

**INTERPOSE TO ACQUIRE AN 80% INTEREST IN
ZIMBABWE GAS-CONDENSATE EXPLORATION PROJECT**

ASX ANNOUNCEMENT

18 April 2018

HIGHLIGHTS

- **Interpose to acquire an 80% interest in 250,000 acres in Cabora Bassa Basin, Zimbabwe**
- **Project contains potentially the largest undrilled structure onshore Africa – TCF plus potential**
- **Defined by robust dataset via US\$30m spend by Mobil in early 1990s, including seismic data**
- **Low cost, high impact work program to progress to farm-out / drill ready**
- **Analogue to recent large discoveries in other prolific rift basins in Uganda, Kenya and Perth Basin**
- **Heavily oversubscribed capital raising of AUD\$4.5 million led by Ashanti Capital**

Interpose Holdings Limited (ASX:IHS) (**Interpose** or the **Company**) is pleased to announce that it has entered into a binding sale and purchase agreement to acquire an 80% interest and operatorship in the SG4571 Permit (**Cabora Bassa Project**) located in Zimbabwe via the acquisition of a 100% interest in Invictus Energy Resources Pty Ltd (**Invictus**).

The acquisition of Invictus and its interest in the Cabora Bassa Project, which contains the Mzarabani prospect, represents an opportunity to secure first mover advantage and a dominant acreage position covering potentially the largest, seismically defined, undrilled hydrocarbon structure onshore Africa.

The Company will not be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules to complete the transaction (including its proposed capital raising), however, the Company will obtain shareholder approval as set out in this announcement, due to the proposed change to the scale of its activities under ASX Listing Rule 11.1.2. The proposed timetable of the Company for seeking shareholder approval is set out below.



Figure 1 - SG 4571 location

Invictus

Invictus is an Australian incorporated company that, through its wholly owned Zimbabwean subsidiary, will obtain an 80% interest and operatorship in the Cabora Bassa Project.

Proposed appointment of Managing Director

As part of the proposed transaction, Interpose will appoint experienced oil and gas executive, Mr Scott Macmillan, as its Managing Director. Mr Macmillan is a Zimbabwean national and reservoir engineer with over 12 years experience in oil and gas. He was previously the Business Advisor in the Global New Ventures group for Woodside Petroleum, which focused on Africa exploration and the Senior Reservoir Engineer for AWE Ltd, responsible for the Waitisia Gas Field development in Western Australia. He also has extensive business experience in Zimbabwe.

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Commenting on the Cabora Bassa Project, Mr Macmillan said:

“I found this project nearly a decade ago and was immediately attracted to its technical merits, given the considerable dataset that Mobil acquired and the fact that they had already identified a substantial conventional gas-condensate prospect in the basin. The timing of the award of the permit and change of political regime in Zimbabwe that occurred last year, has coincided with improving conditions in the oil and gas industry, and exploration is now firmly back on the agenda as companies look for new growth opportunities. This data has never been seen in the public domain and Invictus has secured the most prospective area in the basin ahead of any competition.

Mobil was lured to the Cabora Bassa Basin in Zimbabwe in the early 1990s by the size and potential that had been identified by regional aeromagnetic surveys, which revealed thick sedimentary sequences within the rift basin. Mobil was searching for big oil targets and spent US\$30 million acquiring surface and subsurface data, including gravity surveys and over 1600 line kilometres of 2D seismic data. Their studies determined that the Cabora Bassa Basin has all the required ingredients of a working petroleum system. Mobil relinquished the acreage when their studies revealed that the basin had higher potential for gas than oil and at that stage there was a lack of a structured market for gas in the region.

During Mobil’s exploration phase, they identified and mapped the massive Mzarabani anticline, which has an area of over 200km² under closure, at favourable depths to host a conventional gas target. This makes the Mzarabani potentially the largest undrilled structure in onshore Africa and a highly attractive exploration project.

We have a low-cost, high-impact work program to progress the prospect to farm-out or drill ready. This consists of re-processing the legacy data acquired by Mobil, utilising the latest seismic processing techniques which have significantly improved since the data was acquired over 25 years ago. We will then obtain a much clearer picture of the subsurface, the Mzarabani prospect and the greater Cabora Bassa Basin area. We believe that we can apply new and evolved exploration concepts that have been successful in this type of rift basin setting in East Africa and Australia.

A gas discovery in Zimbabwe will be a huge driver for the country’s economy and Zimbabweans through multiple commercialisation options that are available. The country is again open to business and foreign investment, with the new government implementing substantial reforms to encourage and promote investment in the country.”

In addition to the proposed appointment of Mr Macmillan, Interpose is also pleased to announce Mr Brent Barber as the Company’s in-country manager (upon completion of the transaction). Mr Barber is a geologist based in Zimbabwe, with over 40 years’ experience in Zimbabwe and southern Africa. He was the former acting director of the Zimbabwean Geological Survey Office and he formerly led the exploration efforts by Mobil in the 1990s, as Mobil’s Exploration Manager for Sub-Saharan Africa.

Overview of Acquisition and Essential Terms

The transaction consists of a one off fee of US\$500,000 to One-Gas Resources (Private) Ltd, an entity which is controlled by the local Zimbabwean partner that holds SG 4571. The permit was granted in August 2017, for an initial three (3) year term. Subject to satisfying the work programme and regulatory requirements, the permit may be renewed for a further three (3) years. The Company will acquire an 80% interest in the Cabora Bassa Project, with the Zimbabwean partner maintaining a 20% interest in the Cabora Bassa Project.

