

June 2023 quarterly activities report



INVICTUS
ENERGY LIMITED

31 July 2023

HIGHLIGHTS

- **Mukuyu-2 appraisal well on track to spud Q3 2023**
- **Phase 2 exploration campaign commences with 2D seismic campaign**
- **Mudgas analysis confirms presence of light oil, gas-condensate and helium**
- **Company well-funded for upcoming exploration and appraisal work**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update on its financial and operational performance for the quarter ended 30 June 2023.

Operational update

Mukuyu-2 appraisal well on track to spud Q3 2023

During the quarter, Invictus awarded the well services contracts for the Mukuyu-2 appraisal well, as announced in the [ASX release](#) on 26 June 2023.

SLB (previously known as Schlumberger) has been awarded the open-hole wireline logging contract, Geolog International has been awarded the mudlogging contract, while Baker Hughes in combination with NOV have been awarded the directional drilling and logging while drilling contracts.

The remainder of the services, including cementing, drilling fluids & mud engineering, tubular running, fishing & abandonment, liner hangers, reservoir technical services and project management have been retained by Baker Hughes.

The quarter also saw the completion of the maintenance program for Exalo's Rig 202, which has remained warm stacked at the Mukuyu-1 wellsite since the completion of drilling operations.

Preparations are now underway to mobilise the drilling rig to the Mukuyu-2 wellsite, with the appraisal well on track to spud in Q3.

Mukuyu-2 will test multiple stacked targets within the greater Mukuyu structure with the aim of confirming a commercial discovery.

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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Phase 2 exploration program underway

Invictus commenced its Phase 2 exploration program at the Cabora Bassa Project, with the commencement of the CB23 2D seismic survey, as announced in the [ASX release](#) on 14 June 2023.

As announced in the [ASX release](#) on 17 May 2023, the seismic acquisition contract was awarded to Polaris Natural Resource Development Ltd., which also carried out the successful CB21 2D seismic survey.

The CB23 2D seismic survey will cover a minimum of 400-line kilometres in the eastern portion of EPO1848 & 1849 to mature multiple leads (Mopane, Musuma, Machabel and Mahogany) along the proven play to the east of, and on trend with, Mukuyu. The survey will also cover additional leads along the highly prospective Basin Margin play (Mimosa and Mukwa), as per Figure 1 below.

