



December 2019 Quarterly Activities Report

DATE: 31 JANUARY 2020

HIGHLIGHTS

- **New geochemical analysis of source rock typed to oil seeps**
- **Invictus Signs Gas Sales MOU with Tatanga Energy for 500MW**
- **Completed Independent Environmental Impact Assessment Survey**
- **Completed placement for \$1.5m**
- **Progressed farm out process of Cabora Bassa Project**
- **Commenced Production Sharing Agreement negotiations with Republic of Zimbabwe**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update of its activities for the quarter ending December 2019.

SG 4571: Zimbabwe Gas-Condensate Exploration Project

During the quarter, the Company made significant progress in our 80% owned and operated Special Grant 4571 licence (Cabora Bassa Project).

New geochemical analysis of source rock typed to oil seeps

During the quarter the Company announced the results of new geochemical analysis of source rocks that were collected in July 2019 from surface outcrop to the west of the SG 4571 licence area. The analysis confirms at least two source rock facies are present in the Cabora Bassa Basin, in the Mkanga Formation (Permian age) which consists of a high-quality oil prone lacustrine source rock interbedded with good quality gas and liquids source rocks; and the Angwa Alternations Member (Triassic age) consisting of good quality gas and liquid (condensate and potentially light oil) prone source rock.

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 250,000 acres within the Cabora Bassa Basin in Zimbabwe. Special Grant 4571 contains the world class multi-TCF Mzarabani and Msasa conventional gas-condensate prospects.

Board & Management

Dr Stuart Lake
NON-EXECUTIVE CHAIRMAN

Scott Macmillan
MANAGING DIRECTOR

Brent Barber
COUNTRY MANAGER

Barnaby Egerton-Warburton
NON-EXECUTIVE DIRECTOR

Eric de Mori
NON-EXECUTIVE DIRECTOR

Gabriel Chiappini
NON-EXECUTIVE DIRECTOR &
COMPANY SECRETARY

The source rock analysis also correlates with data from other African and West Australian Basins and suggests affinity with oil and gas prone source rocks from Madagascar, Ethiopia, Tanzania, Seychelles, Uganda and Perth Basins where billions of barrels in place and multiple TCF gas volumes have been discovered.

The Mkanga Formation has present day Total Organic Content (TOC) values up to 40% and Hydrogen Index (HI) up to 380. whilst the Alternations Member of the Angwa Formation has TOC values up to 35% and HI up to 290. The TOC average is well above the recommended thresholds of 0.5 and 2.5 weight % of gas and oil generation respectively and confirms the ability of the source rock to generate significant quantities of hydrocarbons.

Three new samples from the Permian aged Mkanga Formation recovered generated oil which also correlate to 2 active oil seeps in the Mid Zambezi basin to the south west. The calculated maturity parameters confirming these samples have been buried to sufficient depth to attain maturity for hydrocarbon generation/expulsion, before uplift to the surface where the samples were obtained. Extrapolation of the maturities of the source rocks present at surface into the subsurface of the basin suggests therefore that these source rocks identified in outcrop will have generated and expelled hydrocarbons deeper in the basin into potential traps.

The Alternations Member source rock samples collected from surface possess lower thermal maturities than those of the underlying Mkanga Formation and have not been buried deep enough to generate hydrocarbons on the basin flanks. The presence of Lower Triassic age source rocks within the Cabora Bassa Basin makes it comparable to the Morondava Basin in Madagascar, which hosts the multi-billion barrel heavy oil and tar sand discoveries in Tsimiroro and Bemolanga, the light oil in the Manadaza and gas-condensate in the Manambolo accumulations. The Perth Basin also contains Lower Triassic source rock intervals which along with the Permian source is responsible for charging both oil and gas accumulations. These accumulations are sourced from the lateral equivalents of the Mkanga Formation and Alternations Member in the Cabora Bassa Basin.

