

INVICTUS
ENERGY LIMITED

December 2022 quarterly activities report

25 January 2023

HIGHLIGHTS

- **Maiden exploration campaign confirms working hydrocarbon system**
- **Mukuyu-1 ST1 identifies 13 potential hydrocarbon bearing zones, including combined 225m gross potential hydrocarbon bearing zones in primary Upper Angwa target**
- **Exalo Rig 202 contracted for further 12 months**
- **Preparations commencing for Mukuyu appraisal with Phase 2 drilling and evaluation**
- **1.2-billion-barrel prospective resource identified in Basin Margin Area**
- **\$12.6 million cash at 31 December 2022**

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 2022.

Operational update

First well in frontier exploration campaign confirms working hydrocarbon system

During the quarter, Invictus progressed 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 2022 with the spudding of the Mukuyu-1 well and, as announced in the [ASX release](#) on 10 November 2022, fluorescence and elevated gas shows in the Upper Angwa primary target confirmed the existence of a conventional working hydrocarbon system in the Cabora Bassa Basin.

The Mukuyu-1 well reached a depth of 3,618 metres on 14 November 2022, with further fluorescence (see Figure 1) and elevated gas shows (up to 135 times above background levels) observed in the Upper Angwa.

Encouraging results from preliminary logging activities led the Company to elect deepening the well to a total depth of 3,923 metres.

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

Joe Mutizwa
Non-Executive &
Deputy Chairman

Gabriel Chiappini
Non-Executive Director
& Company Secretary

Scott Macmillan
Managing Director

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As reported in the [ASX release](#) on 24 November, additional elevated gas shows and fluorescence were observed through to total depth, proving up the potential of the Upper Angwa formation over a 900-metre gross interval.

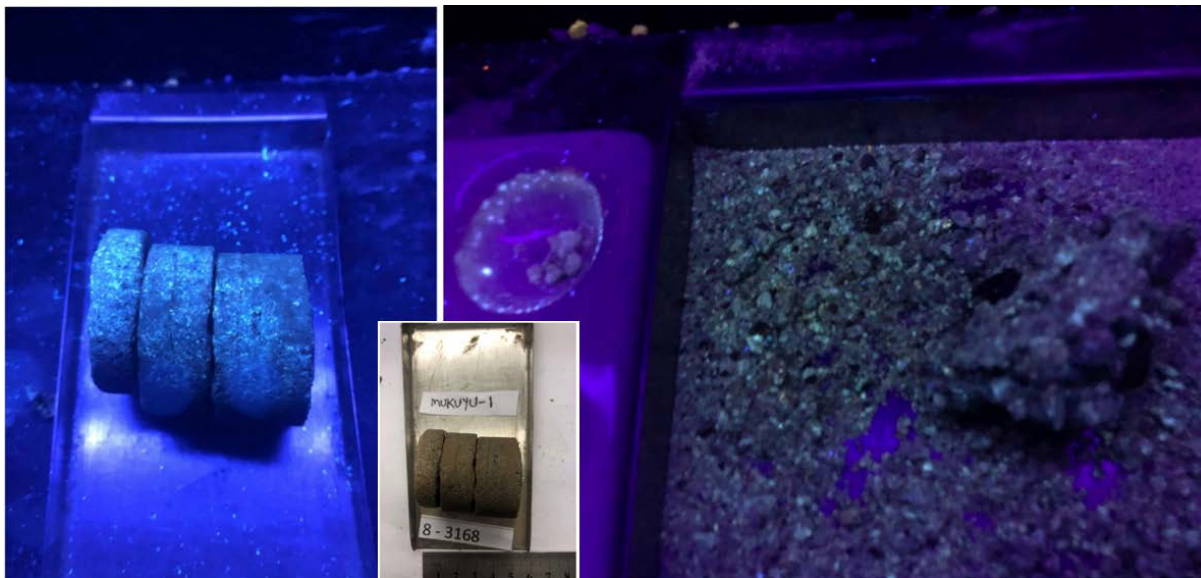


Figure 1 - Side wall core from Mukuyu-1 and cuttings showing fluorescence

The Upper Angwa primary target contained a 1,400 metre vertical section of sand, siltstone, carbonaceous claystone and coal, which can be indicators of potential hydrocarbon reservoirs and have confirmed the presence of competent seals.

The Upper Angwa formation is thicker than anticipated from pre-drill estimates, which bodes well for the future prospectivity in the Cabora Bassa Basin.