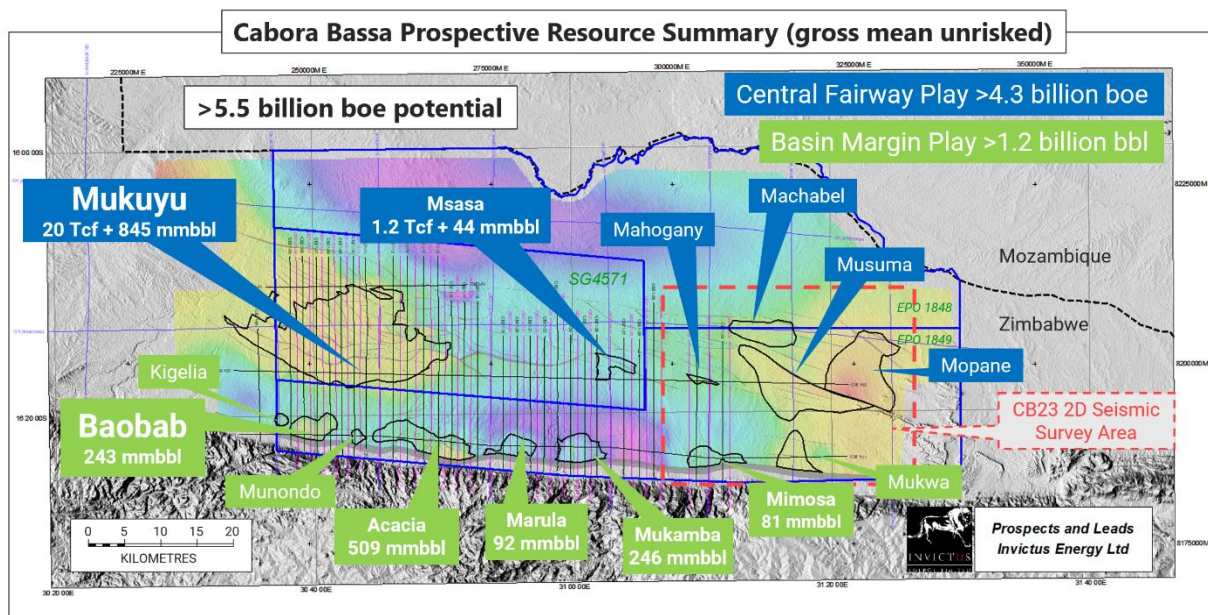


Figure 1 - Cabora Bassa Prospect & Lead Map and CB23 Seismic Survey Area

The renewal of the Environmental Impact Assessment for Special Grant 4571, and Exclusive Prospecting Orders 1848 and 1849 for a further two-year period, as announced in the [ASX release](#) on 18 May 2023, also clears the way for the Company's ongoing exploration and appraisal campaigns.

Light oil, gas-condensate and helium confirmed in Mukuyu-1

Compositional analysis was completed during the quarter for five priority mudgas samples acquired during the drilling of the Mukuyu-1 / ST-1 well in selected Upper Angwa reservoir units.

The results confirmed the presence of light oil, gas-condensate and helium, as announced in the [ASX release](#) on 8 May 2023, and validate the Company's basin and geological models of the Cabora Bassa.

The results confirm multiple oil and gas pay zones in sandstone reservoirs consistent with wireline log interpretation and fluorescence observed in sidewall cores and cuttings.

The analysed samples demonstrate a consistent, high-quality natural gas composition, exhibiting low inert content, containing less than 1% CO₂, which will require minimal processing.

Analysis also shows the helium content at Mukuyu-1 at commercial concentrations of ~0.1%, consistent with global commercial helium producers, while there is potential for the concentration within the reservoir to be even greater.

This presents a potential significant additional revenue stream for the Company, with the long-term contract bulk helium price 50-100 times greater than typical long term natural gas prices.

Commercial update

Invictus well funded

During the quarter, Invictus successfully raised a combined \$35.4 million, placing the Company in a strong position as it embarks on its next phase of exploration and appraisal in the Cabora Bassa Basin.

As announced in the [ASX release](#) on 6 April 2023, the Company successfully raised \$10 million via a private placement to sophisticated and institutional investors, which was cornered by existing shareholder Mangwana Capital, local Zimbabwean partners and the Board of Directors.

This was followed by an oversubscribed Share Place Plan, which successfully raised \$12.7 million, as announced in the [ASX release](#) on 31 May 2023, and an oversubscribed private placement, which successfully raised \$12.75 million, as announced in the [ASX release](#) on 6 June 2023.

Information required under ASX listing rules

1. ASX LR 5.3.5

During the quarter AUD\$180k 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\$12.664 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 June 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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(249)	(639)
(e) administration and corporate costs	(680)	(2,748)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	102
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	2	74
1.9 Net cash from / (used in) operating activities	(912)	(3,211)
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)	(12,664)	(48,111)
(e) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets: <ul style="list-style-type: none"> • 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	(12,664)	(48,831)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	34,797	60,452
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	4	3,839
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1,672)	(3,347)
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	33,129	60,944

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,347	13,718
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(912)	(3,211)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(12,664)	(48,831)

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 (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	33,129	60,944
4.5	Effect of movement in exchange rates on cash held	32	312
4.6	Cash and cash equivalents at end of period	22,932	22,932

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	17,691	1,041
5.2	Call deposits	5,241	37
5.3	Bank overdrafts	-	-
5.4	Other (provide details) • Stand by Letter of Credits	-	2,269
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,932	3,347

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

	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	180 ¹
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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	-	-
7.3a Other - Mangwana	447 ¹	-
7.3b Other – Placement funds yet to be received	700 ²	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		1,147
7.6	<p>¹ 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 30 June 2023.</p> <p>² The Company is awaiting \$700,000 in funds in relation the recently announced Share Placement.</p>	
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(912)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(12,664)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(13,576)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	22,932
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,147
8.6 Total available funding (Item 8.4 + Item 8.5)	24,079
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.8
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: As the Company is an exploration company and not generating any revenue it is expected that it will continue to have negative operating cash flows for the time being.	
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: The Company recently raised \$35.4M (in three tranches - \$10M in April 2023 placement, \$12.7M in May 2023 SPP and \$12.75M in June placement) and is confident it will be able to continue to raise as required upon satisfactory exploration results.	
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 8.81 and 8.8.2 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

- 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: 31 July 2023

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.