

# March 2024 quarterly activities report



INVICTUS  
ENERGY LIMITED

30 April 2024

## HIGHLIGHTS

- **Laboratory analysis of downhole fluid samples from Mukuyu-2 well confirms gas-rich condensate in the Mukuyu Gas Field**
- **Mukuyu estimated to be second largest discovery made in Sub-Saharan Africa in 2023 by Wood Mackenzie**
- **Preparations for Mukuyu appraisal and flow testing well advanced**
- **New CB23 2D seismic data interpretation to mature additional eastern drilling targets near completion**
- **In-country stakeholder engagement advances Petroleum Production Sharing Agreement (PPSA)**
- **Inbound interest from multiple parties for Cabora Bassa partnering**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update on its financial and operational performance for the quarter ended 31 March 2024.

## Operational update

### Fluid sample analysis proves up gas-rich condensate in Mukuyu Gas Field

During the quarter compositional analysis undertaken on downhole reservoir fluid samples confirmed a rich gas-condensate discovery in Mukuyu (refer ASX announcement [4 March 2024](#)).

Downhole gas-condensate samples were obtained during the Mukuyu-2 drilling campaign from the Upper and Lower Angwa targets, where two material discoveries were declared last December (refer ASX announcement [15 December 2023](#)).

Together the discoveries marked one of the most significant developments in the onshore southern Africa oil and gas industry for decades.

Compositional analysis confirmed high quality natural gas containing minimal impurities (less than 2% CO<sub>2</sub> content and nil H<sub>2</sub>S), which will require minimal processing to prepare for sale to downstream customers.

#### 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)

Condensate gas ratios (CGR) are estimated between 14-22 barrels per million standard cubic foot (bbls/MMscf) of gas from the Mukuyu-2 samples with a condensate API gravity of 50-60.

At the time of reporting, additional downhole reservoir fluid and mudgas sample processing were ongoing, with results expected to be announced to the ASX once completed.

Collective sample and data analysis will be integrated into the geological model across the Mukuyu field and the wider portfolio of prospects and leads in the Company’s licence areas.

**Wood Mackenzie estimates Mukuyu among the largest discoveries in Sub-Saharan Africa in 2023**

As mentioned in the December 2023 Quarterly Activities Report, independent analysis from Wood Mackenzie released in the March quarter classified Mukuyu as the second largest oil or gas discovery in Sub-Saharan Africa in 2023 (refer ASX announcement [21 February 2024](#)).

Wood Mackenzie estimates the Mukuyu-2 discovery to contain of 230 million boe (1.3 TCF) resource following two discoveries from the Upper and Lower Angwa reservoirs declared in December 2023 (see Figure 1).

