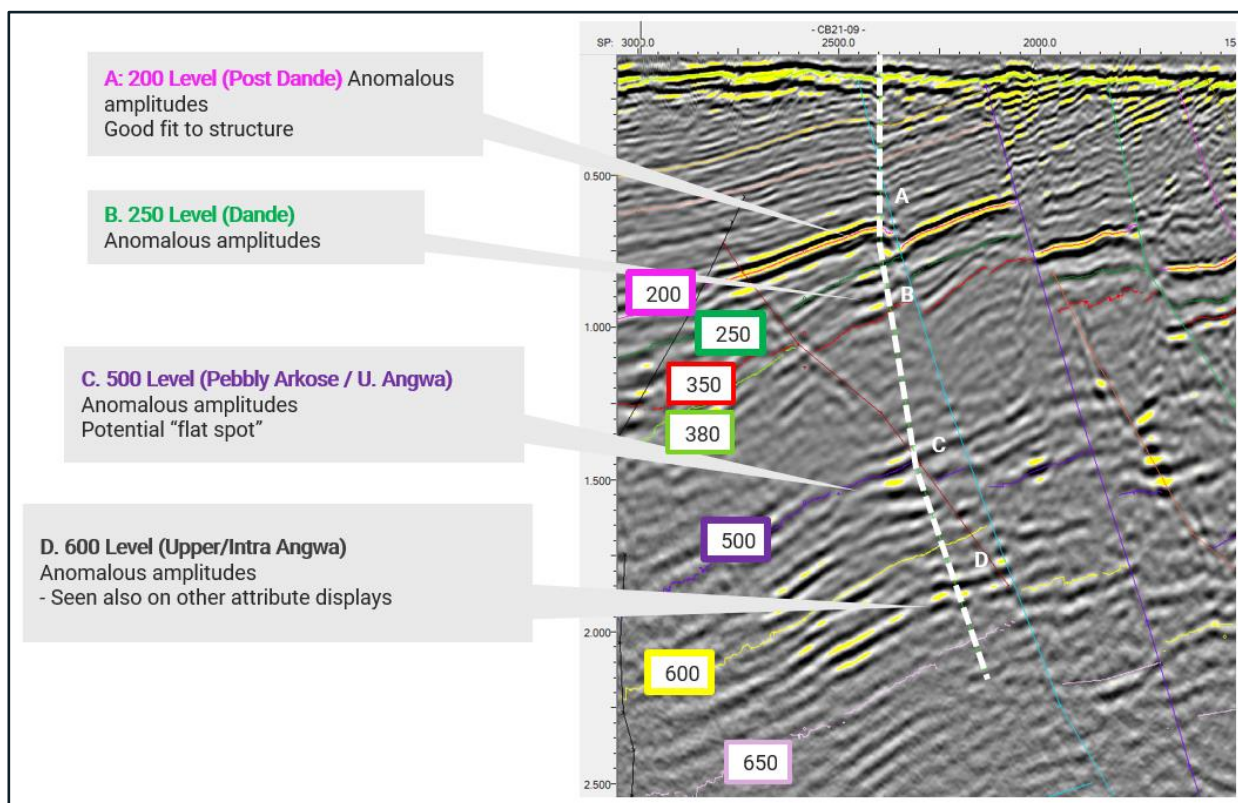


Figure 1 - Mukuyu-1 well trajectory and primary targets to test 20 Tcf + 845 million bbls

Mukuyu-1 will be followed by the Baobab-1 well, which will target 243 million barrels of prospective resources[#] in stacked Cretaceous and younger sandstones, within four-way and three-way dip closures, in an independent play against the southern basin bounding rift fault.

Baobab shows similar structural characteristics to the play opening Ngamia discovery in Kenya's Lokichar Basin, which resulted in subsequent discoveries in the "String of Pearls" along the basin margin.

Multiple drill-ready prospects identified in Basin Margin Area

During the quarter the Company provided an update on its prospects and leads portfolio at the Cabora Bassa project.

As announced in the [ASX release](#) on 2 September 2022, multiple drill-ready prospects have been mapped in the newly identified Basin Margin play along the southern basin bounding fault.