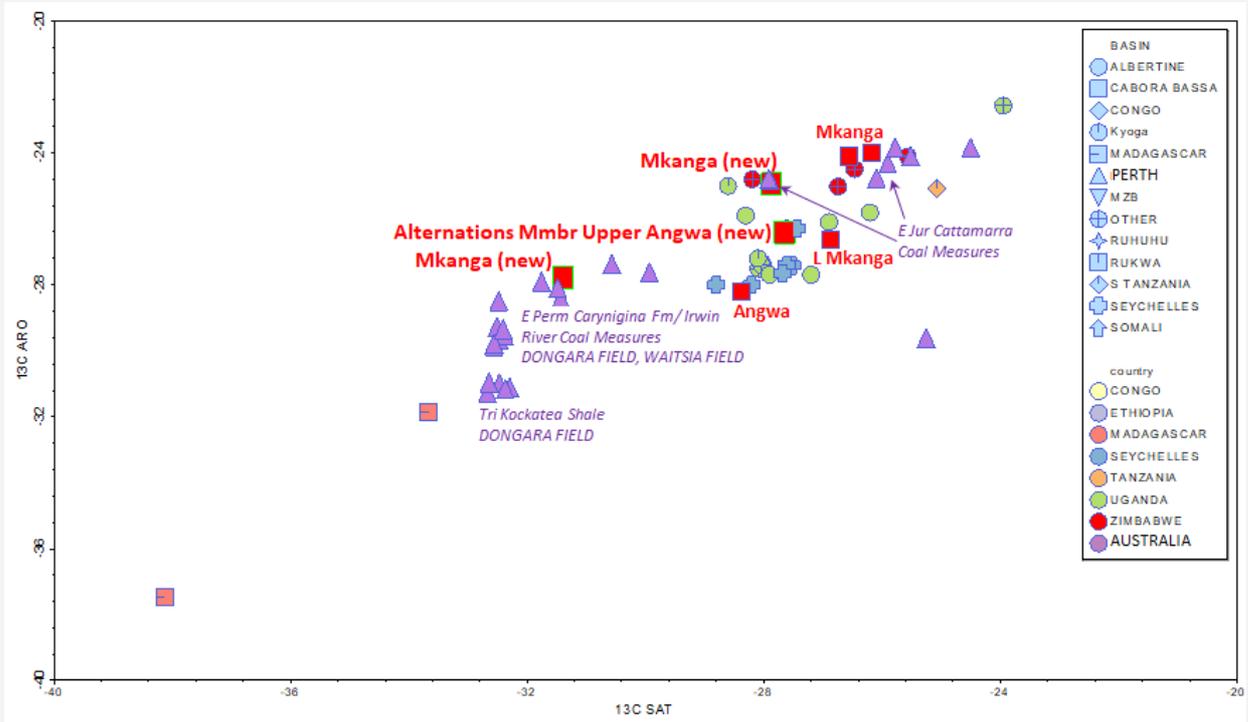


Figure 1 - Source rock outcrop sample locations, seismic line locations and mapping of horizons from outcrop into the subsurface

Importantly, the correlation of the source rock to active seeps provides a favourable view of the timing of generation and expulsion of hydrocarbons in the basin and that the source rocks are capable of present day generation deeper in the basin (i.e easterly towards SG 4571).

The enhanced seismic imaging obtained has enabled the outcrop source and reservoir sequences to be mapped from the surface expression into the subsurface with greater confidence. The location of the source rock directly beneath reservoir positions them to charge the primary Upper Angwa Alternations Member target as well as shallower horizons in the Pebbly Arkose, Forest and Dande Formations. There is potential evidence of this shown by the seismic amplitude anomalies that conform to structure.

Coupled with the favourable view of the timing of two major episodes of generation of hydrocarbons into the multiple traps in the basin has increased the confidence in the hydrocarbon potential in the basin.

