

INVICTUS  
ENERGY LIMITED

# September 2023 quarterly activities report

27 October 2023

## HIGHLIGHTS

- **Mukuyu-2 appraisal well location selected, well pad construction completed and spud achieved**
- **CB23 Seismic Survey completed, providing new high resolution 2D coverage to east of Cabora Bassa Basin project area**
- **Additional Mukuyu-1 mudgas sample analysis reaffirms presence of light oil, gas-condensate and helium in Mukuyu reservoir**
- **Successful placement secures AUD\$15 million to support Mukuyu-2 exploration, evaluation and contingency**
- **AUD\$22.4 million funds at 30 September 2023 including proceeds of placement**

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

## Operational update

### Mukuyu-2 appraisal well spuds

During the quarter, Invictus and its well services contractors worked hard mobilising Exalo Rig 202 and achieving spud of the Mukuyu-2 appraisal well. A time lapse video is [available here](#).

This included significant site preparation works and well pad construction, before Exalo Rig 202, which had been kept warm-stacked in country, was masted up and drilling launched, as announced in the [ASX release](#) on 20 September 2023.

Mukuyu-2 is testing the primary target interval, the Triassic Upper Angwa formation, sitting approximately 450m updip from Mukuyu-1 where hydrocarbons were intersected. It will be drilled to a planned total depth of 3,750 metres as shown in Figure 1 overpage.

Drilling and evaluation of the well is prognosed to take 50 to 60 days to complete and the well is approaching its planned total depth at time of writing.

The well will also penetrate multiple additional targets including the Dande (Jurassic Cretaceous), Forest and Pebbly Arkose (both Triassic) formations, as well as the previously untested Lower Angwa sequence within the Mukuyu anticline in the central horst structure.

