

INVICTUS
ENERGY LIMITED

Invictus delivers two basin opening gas discoveries in December quarter

31 January 2024

HIGHLIGHTS

- Two gas discoveries from Mukuyu-2 in Upper and Lower Angwa formations
- Mukuyu-1 well from CY22 now classified as a gas discovery in Upper Angwa
- Mukuyu estimated to be second largest discovery made in Sub-Saharan Africa in 2023 by Wood Mackenzie
- Invictus' substantial portfolio of drill ready prospects and leads in Cabora Bassa basin de-risked, providing ability to deliver further discoveries
- Mukuyu-2 well operations completed and prepared for future flow test
- Gas sales MOU signed with Mbuyu Energy for 500MW gas to power project
- Significant inbound interest for partnering and gas offtake
- Exalo Rig 202 contract extended to allow for future drilling campaign

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update on its financial and operational performance for the quarter ended 31 December 2023.

Operational update

Mukuyu-2 gas discoveries declared

During the quarter, Invictus declared two material discoveries after recovering a total of 15 downhole gas-condensate samples from both the Upper and Lower Angwa targets from the Mukuyu-2 drilling campaign, with a combined preliminary net pay of 34.9m.

The Upper Angwa discovery was declared and announced in an [ASX release](#) on 7 December 2023 following the recovery of four hydrocarbon sample from two reservoir zones within the Upper Angwa formation.

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

Recent independent analysis from Wood Mackenzie classifies Mukuyu as the 2nd largest discovery made in Sub-Saharan Africa in 2023 behind Shell's Jonker-1 discovery in the Orange Basin in Namibia.

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
Gabriel Chiappini Non-Executive Director & Company Secretary			

www.invictusenergy.com

Following Mukuyu-2 sidetrack reaching 3,360mTD within the Lower Angwa formation, wireline logging confirmed an additional gas discovery in the Lower Angwa as announced in an [ASX release](#) on 15 December 2023, with the retrieval of a further 11 hydrocarbon samples.

Overpressured gas was encountered in the Mukuyu-2 wellbore in the Lower Angwa below 3,400m Measured Depth ("mMD") where connection gases during drilling and high amounts of trip gas post reaching TD were observed. This interval will be evaluated in future operations in the Mukuyu-2 sidetrack well and represents additional upside.

The dual discoveries confirm the incredible potential of the Mukuyu gas field, with the Mukuyu-2 well drilled seven kilometres away and 450m updip of the Mukuyu-1 well which can now subsequently be classified as a discovery. This provides confirmation of the large potential of the Mukuyu field which has a structural closure of over 200km².