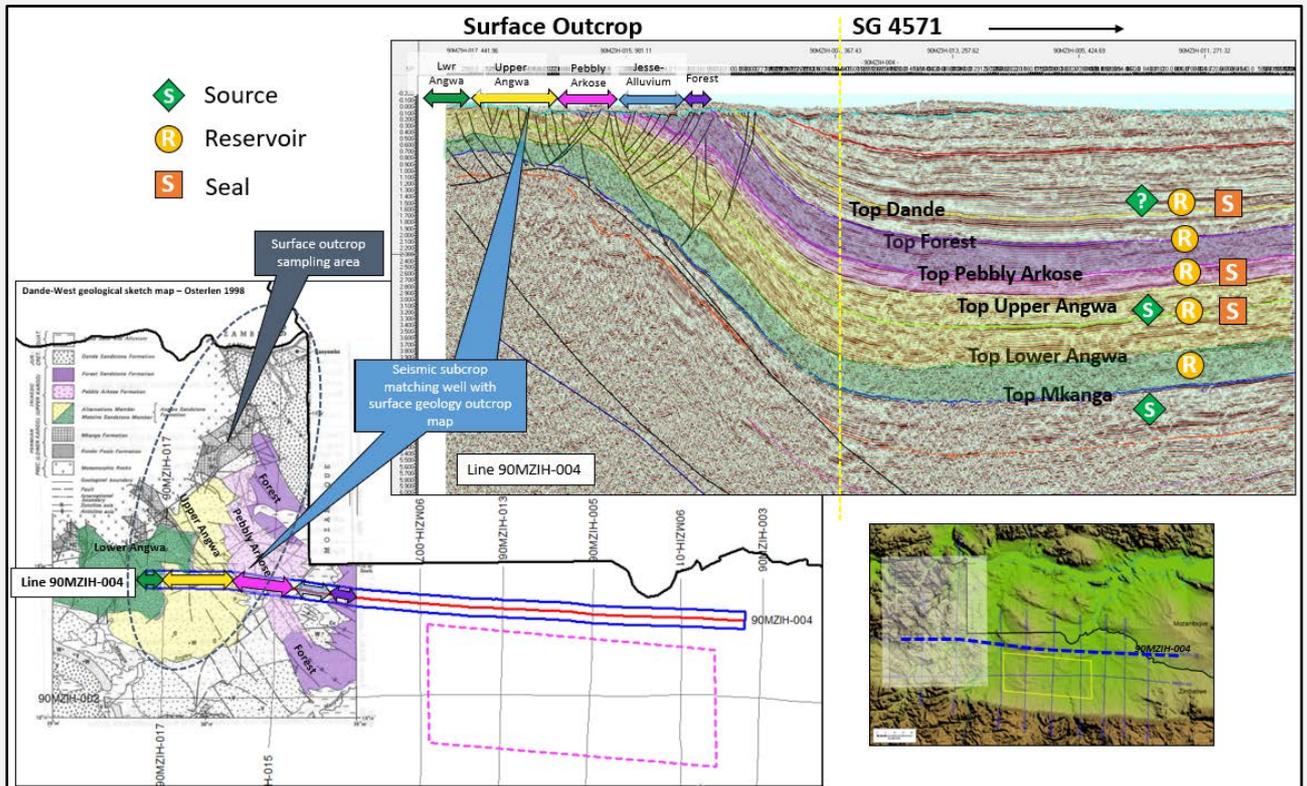


Figure 2 - Source rock outcrop sample locations, seismic line locations and mapping of horizons from outcrop into the subsurface

Invictus Signs Gas Sales MOU with Tatanga Energy for 500MW

During the quarter the Company have entered into a non-binding Memorandum of Understanding (MOU) with Tatanga Energy (Private) Limited ("Tatanga Energy") to progress gas supply for a ±500 megawatt (MW) Gas to Power plant in the event of a commercial gas discovery from Special Grant 4571 in Muzarabani.

Under the MOU, Invictus and Tatanga have agreed to jointly work together and cooperate with regards to investigating the economic and commercial viability of supplying natural gas from the Cabora Bassa Project to the proposed Gas to Power Plant which will be sold to the national grid and/or to captive clients (i.e. mines, industrial and other large consumers of energy) in Zimbabwe, Zambia and Mozambique. The proposed Gas to Power plant will be built in two phases with the first phase estimated at ±150MW and the second phase consisting of an additional ±350MW. The optimal location of the plant will be determined by factors including proposed pipeline routings and access to transmission infrastructure including the Southern Africa Power Pool (SAPP). Preliminary studies have identified a number of suitable locations that provide the ability to supply electricity to the local grid as well as export customers through the Southern Africa Power Pool (SAPP).

Tunde Akerele CEO of Tatanga Energy commented: "Tatanga Energy is delighted to announce the signing of this MoU with Invictus. Given the constrained domestic energy landscape and the importance of securing reliable and affordable feedstock supply in an undersupplied market, Tatanga Energy has entered into an early Gas Sales MoU as an important step to further commercial negotiations in the event of a successful exploration program from Invictus."