Due to a deterioration in borehole conditions, the Company elected to drill a sidetrack, Mukuyu-1 ST1, to complete evaluation of the Mukuyu structure.

Mukuyu-1 ST1 was drilled to a total depth of 3,603 metres and encountered fluorescence and elevated gas shows in multiple zones in the Upper Angwa primary target.

Preliminary analysis of wireline logs indicated multiple gas zones and potentially liquid hydrocarbon bearing intervals.

Wireline log interpretation calculated porosity of up to 15% and gas saturation of up to 90% in selected potential pay zones, but are yet to be calibrated with fluid and core data, and are subsequently subject to wide margins of error.

Laboratory analysis of sidewall cores acquired during logging and drill cuttings and mudgas samples acquired whilst drilling will provide further calibration of the wireline and the geological model once completed.

Mukuyu-1 and ST1 intersect multiple hydrocarbon bearing zones

Subsequent to quarter end, as announced in the [ASX release](#) on 23 January, a total of 13 potential hydrocarbon bearing zones (Table 1) were interpreted in the Pebbly Arkose and Upper Angwa formations following completion of operations of the Mukuyu-1 ST1 well.

Of note is the primary target Upper Angwa formation, with 11 identified potential hydrocarbon bearing zones totalling a combined 225 metres.

A zone of interest was also identified in the secondary objective 200 Horizon, interpreted to contain potential hydrocarbons based on significantly elevated resistivity (two orders of magnitude above baseline) across a 10-15 metre interval.

The potential hydrocarbon bearing zones that have been isolated are as follows:

Formation	Top of Interval mMDRT	Bottom of Interval mMDRT	Gross Interval ¹ mMDRT ²
Pebbly Arkose	2456	2459	3
Pebbly Arkose	2678	2683	5
Upper Angwa	2823	2852	29
Upper Angwa	2969	3007	38
Upper Angwa	3023	3072	49
Upper Angwa	3120	3150	30
Upper Angwa	3173	3189	16
Upper Angwa	3254	3257	3
Upper Angwa	3296	3309	13
Upper Angwa	3417	3445	28
Upper Angwa	3465	3467	2
Upper Angwa	3484	3488	4
Upper Angwa	3526	3539	13

Table 1 - Potential hydrocarbon bearing zones isolated in Mukuyu-1 ST1

¹Some gross intervals may contain significant proportions of non-net reservoir. Further log calibration will be obtained following completion of side wall core analysis.

²metres Measured Depth below Rotary Table (mMDRT)

Deeper untested potential remains in the Mukuyu structure, with the bottom of the Upper Angwa not reached in either Mukuyu-1 or ST1, while the Lower Angwa was also not intersected.

The success of Mukuyu-1 on the southern flank of structure in a location that is 300 metres below the crest (Figure 2) also provides further untested updip potential, which will be targeted in forthcoming drilling programs.

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Significant updip potential remaining towards crest with potentially thicker intervals shown by velocity model