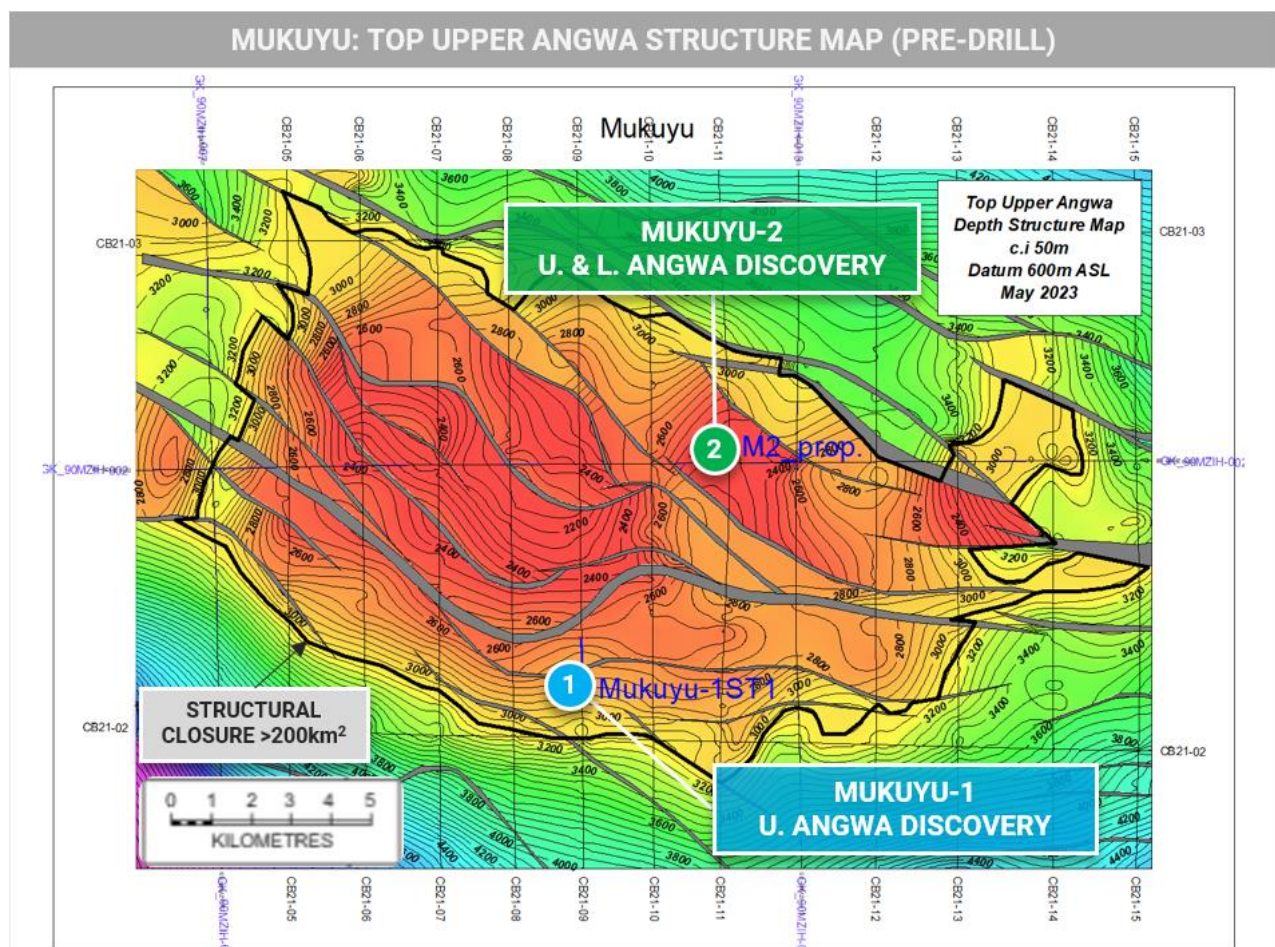


Figure 1 - Mukuyu Gas Field Upper Angwa Top Structure Map showing location of Mukuyu-1 and Mukuyu-2 gas discoveries

Evaluation, and future well testing

After reaching TD, Invictus completed wireline operations, gathering a comprehensive set of data logs covering 38 rotary sidewall cores, and a vertical seismic profile (VSP) to assist with log to seismic calibration.

Wireline log interpretation suggested a preliminary net pay of 34.9m for the Mukuyu-2 well across the Upper and Lower Angwa formations, comparable to basin opening discoveries made in early stage exploration in the Albertine Graben (Uganda) and Perth Basin (Western Australia) plays which have subsequently delivered multiple material oil and gas discoveries.

Invictus' dominant acreage position in the Cabora Bassa basin provides the Company with the ability to deliver further discoveries from its substantial portfolio of drill-ready prospects and leads following the basin opening discoveries delivered from the first two wells.