The key terms of the MOU are as follows:

- Minimum Daily Contract Quantity (DCQ) of 30 mmscf/d (~11 bcf per year)
- Tatanga can elect to increase DCQ to 100 mmscf/d (~36.5 bcf per year)
- Minimum Total Contract Quantity of 219 Bcf
- Maximum Total Contract Quantity of 730 Bcf
- Supply term of twenty (20) years from the date of First Commercial Gas Production
- Gas sales price commercial in confidence

The conditions precedent in the MOU include:

- Confirmation of a commercial hydrocarbon discovery in SG 4571
- Completion of a Gas Sales and Purchase Agreement (GSPA) by 18 December 2022
- Completion of feasibility studies to identify suitable location of the plant
- The project securing a generation license from the Zimbabwe Energy Regulatory Authority (ZERA) Minimum

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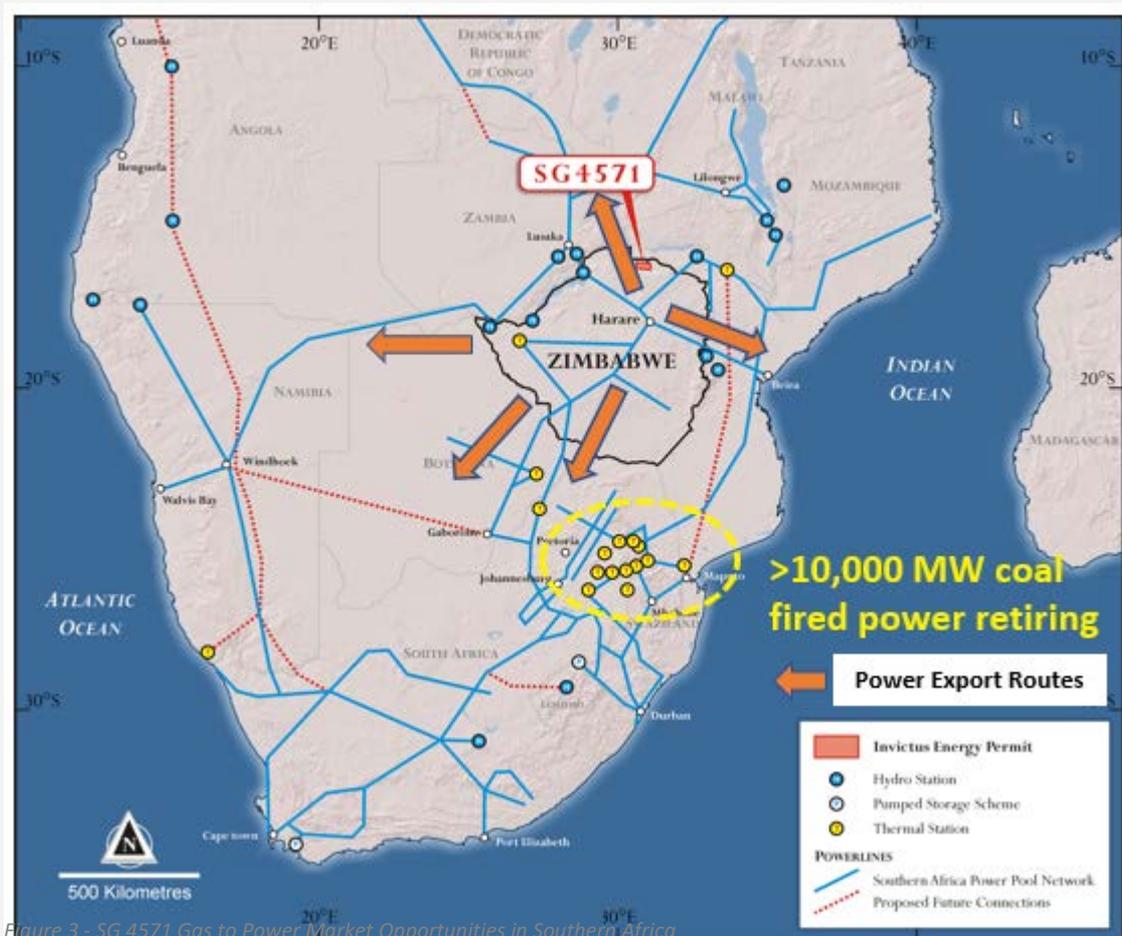