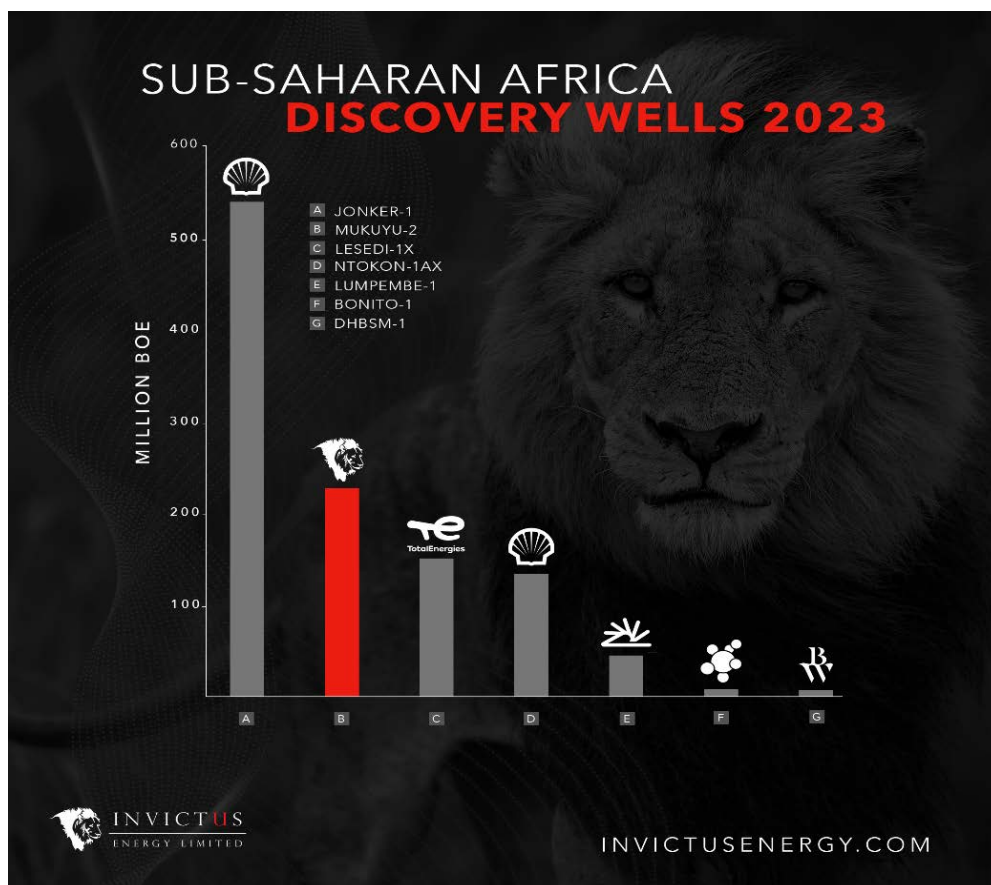


Figure 1 – Discovery wells in 2023 in Sub-Saharan Africa source: Wood Mackenzie Lens<sup>1</sup> (with permission)

<sup>1</sup>Source: WoodMackenzie: Sub-Saharan Africa upstream in brief published 16 February 2024

## Well testing and appraisal activity

During the quarter the Company progressed a number of planning activities as part of its appraisal of the Mukuyu gas-condensate field.

In progress is a well test design study for Mukuyu-2 aimed at defining optimal test parameters to determine long-lead equipment, a mobilisation plan and timing for the Mukuyu-2 well test.

In conjunction with the well test design work, the Company is currently evaluating well services contract bids for the well testing and future exploration and appraisal drilling campaigns to ensure the Company secures services and ancillary equipment on favourable and cost-effective terms for the upcoming work program.

Post well studies of the data gathered from the Mukuyu-2 drilling campaign is ongoing in order to maximise the insights from the existing wells to guide the appraisal program and resource assessment.

The Mukuyu 3D seismic survey planning and preparation has been completed with the preferred seismic contractor.

3D seismic data will assist delineating reservoir connectivity, fault block configuration, resource volumes and future appraisal well locations.

Given the scale of the Mukuyu Gas Field, which has over 200km<sup>2</sup> of structural closure, the 3D seismic will aid the selection of areas in the field for focused appraisal drilling and early development schemes.

## New CB23 seismic data interpretation near completion

During the quarter Invictus continued its final stages of interpretation of 425km of high-resolution data acquired through its CB23 infill seismic survey.

Through interpretation, a number of exciting leads are being developed into future drill-ready prospects across the eastern and southern portion of EPOs 1848 and 1849 on trend with the Mukuyu gas-condensate field and the high potential Basin Margin play (see Figure 2 overpage).

Data and insights gathered from the Mukuyu-1 and Mukuyu-2 wells will be integrated into the wider exploration portfolio to provide an updated assessment of the prospect and lead inventory, in order to determine the best candidates an upcoming exploration drilling campaign.