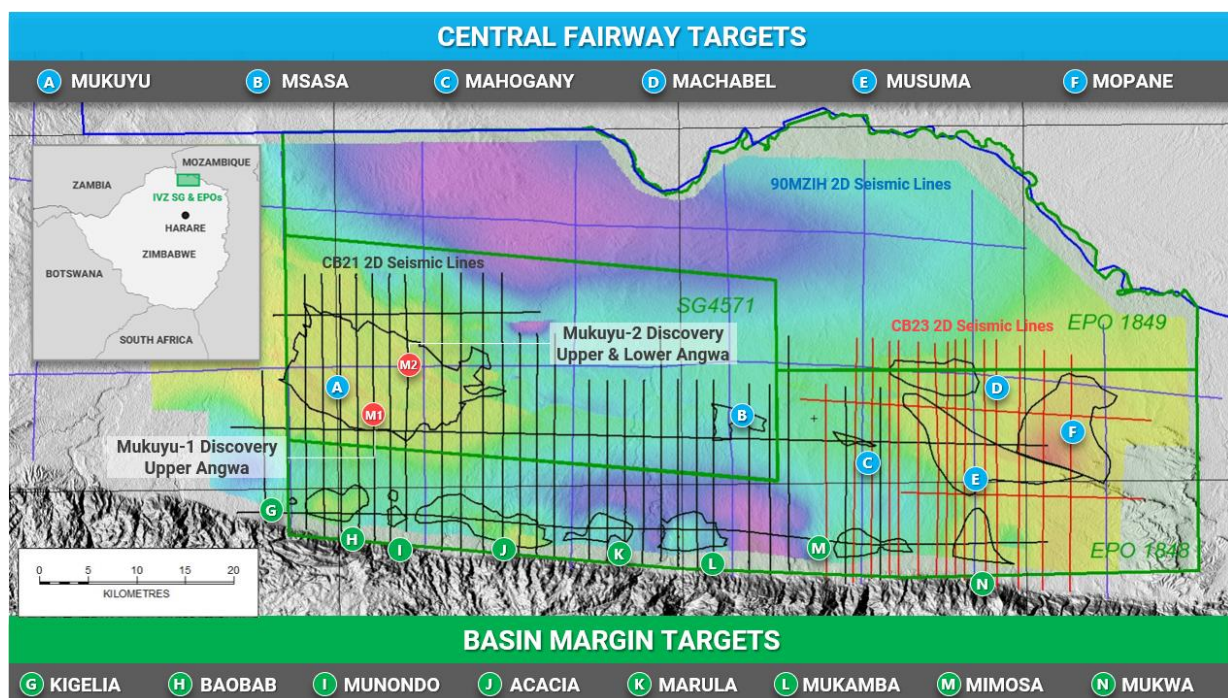


Figure 2 – Prospect and lead map showing Mukuyu-1 and Mukuyu-2 gas discoveries and significant portfolio of follow-on drill ready prospects which have subsequently been de-risked

A 7-inch liner was successfully installed in the Mukuyu-2 sidetrack well to enable suspension for future flow testing and provide an opportunity to re-drill, evaluate and test the remaining portion of the Lower Angwa (below 3,400mMD where overpressure gas was encountered) in future 6-inch hole operations.

Subsequent to quarter end, further appraisal activity and technical evaluation of log, core, seismic and well data continued to determine the full extent of the resource size.

Downhole fluid samples are due to be received by the lab in the coming days for analysis and results are expected in approximately 2-3 weeks.



Figure 3 - Downhole gas samples recovered to surface in pressurised chambers in preparation for shipment to the lab for analysis

Exalo 202 rig secured for further two years

As announced to the ASX on 1 December 2023, Invictus executed a contract amendment with Exalo Drilling S.A ("Exalo") to keep Rig 202 in the Cabora Bassa Basin for up to two years.

Rig 202 is stacked at the Mukuyu-2 location whilst preparations are made for future drilling and testing campaigns in the basin area.

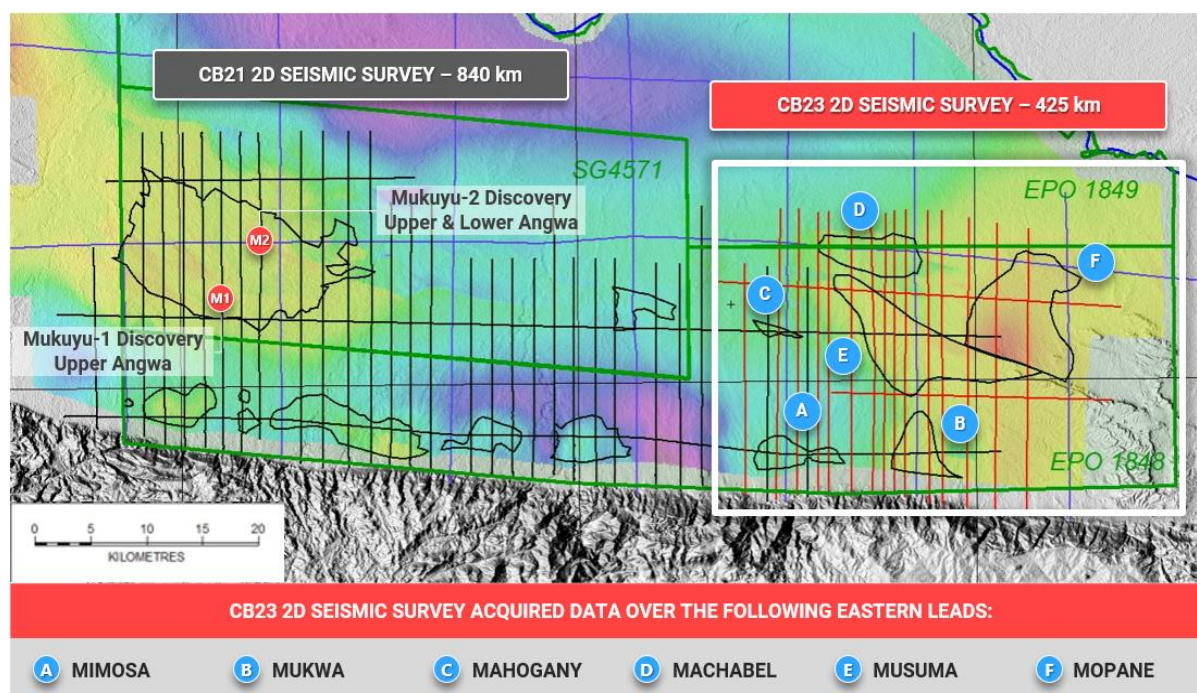
During the rig stacking period Exalo will undertake maintenance on Rig 202.