#### 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

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

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

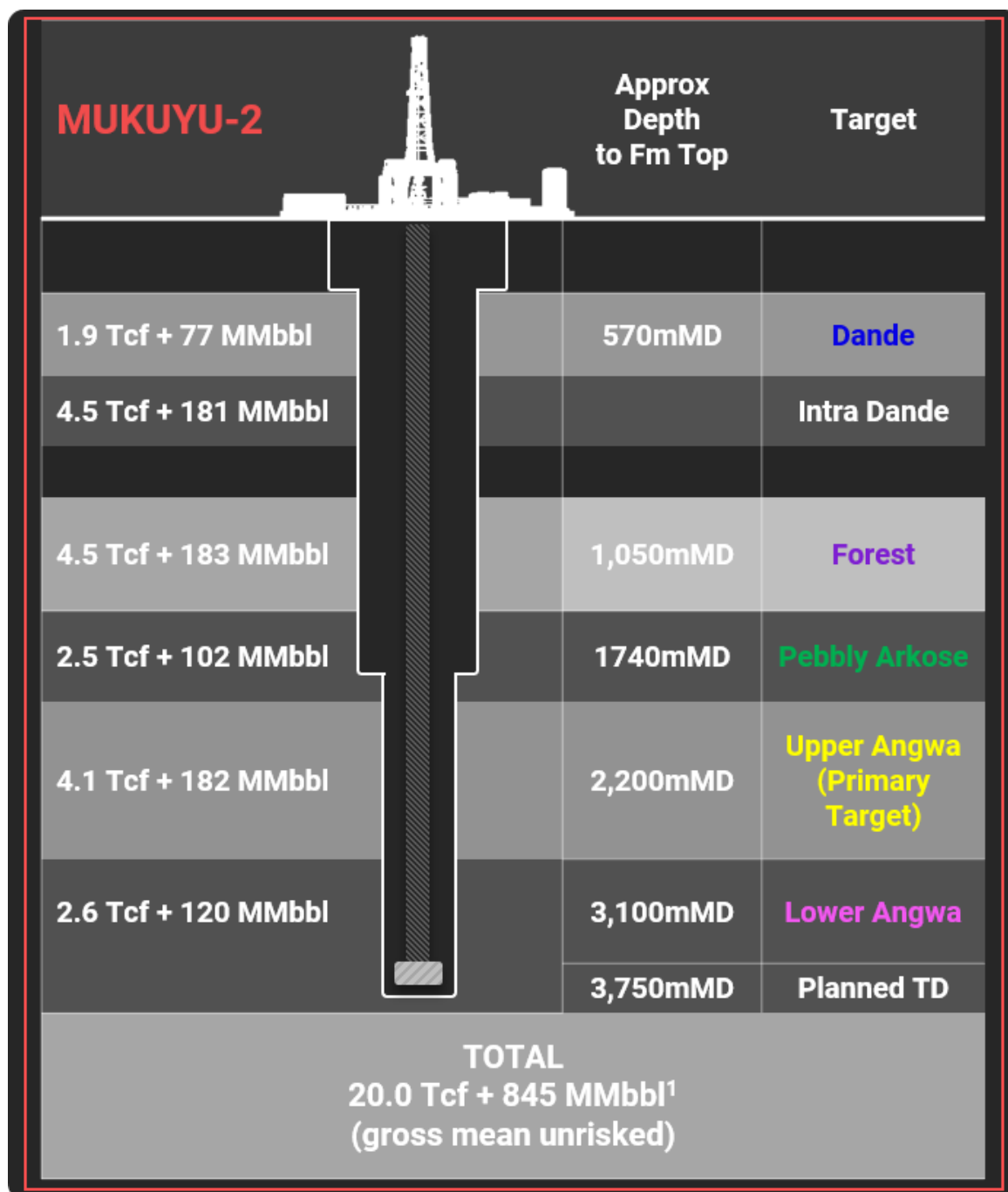


Figure 1 - Mukuyu-2 well schematic.

**CB23 Seismic Survey completed and processing underway**

Invictus completed its Phase 2 exploration program at the Cabora Bassa Project through the CB23 2D Seismic Survey, as announced in the [ASX release](#) on 7 August 2023.

The seismic acquisition contract was awarded to and carried out by Polaris Natural Resource Development Ltd., which also carried out the successful CB21 2D Seismic Survey.

As depicted in Figure 2, a total of 425km of high-resolution seismic data was shot and acquired on time and on budget, and is currently undergoing the final stages of processing with Earth Signal Processing.