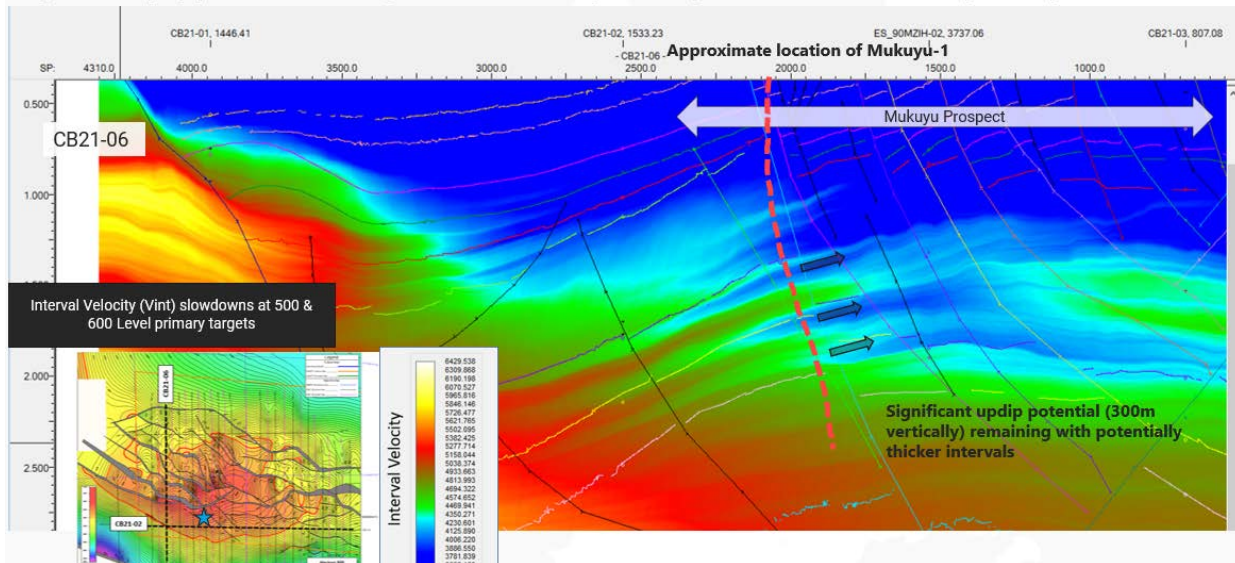


Figure 2 - Updip potential towards crest of Mukuyu structure shown by interval velocity slowdowns in Pebbly Arkose and Upper Angwa

Exalo Rig 202 contract extension

The highly encouraging results from the Mukuyu-1 and ST1 wells provided the Company confidence to execute a contract extension with Exalo Drilling S.A to keep the Exalo Rig 202 in the Cabora Bassa Basin for up to 12 months.

Keeping the rig in country will result in significant time and cost savings, compared to demobilising and remobilising the rig to and from East Africa for future drilling.

Rig 202 will be warm stacked at Mukuyu-1 to allow for maintenance and upgrades prior to recommencing drilling at either Mukuyu-2 or Baobab-1.

Basin Margin Area estimated to hold 1.2-billion-barrel prospective oil resource

During the quarter, Invictus received an updated Independent Technical Report from ERCE estimating substantial additional resource potential in the Basin Margin Area of Exclusive Prospecting Order 1849.

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 (Table 2) but excludes additional leads along the basin margin and central fairway area.

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EPO 1849	Oil Case: Gross Unrisked Estimated Prospective Resources [#]			
	Source: ERCE as at 3 October 2022			
Cabora Bassa Project	Oil (million barrels) – 100% Gross			
Prospect	Low	Best	High	Mean
Baobab	92	184	443	243
Acacia	116	320	1071	509
Marula	31	71	174	92
Mukamba	77	183	467	246
Mimosa	23	60	159	81
*Total gross (100%)				1,171
*Total net IVZ (80%)				937

Table 3 - Summary of Basin Margin Oil Case Unrisked Prospective Resource Estimate

This resource potential is comparable in scale to the prolific East African Rift System that resulted in material discoveries in the "String of Pearls" plays in Kenya and Uganda.

Invictus intends to initially test the Basin Margin play with the Baobab-1 well, which displays similar characteristics to the play opening discoveries in the Lokichar Basin in Kenya and Albertine Graben in Uganda.

