

25 May 2021

Kevin Lewis  
ASX Limited  
PO Box H224  
Australia Square NSW 1215

Dear Mr Lewis,

**RE: Proposed changes to the oil and gas reporting requirements in the ASX Listing Rules**

Referring to Public Consultation for the proposed listing rule changes, Invictus Energy Ltd (ASX: IVZ) wishes to submit the following commentary:

**1. Proposed Rule Changes to 5.25 – 5.27**

The proposed changes to the reporting requirements to contain additional information relating to the maturity and subclass of reserves and resources will provide additional clarity and transparency. However, it has the potential to create confusion for ordinary investors particularly where there is a movement of a proportion of the Contingent Resources or Reserves from one Project Maturity Sub-class to another within the same resource category, for example with an incremental project. It will also create a substantial compliance burden to continually report these changes, particularly for companies with multiple assets or referencing CR/Reserves numbers in presentations and releases.

This proposed change could also potentially lead to the perception of an increase or decrease in the reported resources even though it is only a change in the maturity classification as opposed to the actual recoverable resource. This wrongful perception could have unintended consequences and result in the mis-valuation (positive or negative) of the asset and entity in question.

Our view is that the detailed reporting of the Project Maturity Sub-class should be disclosed the first time an entity reports contingent resources or reserves of petroleum AND disclosed on an annual basis in the entity's annual report so that the changes can be tracked as per listing rule 5.39.

**2. Proposed Rule Changes to 5.28**

**a. Listing Rule 5.28.3**

The proposed changes to listing rule 5.28.3 to impose the prohibition of disclosure of mean prospective resources are inappropriate, particularly in the exploration phase where a wide range of uncertainties in the input parameters which are unpredictable. As a result of the range of input parameters and the uncertainty in each of them the estimate of prospective resources should only be made using probabilistic methods as deterministic methods are inappropriate. Therefore, the calculation of the mean value is statistically valid for a prospective resource calculated using probabilistic methods and is appropriate up to the field level.

The application in 5.26.6 and 5.27.2 for CR and Reserves is appropriate as post discovery of a petroleum resource the requisite information has been gathered to classify the resources in the CR/Reserves category and has reduced the uncertainty range substantially so that the reporting of the respective confidence intervals (i.e P90/P50/P10; 1P/2P/3P etc.) provides appropriate guidance. This results in the ability to calculate the resource number for each confidence level using deterministic or probabilistic methods. However, the use of the mean value is inappropriate given the ability to use deterministic methods for CR/Reserves.

Our suggestion regarding listing rule 5.28.3 would be the requirement to state if the mean value is reported then the low, best and high estimates of prospective resources must be reported as well. This provides sufficient clarity and is statistically valid as the mean number lies within the low, best and high range of potential outcomes. In addition, listing rule 5.28.1 should state that prospective resources should only be estimated using probabilistic methods.

**b. Listing Rule 5.28.4 & 5.28.5**

The proposed changes to the reporting for the aggregation of prospective resources for multiple leads/prospects/fields has a tendency to overstate the total resources as there is still a risk to discovery and assumes 100% success for both arithmetic and probabilistic addition for an undiscovered resource. The individual leads/prospects/fields within a portfolio have different risks and chances of success which is not taken into account when reporting aggregated resources, whereas in a discovered resource scenario when categorised as CR/Reserves it is appropriate to aggregate multiple known resources (with the disclosure of the aggregation method).

Our view is that the reporting of aggregated prospective resources be limited to individual leads/prospects/fields and prohibited on a portfolio basis.

**c. Listing Rule 5.28.6**

The proposed changes prohibiting forecast financial information derived from an estimate of prospective resources is appropriate.

**3. Transitional Arrangements**

The need for a transitional arrangement need only apply potentially for the requirement for the reporting of the Project Maturity Sub-class of CR/Reserves. Our view is that this should be implemented by 1 July 2023.

**4. Reporting of Historical Estimates or Foreign Estimates of Petroleum Resources**

**a. Historical Estimates**

The reporting of historical estimates should be allowed provided it follows the SPE PRMS guidelines and compliant with the ASX listing rules.

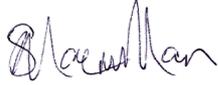
**a. Foreign Estimates**

The reporting of foreign estimates should only be permitted for resources reported to the SEC in a Form 10-K or 20-F Report which provides sufficient definition and clarity of the maturity and confidence interval of the resource. The use of other foreign estimates such as Former Soviet Union states and China which report petroleum resources in metric tonnes and

does not provide a range of resources and the degree of uncertainty / confidence interval should be prohibited.

Please do not hesitate to contact me in the event that you wish to discuss our submission further. I have also included my details below as the Competent Person nominated by the Company.

Kind regards



Scott Macmillan

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*The information in this document relating to petroleum resources and exploration results is based on information compiled by Mr Scott Macmillan. Mr Macmillan is a Reservoir Engineer and has a Bachelor of Chemical Engineering and an MSc in Petroleum Engineering from Curtin University. Mr Macmillan was previously Senior Reservoir Engineer at Woodside Energy on large offshore Oil & Gas field developments and Business Advisor in the Global New Ventures team focused on Africa exploration. He was also Senior Reservoir Engineer for AWE working on the Waitsia Gas Field; the largest onshore gas discovery in Australia in the last 40 years. He is a member of the Society of Petroleum Engineers (SPE) and has over 15 years experience in the industry in exploration, field development planning, reserves and resources assessment, reservoir simulation, commercial valuations and business development.*



Invictus Energy Limited (ASX:IVZ)