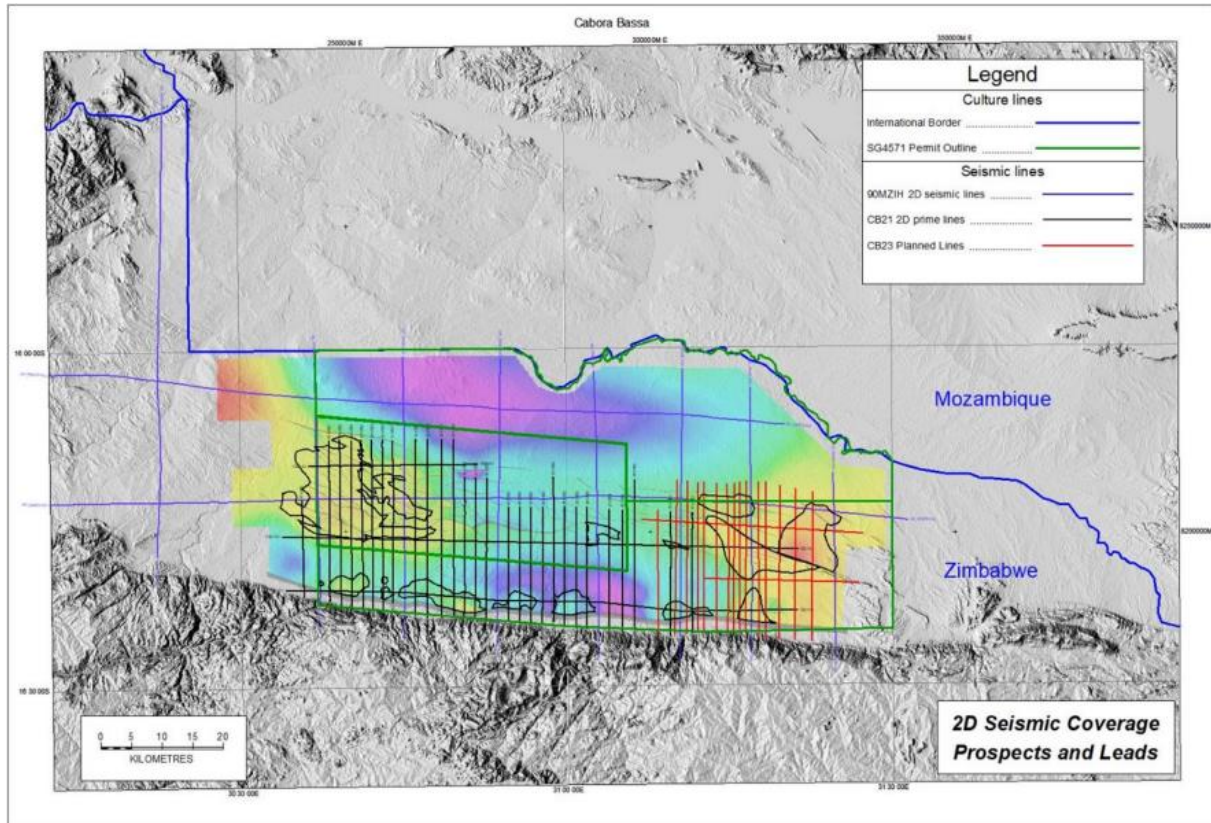


Figure 2 - CB23 2D Seismic Survey complements the existing CB21 and legacy Mobil survey.

Exploration was focused in the eastern portion of EPO 1848 and 1849 to mature multiple leads (Mopane, Musuma, Machabel and Mahogany) along the proven play to the east of and on trend with Mukuyu.

The program's HSE performance was excellent with more than 77,000 hours of field activities completed with no lost time incidents.

More than 100 people from local communities were employed in direct and supporting roles during the program, along with significant procurement of goods and services from local suppliers.

### Further analysis reaffirms light oil, gas-condensate and helium in Mukuyu-1

During the quarter further and final analysis results from 22 mudgas samples taken from the Mukuyu 1 / ST-1 well reaffirmed the presence of light oil, gas-condensate and helium at Mukuyu-1, over a 1,000m interval in the Pebbly Arkose and Upper Angwa formations.

As announced in an [ASX release](#) on 31 August 2023, the geochemical samples were acquired

from the Pebbly Arkose and Upper Angwa formations and show a generalised trend of increasing gas dryness (i.e. lower condensate yield) with depth.

The results reinforced the presence of consistent, liquids rich, high quality natural gas with low inert content and samples contain less than 1% CO<sub>2</sub>, which will require minimal processing.

This evidence further bolstered clear demonstration Mukuyu-1 has a working petroleum system and Invictus' exclusive position in the Cabora Bassa basin when it comes to future exploration success.

## Commercial update

### Invictus well-funded for Mukuyu-2 operations

During the quarter, Invictus successfully raised AUD\$15 million through a private placement to new and existing sophisticated and institutional investors ([ASX release](#) 21 September 2023).

Under the Placement Invictus will issue approximately 100,000,000 new fully paid ordinary shares ("New Shares") at an issue price of A\$0.15 per New Share.

The issue price represented a 25% discount to the Company's share price on 18 September 2023, the last trading date before the Placement, and a 11.2% discount to the 30-day volume weighted average price prior to that date.

Subject to the approval of the Company's shareholders, each applicant will receive one (1) free listed IVZOA option for every three (3) shares subscribed for and issued under the Placement ("Attaching Options").

Tranche 1 of the Placement comprised the issue of approximately 50,000,000 New Shares to raise circa A\$7.5 million and were settled in late September.

Tranche 2 of the Placement will raise an additional A\$7.5 million on the same terms as Tranche 1, however, will be subject to shareholder approval to be sought at the Company's upcoming Annual General Meeting scheduled to be held on 27 October 2023.

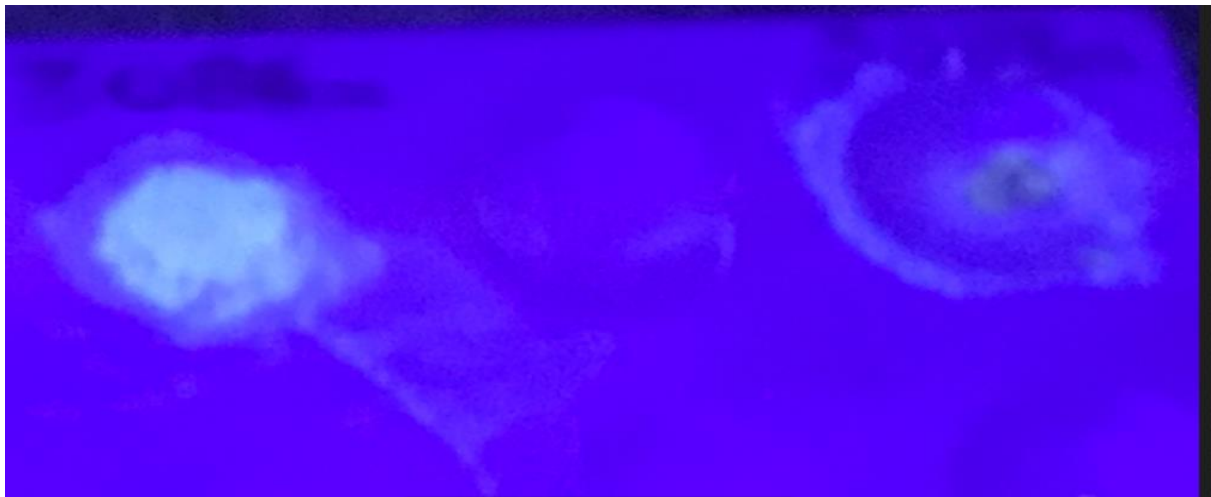
Proceeds from the Placement will be used to fund the Mukuyu-2 drilling program, including:

- IVZ cost of Mukuyu-2 drilling campaign
- Mukuyu-2 well evaluation
- Working capital and project contingency
- Costs and expenses of the capital raise

## Activity underway and immediate outlook

Subsequent to quarter's end, the Mukuyu-2 drilling campaign was making good progress and tracking within budget and on schedule of the anticipated 50 to 60-day completion forecast. Milestones to date include:

- Strong gas shows (up to 157 times above background), fluorescence and elevated LWD resistivity encountered in multiple Upper Angwa reservoirs
- Similar strong gas shows (up to 151 times above background), fluorescence and elevated LWD resistivity encountered in multiple Lower Angwa reservoirs – potentially opening up a substantial new play in the Cabora Bassa basin
- Liner mobilised in preparation to complete the Mukuyu-2 well for a future flow test
- Preparing to drill ahead and potentially deepen beyond planned 3,750 mMD following positive results in Lower Angwa and then conduct wireline logging



*Figure 3 - Spot samples from top Lower Angwa reservoir showing fluorescence in cuttings from depth of 3,080mMD coincident with strong gas shows and elevated LWD resistivity*

Exalo 202 Rig will continue drilling through the Lower Angwa (Massive Member) to approximately 3,750 mMD before running a wireline logging evaluation suite.

The final TD may be varied depending on real time data on mudgas, stratigraphy and hole conditions.

Regular updates will be provided as drilling progresses.

## Information required under ASX listing rules

### 1. ASX LR 5.3.5

During the quarter AUD\$181,000 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\$14.2 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 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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MANAGING DIRECTOR

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### Media

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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 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(247)	(247)
(e) administration and corporate costs	(795)	(795)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	39	39
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	16	16
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(987)</b>	<b>(987)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) Entities	-	-
(b) Tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(14,227)	(14,227)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(14,227)</b>	<b>(14,227)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,152	8,152
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	35	35
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(541)	(541)
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>7,646</b>	<b>7,646</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	<b>22,932</b>	<b>22,932</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(987)	(987)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,227)	(14,227)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,646	7,646

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15,359</b>	<b>15,359</b>

<b>5.</b>	<b>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	8,178	17,691
5.2	Call deposits	7,181	5,241
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>15,359</b>	<b>22,932</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

**Current quarter  
\$A'000**

181<sup>1</sup>

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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

<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	-	-
7.3a Other – Mangwana	469 <sup>1</sup>	-
7.3b Other – Placement funds yet to be received	7,005 <sup>2</sup>	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		7,474
7.6	<sup>1</sup> 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 0.64 at 30 September 2023.  <sup>2</sup> The Company is awaiting \$7.005m in net funds in relation the recently announced Share Placement.	
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)	(987)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(14,227)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(15,214)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	15,359
8.5 Unused finance facilities available at quarter end (Item 7.5)	7,474
8.6 Total available funding (Item 8.4 + Item 8.5)	22,833
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.5
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?	
<p>Answer: No. The Company is nearing completion of its Mukuyu-2 drilling program and will require less funding than previous quarters for immediate work program commitments. 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</p>	
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?	
<p>Answer: See above – The Company recently raised \$15M in a placement in September and is confident it will be able to continue to raise as required upon satisfactory exploration results. In addition, the future cash burn rate is expected to taper down as the Company completes the Mukuyu-2 well.</p>	

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

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 8.1 and 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 October 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.