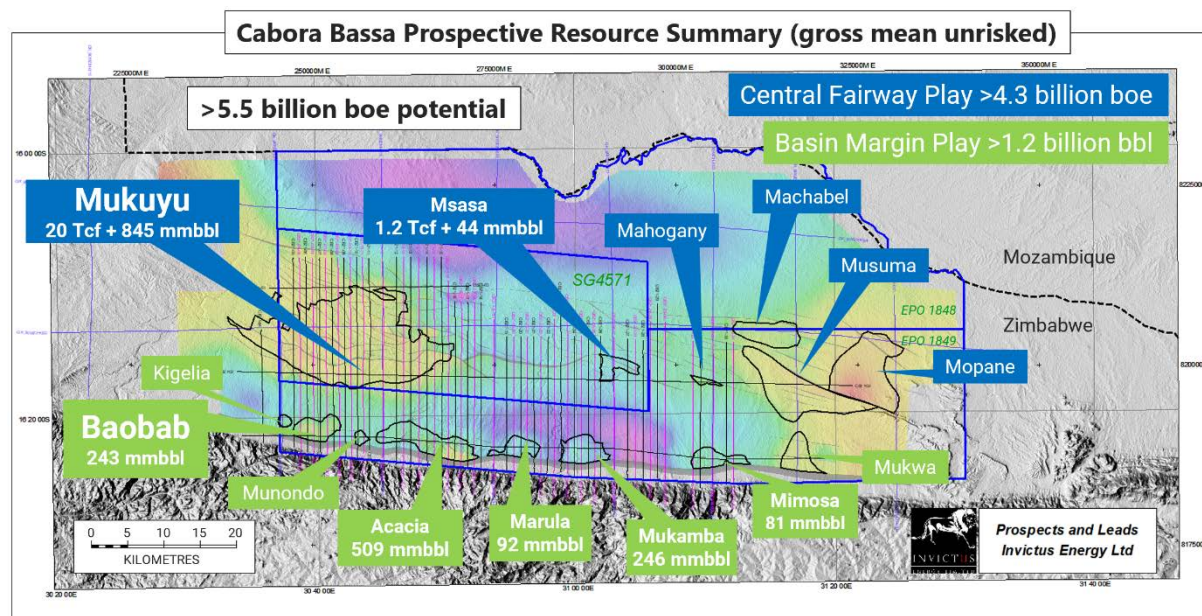


Figure 1 - Cabora Bassa Prospective Resource Summary & Play Map

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Ngamo-Gwaai-Sikumi REDD+ Project Advances

During the quarter the Ngamo-Gwaai-Sikumi REDD+ (NGS REDD+) project advanced with the draft Project Development Document (PDD) completed and the listing process commenced for project certification through Verra's internationally recognised Verified Carbon Standard (VCS).

A pilot program focused on forest fire prevention and management was initiated in the Ngamo forest area in collaboration with the Zambesia Conservation Alliance.

The Company is also in discussions with multiple parties to provide various forms of financing for the project including equity, debt and prepayment structures, including take or pay arrangements for future carbon offsets which validates the Company's strategy to acquire high quality carbon offset projects such as NGS REDD+ project.

The NGS REDD+ project has the potential to make the Cabora Bassa Project the world's first carbon neutral oil and gas project from cradle to grave, and create a significant new revenue stream for the Company.

Non-Executive Chairman retires from Board

During the quarter Non-Executive Chairman Dr Stuart Lake stepped down from the Invictus Board due to personal reasons, as announced in the [ASX release](#) on 29 November 2022.

During his tenure, Dr Lake played a crucial role in the Company's successful operations in Zimbabwe's Cabora Bassa basin, including the signing of a Petroleum Exploration Development and Production Agreement and extending the licence area with the Sovereign Wealth Fund of Zimbabwe.

The Board commenced a global search for suitable Chairperson candidates and anticipates an appointment to the role in the first quarter of 2023.

Information required under ASX listing rules

1. ASX LR 5.3.5

During the quarter AUD\$134k 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\$16.6 million.

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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 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

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Questions and enquiries

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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.*

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Abbreviations

mmbbls – millions of barrels of oil or condensate
mmboe – millions of barrels of oil equivalent
scf – standard cubic foot
mscf – 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.

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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 2022

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	(107)	(284)
	(e) administration and corporate costs	(650)	(1,563)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	27	36
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	34	48
1.9	Net cash from / (used in) operating activities	(696)	(1,763)
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)	(16,588)	(26,384)
	(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 (6 months) \$A'000
(f)	other non-current assets: <ul style="list-style-type: none"> • Establishment of carbon credit business 	(35)	(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	(16,623)	(27,104)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	25,225
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,876	3,800
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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	1,876	27,432
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	28,496	13,718
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(696)	(1,763)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16,623)	(27,104)

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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,876	27,432
4.5	Effect of movement in exchange rates on cash held	(429)	341
4.6	Cash and cash equivalents at end of period	12,624	12,624

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	5,914	12,490
5.2	Call deposits	2,297	16,006
5.3	Bank overdrafts	-	-
5.4	Other (provide details) • Stand by Letter of Credits	4,413	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,624	28,496

**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

-

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

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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. 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)	441 ^	-
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 0.68 at 31 December 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)	(696)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(16,588)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(17,284)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	12,624
8.5 Unused finance facilities available at quarter end (Item 7.5)	441
8.6 Total available funding (Item 8.4 + Item 8.5)	13,065
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.8

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: No. The Company has concluded its Phase 1 drilling program and will require less funding than previous quarters for immediate work program commitments.

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 will not be repeating the expenditure of December Quarter 2022, as it concluded its phase 1 capital intensive drilling campaign in Cabora Bassa. As a result it will be able to manage its working capital with current cash reserves.

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 8.2 above

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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: 25 January 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.

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