Subsequent to quarter end, Invictus received an updated Independent Technical Report from ERCE estimating substantial additional resource potential in the Basin Margin Area, as announced in the [ASX release](#) on 6 October 2022.

ERCE estimates the gross mean recoverable conventional potential of the Basin Margin Area at a combined 1.17 billion barrels of conventional oil on a gross mean unrisks basis[#].

The prospective resource estimate includes the Baobab, Acacia, Marula, Mukamba and Mimosa prospects, but excludes additional leads along the basin margin.

Prospect	Oil Prospective Resources (MMstb)			
	1U	2U	3U	Mean
Baobab	92	184	443	243
Acacia	116	320	1,071	509
Marula	31	71	174	92
Mukamba	77	183	467	246
Mimosa	23	60	159	81
Total				1,171

Table 1 - Summary of Basin Margin Oil Case Prospective Resource Estimate

Additional large leads on trend with the Mukuyu prospect have also been identified along the basement high in the Central Fairway play, which provide follow-on prospectivity that can be matured at low cost.

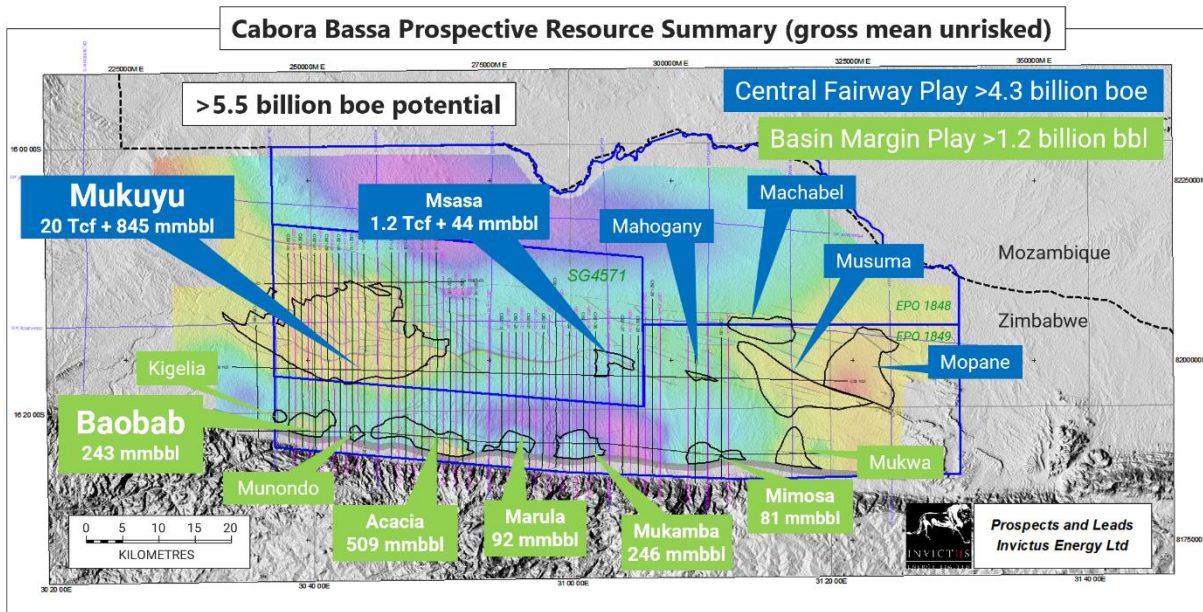


Figure 2 - Cabora Bassa Prospective Resource Summary and Play Map

Invictus holds basin master position in Cabora Bassa

Invictus' acreage in the Cabora Bassa Basin now covers the entire conventional oil and gas play fairway after the assignment of the exploration rights to the expanded licence area were gazetted, as announced in the [ASX release](#) on 19 September 2022.

The Exploration Licences cover a combined area of approximately 360,000 hectares, with EPOs 1848 and 1849 each covering an area of approximately 130,000 hectares and the current Special Grant 4571 licence area covering a further 100,000 hectares.