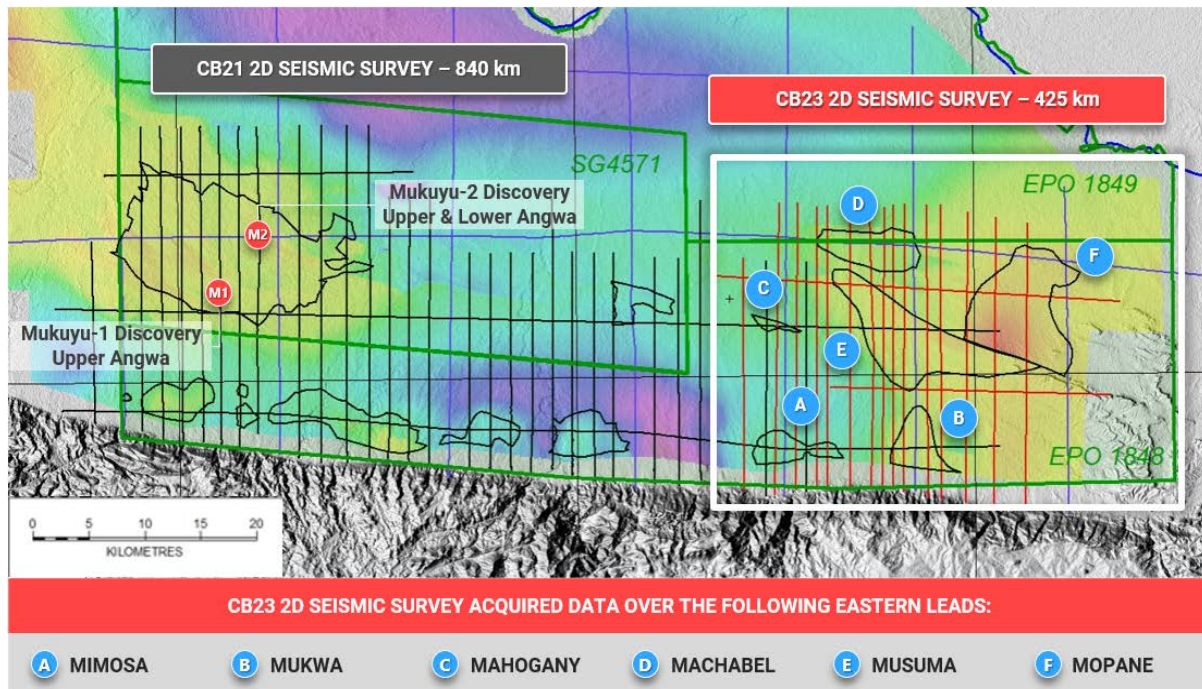


Figure 2 - CB23 infill seismic area is maturing a number of leads to drill ready prospects and adding to the Company's significant exploration portfolio.

## Commercial update

### In-country engagement advances Petroleum Production Sharing Agreement

In February Invictus Energy's full board met in-country with several key stakeholders including the top levels of the Zimbabwean Government.

Among key discussion points was progressing and implementing the Petroleum Production Sharing Agreement (PPSA), which will provide a stable and transparent legal and fiscal framework across the life of the Cabora Bassa Project.

Once in place, it is anticipated to deliver potential partners the necessary confidence to progress additional proposals on farm-in and financing options for the Company.

Invictus continues to work collaboratively and progressively with the Zimbabwean Government and relevant line Ministries to implement the PPSA.

During the quarter, the United States Government terminated the US Zimbabwe sanctions program which has been in place since 2003 and the Department of the Treasury's Office of Foreign Control (OFAC) removed the Zimbabwe Sanctions Regulations (31 CFR 541) from the Code of Federal Regulations.

This resulted in some provisions that posed a heightened compliance risk for doing business in Zimbabwe being removed, and therefore eliminating a barrier to partnering and participation in the project previously identified by some parties.

## **Inbound interest from multiple parties for Cabora Bassa partnering**

As a part of the Company's plan to develop the resource base, Invictus is engaged in discussions on multiple fronts to bring in strategic partners to participate in the Cabora Bassa Project.

During the quarter, the Company executed confidentiality agreements with multiple parties including upstream oil and gas and oilfield service companies interested in potentially partnering or financing future activity in the Cabora Bassa Project.