The contract extension will ultimately result in substantial cost and time savings as well as provide flexibility and mobility for Invictus' future drilling campaigns.

CB23 Seismic Survey interpretation continues

During the quarter Invictus continued interpretation of 425km of high-resolution data acquired through its CB23 infill seismic survey conducted in partnership with Polaris Natural Resources and completed in August 2023. Data processing was carried out by Earth Signal Processing Ltd and has subsequently been completed and final products due for delivery.

Early interpretation from eastern and southern portion of EPOs 1848 and 1849 is likely to inform future drilling targets, of which a number of exciting leads identified will be matured to drill ready prospects subsequent to the end of the March quarter.



Commercial update

Gas sales MOU signed with Mbuyu Energy

During the quarter Invictus and Mbuyu Energy ("Mbuyu") signed an updated Gas Sales Memorandum of Understanding ("MOU") for the supply of gas for a 500MW gas to power project.

Under the MOU, Invictus would supply gas to Mbuyu to the power project plant, which can be expanded up to 1,000MW in the future with a forecast total demand of 1.4 TCF of natural gas required over 20 years.

The updated MOU builds on the previous MOU signed in December 2019 with Tatanga Energy and is a precursor to the negotiation of a full Long Term Gas Sale Agreement ("GSA") to supply sufficient gas to power for the proposed plant.

Invictus successfully completes \$15m placement

During the quarter, Invictus successfully raised AUD\$15 million through a private placement ("Placement") to new and existing sophisticated and institutional investors ([ASX release 27 December 2023](#)).

Under the Placement Invictus will issue approximately 115,384,616 new fully paid ordinary shares ("New Shares") at an issue price of A\$0.13 per New Share.

Proceeds from the Placement will be used to fund development at the Cabora Bassa project, including:

- Mukuyu-2 well test
- Preparation for 3D seismic over Mukuyu gas field
- Long lead items and planning and preparation for a new high impact exploration well, which will be determined following completion of interpretation of recently acquired CB23 infill seismic survey

The Placement was completed on 3 January 2024 and was facilitated by Joint Lead Manager Canaccord Genuity Australia and PAC Partners, with Alpine Capital Pty Ltd acting as Financial Adviser to the Company.

Shareholder Entitlement Offer to raise up to \$15.2m

Subsequent to the end of the quarter, the Company launched a Shareholder Entitlement Offer ("the Offer") to raise up to \$15.2 million at A\$0.13 per share. Shareholders are entitled to apply for 1 Share for every 12 Shares held on the record date and the Offer attaches a one-for-two IVZOA option for each applied share, matching the same terms and conditions as the Placement completed in December.

Further details of the offer can be found in the [ASX release on 23 January 2024](#).

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\$16.643 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 December 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 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 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(211)	(458)
	(e) administration and corporate costs	(817)	(1,612)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	47
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	25	41
1.9	Net cash from / (used in) operating activities	(995)	(1,982)
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)	(16,643)	(30,870)
	(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
(f) other non-current assets			
- Costs associated with carbon credit business		(19)	(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)		-	-
2.6 Net cash from / (used in) investing activities		(16,662)	(30,889)

3. Cash flows from financing activities			
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		7,681	15,833
3.2 Proceeds from issue of convertible debt securities		-	-
3.3 Proceeds from exercise of options		131	166
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(560)	(1,100)
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		7,252	14,899

4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of period		15,359	22,932
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(995)	(1,982)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16,662)	(30,889)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,252	14,899
4.5	Effect of movement in exchange rates on cash held	(262)	(268)
4.6	Cash and cash equivalents at end of period	4,692	4,692

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	1,545	8,178
5.2	Call deposits	3,147	7,181
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)	4,692	15,359

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 ¹
-

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		-
7.3b Other – Placement funds yet to be received		
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6		
Note: In January 2024 the Company received \$15m cash (before costs) iper the placement announced on ASX on 27 December 2023.		
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(995)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(16,643)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(17,638)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,692
8.5 Unused finance facilities available at quarter end (Item 7.5)	14,284
8.6 Total available funding (Item 8.4 + Item 8.5)	18,976
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.1
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: Yes, on the 27 th December 2023 the Company announced that it completed a \$15m placement. Subsequent to the quarter-end, the Company announced a pro-rata non renounceable entitlement offer to raise up to \$15.2m.	
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

- 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.

31 January 24

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.