Figure 3 - SG 4571 Gas to Power Market Opportunities in Southern Africa

Completed Independent Environmental Impact Assessment Survey

During the quarter the Company completed the Environmental Impact Assessment study in the project area. The Scientific and Industrial Research and Development Centre completed the fieldwork and comprehensive study and the draft EIA report was compiled in December. Final submissions from National Parks, National Museums and Monuments and the Zimbabwe National Water Authority were received in January. The full EIA report has been completed and will be submitted to EMA in the coming days for approval.



Figure 4 - EIA Community Consultation Session held in Muzarabani District

Completed placement for \$1.5m

During the quarter the Company successfully completed a well supported placement of \$1.5m through the issuance of 57,692,310 shares to new and existing sophisticated and institutional investors. The funds will be used to advance the Cabora Bassa Project and complete the EIA study, consultations and report; Environmental Management Plan (EMP) fee; licence ground rental fees and commencement of preparatory works for the on ground exploration phase.

Progressed farm out process of Cabora Bassa Project

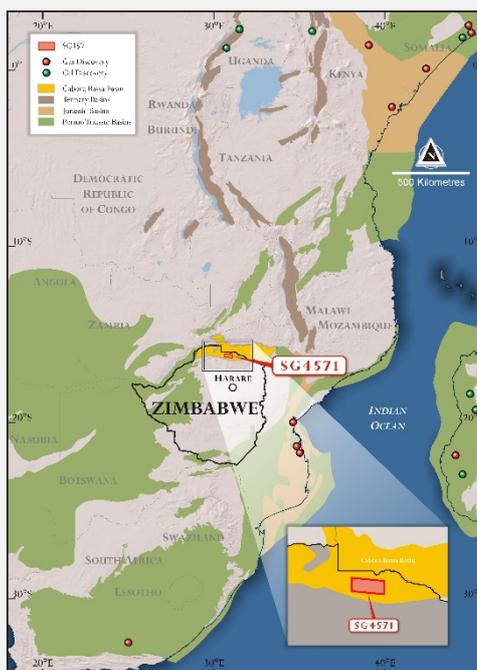
During the quarter the Company progressed the farm out process of the Cabora Bassa Project with numerous companies evaluating the project in physical and virtual datarooms. The process has garnered interest from a wide variety of Exploration and Production (E&P) companies as well as Private Equity companies focused on upstream investments. The opportunity has passed the technical evaluation stage for a number of companies and is being progressed through the commercial evaluation stage. To date no formal agreements have been entered into and an additional number of companies are currently evaluating the opportunity following strong interest from Africa Oil Week presentation made by the Company. The Company will provide further information through the ASX platform as per its continuous disclosure obligations.

Commenced Production Sharing Agreement Negotiations with Republic of Zimbabwe

During the quarter the Company commenced the negotiations to implement a new petroleum regulatory framework in the form of a Production Sharing Agreement (PSA) with the Republic of Zimbabwe. A press conference was held with Hon. Minister of Mines and Mining Development Winston Chitando in Harare on 27 November to announce the formal negotiations had commenced. The Company has been working closely with the Ministry of Mines and Mining Development and Ministry of Energy to progress the regulatory framework required to implement the PSA. Whilst the tenure of Special Grant 4571 is covered under existing legislation in Mines and Minerals Act, a PSA is a more progressive agreement that provides a formulation to share the product/profit following cost recovery to ensure that the country receives the benefit of its resources over and above the current royalty and tax system in place. The PSA will ensure that a predictable, stable and transparent legal and fiscal regime is put in place that is commensurate with terms in the region, follows international best industry practice and meets the country's aspirations.

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For further information on Invictus Energy, please visit the Company's website at www.invictusenergy.com



About the Cabora Bassa Project

The Cabora Bassa Project encompasses the Mzarabani Prospect, a multi-TCF and liquids rich conventional gas-condensate target, which is potentially the largest, undrilled seismically defined structure onshore Africa. The prospect is defined by a robust dataset acquired by Mobil in the early 1990s that includes seismic, gravity, aeromagnetic and geochemical data.