Invictus targeting world-first carbon neutral oil and gas project

In August, Invictus entered into a 30-year contract with the Forestry Commission of Zimbabwe ("FCZ") for the development of the Ngamo-Gwayi-Sikumi ("NGS") REDD+ project, which is renewable for a further 30 years, as part of the company's sustainable plan to manage emissions.

The NGS REDD+ project will enable Invictus to fully offset all Scope 1 & 2 emissions generated across the lifecycle of the Cabora Bassa Project, potentially making it the world's first cradle-to-grave carbon neutral project (on a Scope 1 & 2 basis), in the event of a discovery.

Invictus and FCZ will develop the NGS REDD+ project to protect the native forests by implementing programs to mitigate deforestation activities.

The resulting benefits of these programs are quantified in the form of emission reductions, which then generate carbon credits.

The NGS REDD+ project has the potential to generate more than 30 million carbon credits over its initial 30-year life, based on the biomass assessment completed in a pilot REDD+ project in Ngamo and Sikumi and comparable REDD+ projects operating in the region.

Carbon credits generated will either be used by Invictus or sold on the Voluntary Carbon Market, creating an additional revenue stream for the Company.

Environmental Impact Assessment renewal

During the quarter, Invictus received confirmation Zimbabwe's Environmental Management Agency has renewed the Environmental Impact Assessment for Special Grant 4571 to July 2023.

Renewal of the Environmental Management Plan enables the Company to undertake activities in the field including seismic acquisition and exploration drilling.

Commercial update

Placement completed to fund drilling programme

Following assessment of a range of options, including farm-in bids from multiple interested parties, Invictus' Board and Management elected to sole fund initial stages of the Company's high-impact drilling campaign at the Cabora Bassa project.

On 31 August 2022 the Company completed a \$25 million capital raise by way of private placement ("Placement") to sophisticated and institutional investors.

The Placement was highly oversubscribed and received firm commitments from new and existing institutional investors across North America, the UK, Asia and Australia.

Under the Placement, Invictus will issue 108,695,652 new fully paid ordinary shares at an issue price of \$0.23 per new share, with Placement participants also entitled to a one-for-one unlisted option for every share issued, exercisable at \$0.40 with a five-year term.

Proceeds from the Placement will be used to fund the drilling program for the Mukuyu-1 well, testing the Central Fairway play, and Baobab-1, which will test the Basin Margin play.

Depository Trust Company approval

In July, Invictus secured Depository Trust Company ("DTC") approval for its OTCQB quoted ordinary shares through the Depository Trust & Clearing Corporation ("DTCC").

DTC eligibility will streamline the Company's electronic trade functioning for North America-based investors.

The approval allows North American investors to utilise real time electronic clearing and settlement in the United States through the DTCC for their OTCQB-traded common shares.

DTC eligibility enhances liquidity of the Company's shares on the OTCQB by greatly broadening the pool of brokerage firms that will allow their clients to trade the stock.

Information required under ASX listing rules

1. ASX LR 5.3.5

During the quarter \$134,000 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 \$10.482 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 30 September 2022:

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 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 unrisksed 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 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(176)	(176)
(e) administration and corporate costs	(913)	(913)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
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	14	14
1.9 Net cash from / (used in) operating activities	(1,066)	(1,066)
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)	(10,482)	(10,482)
(e) investments	-	-
(f) other non-current assets	-	-

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 (3 months) \$A'000
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	(10,482)	(10,482)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	25,225	25,225
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,924	1,924
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,593)	(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	25,556	25,556
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,718	13,718
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,066)	(1,066)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10,482)	(10,482)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	25,556	25,556

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	770	770
4.6	Cash and cash equivalents at end of period	28,496	28,496

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	12,490	8,651
5.2	Call deposits	16,006	5,192
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,496	13,843

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**

134¹

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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)	461 ^	-
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 0.69 at 30 September 2022.		
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,066)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(10,482)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(11,548)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	28,496
8.5 Unused finance facilities available at quarter end (Item 7.5)	461
8.6 Total available funding (Item 8.4 + Item 8.5)	28,957
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.5
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: Not applicable	
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: Not applicable	
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: Not applicable	

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

- 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: 28 October 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.