Completion of the transaction is conditional on the Company obtaining shareholder approval for, among other things, the issue of securities to the vendor and under the Capital Raising (defined below). The sale and purchase agreement contains additional conditions that are considered standard for agreements of this nature.

As consideration for the acquisition of Invictus, the Company will issue the vendor, Bayethe Investments Pty Ltd, an entity which is controlled by Mr Macmillan, an option and exercise fee totalling AUD\$75,000 and consideration shares equal to the value of 19.9% of the total issued shares in Interpose post the completion of a capital raising to raise AUD\$4.5 million. Interpose will also issue the vendor with performance shares based on three performance milestones as per the below milestones (which are to be approved by ASX);

Class	Milestone	Expiry date
Class A*	An independent prospective resource certification of greater than 1.5TCF Gas or 250 mmmboe.	20/03/2019
Class B*	A farmout which includes a well commitment with respect to the Cabora Bassa Project	20/12/2020
Class C*	Drilling of an exploration well upon the Cabora Bassa Project that results in the discovery of movable hydrocarbons	20/12/2021

* Subject to completion of the Capital Raising, and upon the terms and issue of the Performance Shares being approved by shareholders and ASX, Interpose will issue a total of:

- (i) Class A Performance Shares = 25,255,701;
- (ii) Class B Performance Shares = 31,587,822;
- (iii) Class C Performance Shares = 44,179,281.

Mr Macmillan (or his nominee) will also be entitled to a 1% gross overriding royalty interest from any future production derived from the Cabora Bassa Project.

Capital Raising

Interpose is pleased to advise that the Company has secured commitments to raise up to AUD\$4.5 million, by way of a placement of 150,000,000 fully paid shares in the Company at \$0.03 per share. The issue of shares under the Capital Raising is subject to the approval of Company shareholders.

Ashanti Capital has been appointed Lead Manager to the Capital Raising on standard commercial terms, including the issue of 15m unlisted options exercisable at \$0.06 expiring three (3) years from date of issue.

Subject to shareholder approval, the Company also proposes to issue 10 million facilitation shares in connection with the Capital Raising.

Proposed activities and use of funds

Following completion of the Transaction and the Capital Raising, Interpose intends to:

- fund a focussed exploration program on the Cabora Bassa Project, including reprocessing of the gravity and aeromagnetic data and 1990's vintage Mobil 2D seismic;
- conduct an environmental impact assessment study;
- fund a third party independent resource certification; and
- begin preparation for drilling the first exploration well in the basin.

In support of the activities outlined above, following completion of the Transaction, Interpose proposes to use its existing cash reserves and the proceeds of the Capital Raising as set out in the table below:

Use of funds	Amount \$	%
Expenses of the Transaction (including the Capital Raising) ¹	\$1,000,000	19.2%
Exploration and development costs Yr 1: Cabora Bassa Project	\$1,100,000	21.2%
Exploration and development costs: Yr 2: Cabora Bassa Project	\$900,000	17.3%
General working capital	\$2,200,000	42.3%
TOTAL	\$5,200,000²	100.0%

Note: The above table is indicative only and a statement of current intentions. The allocation of funds set out in the above table may change depending on a number of factors.

1. This includes a US\$500,000 acquisition payment to One-Gas, a AUD\$75,000 option and exercise fee to Bayethe Investments, and 6% placement fee for funds raised under the Capital Raising on completion of the Transaction.

2. This includes the Company's current cash at bank of approximately \$700,000.

Effect of the Transaction

The Transaction (including the Capital Raising) will result in changes to Interpose's capital structure as set out in the table below:

	Shares	Options	Performance Shares
Current issued capital in the Company	132,963,191	-	-
Consideration Shares ¹	72,783,000	-	-
Facilitation Securities ¹	10,000,000	15,000,000	-
Performance Shares	-	-	101,022,804
Director Options	-	20,000,000	-
Capital Raising	150,000,000	-	-
TOTAL (following completion of the Transaction and Capital Raising)	365,746,191	35,000,000	101,022,804

1. The final total number of consideration shares issued to the Vendor, Bayethe Investments Pty Ltd, is calculated at 19.9% of total shares on issue post the capital raising.
2. None of the Consideration Shares, Facilitation Shares or Advisory Shares will be issued to a related party of the Company.

The Transaction (including the Capital Raising) will result in changes to the Company's assets, equity, cash and exploration expenditure as set out in the table below:

Particulars	Prior to Acquisition (as at 31.12.17, being the Company's last audit reviewed accounts date)	Effect of transaction	Post transaction - pro forma	Change due to transaction (%)
Total consolidated assets \$	930,637	6,413,490	7,344,127	589%
Total Equity \$	898,337	6,413,490	7,311,827	614%
Cash \$	866,379	3,572,105	4,438,484	312%
Annual exploration expenditure \$	100,000	1,100,000	1,100,000	1,000%

Shareholder approvals

The Company will seek shareholder approval for the following resolutions:

- a) the change to the scale of the Company's activities under ASX Listing Rule 11.1.2;
- b) the change of its name to Invictus Energy Limited and will propose a new ASX ticker code;
- c) the issue of securities under the Transaction and the Capital Raising, including those securities to be issued to related parties; and
- d) the terms and issue of the performance shares to the vendor.

Timetable

The indicative timetable to completion of the Transaction is as set out in the table below:

Event	Indicative timing
Date of announcement of the Transaction	18 April 2018
Dispatch Notice of Meeting	30 April 2018
Shareholder meeting to approve Transaction	28 May 2018
Completion of Transaction	31 May 2018

Note: The dates set out above are indicate only and are subject to change.

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