Additional confidentiality agreements and engagements with regional development banks and upstream oil and gas companies are also in progress.

## **Gas monetisation**

As well as an existing Gas Sale Memorandum of Understanding with Mbuyu Energy and Sable Chemicals, inbound enquiries to Invictus from a number of players in the energy and industrial energy markets for commercial gas supplies remains strong.

Subsequent to the end of the quarter, the Company executed a Gas Sales MOU with Dallaglio Investments Pvt Ltd ("Dallaglio") and Himoina Southern Africa Proprietary Limited ("Himoina") for a proposed gas-to-power project to supply electricity to the Eureka Gold Mine ("Eureka") (refer ASX announcement [23 April 2024](#)).

Eureka, owned and operated by Dallaglio, is one of the largest gold producing mines in Zimbabwe and located only 50km from the Mukuyu-2 wellsite.

Himoina is a worldwide leader in the manufacture of power generation sets, one of the largest onsite power solutions providers in Africa and provide power generation to Eureka Mine.

A feasibility study has commenced to determine optimal delivery of power through either wellsite power generation and wheeling power utilising the existing grid infrastructure 5km away, or onsite generation with natural gas delivered via truck between wellsite and Eureka.

Part of the feasibility study involves the Company assessing the use of Mukuyu-2, post well-testing, as a producer in the pilot project.

High-quality natural gas discovered at Mukuyu-2 contains minimal impurities and allows for a simple early production system at the wellsite to produce gas for power generation or compressed natural gas for delivery to onsite power generation at Eureka (see Figure 3).

The pilot project will provide near-term monetisation and proof of concept for future full field development(s) and is expandable up to 50MW with intent to sell excess power into the Southern Africa Power Pool (SAPP).