#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.*

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

***Giant fields** are conventional oil or gas fields with a recoverable reserve of 500 MMboe or more as defined by the American Association of Petroleum Geologists (AAPG)

***Elephant fields** are conventional oil or gas fields with a recoverable reserve of 1 Billion boe (1,000 MMboe) or more as defined by the American Association of Petroleum Geologists (AAPG)

SG 4571 - Special Grant Permit 4571 was granted in August 2017, the first exploration work programme has been completed. Invictus has an 80% equity stake in SG4571 via its subsidiary Geo Associates (Private) Limited

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ASHANTI
CAPITAL
Corporate Advisor
& Lead Manager

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Invictus Energy Ltd

ABN

21 150 956 773

Quarter ended ("current quarter")

31 December 2019

| 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 | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (149) | (263) |
| (e) administration and corporate costs | (302) | (667) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 11 | 15 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | | |
| (a) Office rental recharges | 19 | 39 |
| 1.9 Net cash from / (used in) operating activities | (421) | (876) |

| | | |
|------------------------------------------------|-----|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (1) | (19) |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---------------------------------------------|-------------------------------------------------------|------------------------------------|------------------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Exploration and Evaluation expenditure | (367) | (653) |
| 2.6 | (Payments of)/ proceeds from security bonds | - | - |
| 2.6 | Net cash from / (used in) investing activities | (368) | (672) |

| | | | |
|-------------|-----------------------------------------------------------------------------|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 1,500 | 1,500 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (107) | (109) |
| 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 (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 1,393 | 1,391 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---------------------------------------------|------------------------------------------------------------------------------|------------------------------------|------------------------------------------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period (note 1) | 1,453 | 2,214 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (421) | (876) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (368) | (672) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,393 | 1,391 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 2,057 | 2,057 |

| 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 | 23 | 30 |
| 5.2 | Call deposits | 2,034 | 1,423 |
| 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) | 2,057 | 1,453 |

| 6. | Payments to directors of the entity and their associates | Current quarter \$A'000 |
|-----------|------------------------------------------------------------------------------------------------------|------------------------------------|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 129 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Payments relate to executive director salary, non- executive director fees and company secretary fee.

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Not applicable

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Not applicable

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

165

9.2 Development

-

9.3 Production

-

9.4 Staff costs

148

9.5 Administration and corporate costs

227

9.6 Other

-

9.7 Total estimated cash outflows

540

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---------------------------------------------------------------------------------------|---------------------------------|--------------------|----------------------------------|----------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

11. Performance securities

| 11.1 Unlisted Performance Shares | | | | |
|----------------------------------|------------|-------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tranche | Number | Issue date | Expiry date | Vesting condition |
| Class B | 31,587,822 | 22-Jun-2018 | 20-Jun-20 | A farmout which includes a commitment to drill a well to a minimum planned depth of 3,000 metres with respect to the Cabora Bassa Project. |
| Class C | 44,179,281 | 22-Jun-2018 | 20-Dec-21 | Drilling of an exploration well upon the Cabora Bassa Project that results in the maiden booking of Contingent Resources or Reserves (as those terms are defined in the Guidelines for Application of the Petroleum Resources Management System (2011 Edition)). |

Upon achievement of each milestone, each unlisted performance share converts to one (1) ordinary share in Invictus Energy Ltd.

| 11.2 Unlisted Options | | | | |
|-----------------------|------------|-------------|-------------------|-------------------|
| Tranche | Number | Issue date | Exercise price | Vesting condition |
| Expiry 25 June 2021 | 35,000,000 | 22-Jun-2018 | \$0.06 per option | Nil |
| Expiry 31 July 2022 | 3,000,000 | 31-Jul-19 | \$0.06 per option | Nil |
| Expiry 31 July 2022 | 3,000,000 | 31-Jul-19 | \$0.09 per option | Nil |
| Expiry 31 July 2022 | 3,000,000 | 31-Jul-19 | \$0.12 per option | Nil |

Upon exercise, each unlisted option converts to one (1) ordinary share in Invictus Energy Ltd.

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.

Gabriel Chiappini (Non- executive Director and Company Secretary), 31 January 2020

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.