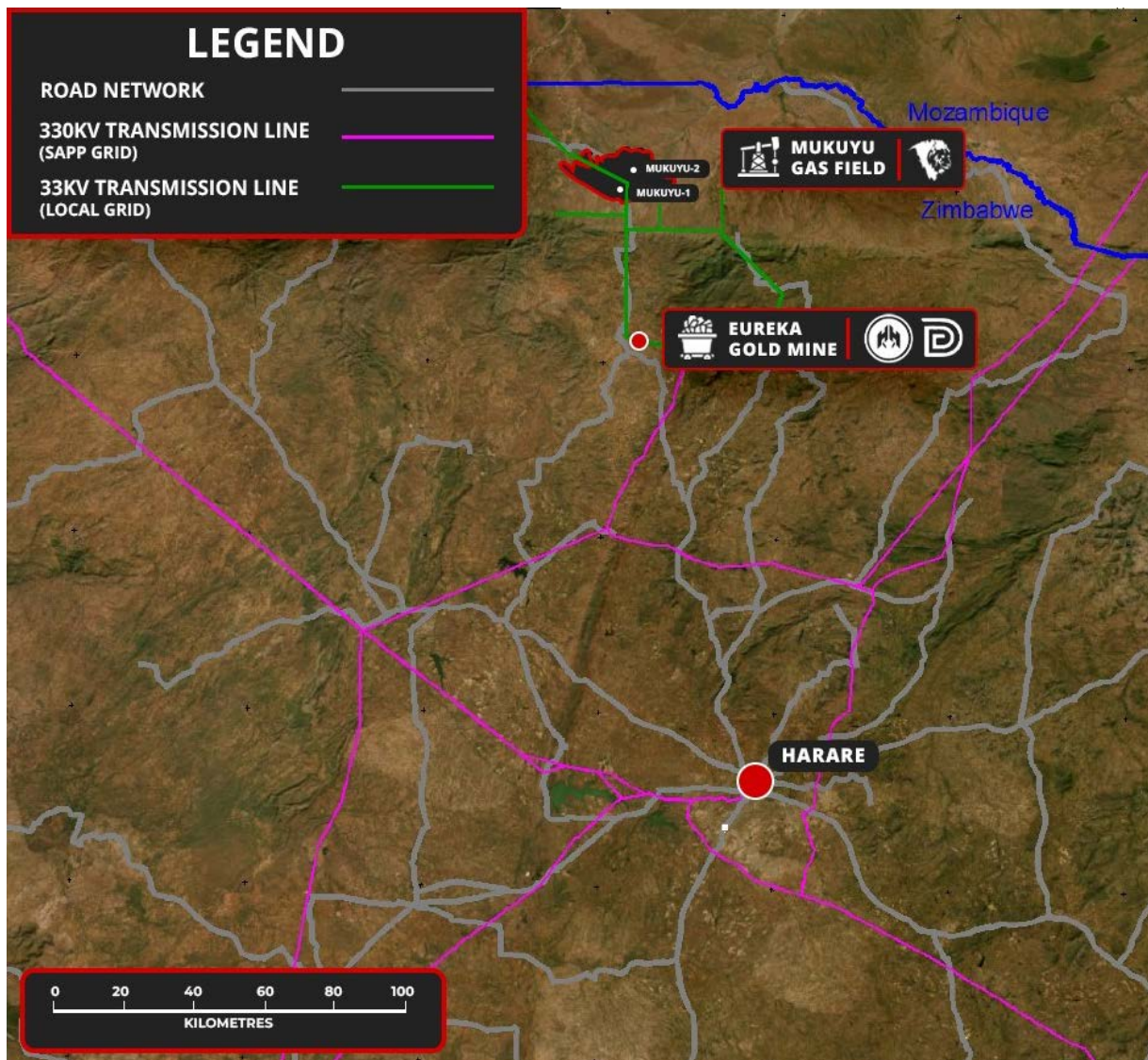


Figure 3 - Map showing Eureka Gold Mine, Mukuyu-2 wellsite, electrical grid and road network.

## Shareholder Entitlement Offer completed

During the quarter Invictus launched a Shareholder Entitlement Offer that closed in mid-March and ultimately raised AUD\$1.49 million.

Invictus allotted a total of 11,445,580 new fully paid ordinary shares and 5,722,896 Listed Options (ASX: IVZOA) to participating shareholders.

## Mangawa Capital engaged to manage strategic local investment

Due to a rising volume of inbound enquiries received following the Mukuyu discoveries, Invictus has engaged Mangwana Capital to lead strategic investment from Zimbabwean institutional investors.

During the Board's in-country engagement process, strong interest was received from multiple domestic institutional investors.

Based in Zimbabwe, Mangawa Capital specialises in investment advisory and private equity, focused on growth and development in southern Africa.

## 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\$11.0 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 31 March 2024:

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 has made a significant gas discovery at the Mukuyu field in the Cabora Bassa Basin in northern Zimbabwe - one of the last untested large frontier rift basins in onshore Africa – through a high impact exploration programme which it continues to develop and mature.*

*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")

31 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<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	(224)	(682)
(e) administration and corporate costs	(729)	(2,341)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	83	130
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	12	53
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(858)</b>	<b>(2,840)</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)	(11,039)	(41,908)
(e) investments	-	-

## 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 (9 months) \$A'000
(f)	other non-current assets		
-	Costs associated with carbon credit business	-	(19)
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>(11,039)</b>	<b>(41,927)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	16,309	32,143
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	166
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(992)	(2,092)
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>15,317</b>	<b>30,217</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>4,692</b>	<b>22,932</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(858)	(2,840)

## 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 (9 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,039)	(41,927)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,317	30,217
4.5	Effect of movement in exchange rates on cash held	411	141
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,523</b>	<b>8,523</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	3,708	1,545
5.2	Call deposits	4,815	3,147
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>8,523</b>	<b>4,692</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>

-

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	-	-
7.3b Other – Placement funds yet to be received	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
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)	(858)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(11,039)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(11,897)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	8,523
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	8,523
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.7
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: No. The Company has completed the 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.	
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: there will be a reduction in costs and review of capital requirements and funding initiatives which the company believes will be successful	
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.

30 April 2024

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.