



Quarterly Activities Report

DATE: 31 JULY 2020

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update of its activities for the quarter ending June 2020.

June 2020 Quarter Highlights

- **Placement with Strategic Investor at premium**
- **Production Sharing Negotiations ongoing with Republic of Zimbabwe**
- **Farm Out Process Advancing**
- **Drilling Cost Estimate Received**

1. Placement with Mangwana Opportunities Fund at a Premium

Mangwana Opportunities Fund ("Mangwana" or "the Fund") is an investor owned, closed end investment company which is managed by Mangwana Capital. It is funded by Zimbabwean institutional investors including pension funds and invests primarily in the fields of Agriculture, Mining and Tourism with an investment horizon of 10 years.

The shares issued to Mangwana will be held in escrow for 6 months from the date of completion. The agreement makes provision for a further equity investment by Mangwana for the project over the next 12-24 months as well as assisting the Company in achieving its strategic goals in country.

2. Appointment of Mr. Joe Mutizwa to the board of Invictus Energy Resources (Zimbabwe) Pvt Limited

In conjunction with the placement by Mangwana, the Company appointed respected Zimbabwean business person Mr. Joe Mutizwa, current chairman of Mangwana Capital, as a director of the Company's 100% owned local subsidiary Invictus Energy Resources Zimbabwe Pty Ltd. Joe served for ten years as Chief Executive of Delta Corporation, one of Zimbabwe's largest listed companies before taking early retirement in 2012.

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

He currently sits on the Presidential Advisory Council (PAC), a body appointed by Zimbabwe's President, His Excellency CDE E.D Mnangagwa, which is comprised of experts and leaders drawn from diverse sectors to advise and assist the President in formulating key economic policies and strategies in the country. Joe served on the board of the Reserve Bank of Zimbabwe (2015-2019) and currently chairs the board of Star Africa Corporation Zimbabwe (ZSE: SACL), a local sugar refiner; as well as the board of the Infrastructure Development Bank of Zimbabwe (IDBZ).

Joe has a BSc degree (with first class honours) from The London School of Economics; an MBA from the University of Zimbabwe and an MSc from HEC – Paris and Oxford University.

3. Production Sharing Negotiations ongoing with Republic of Zimbabwe

During the quarter the Company continued its negotiations of a Production Sharing Agreement (PSA) with the Government of Zimbabwe through the appointed Technical Committee and legal representatives. The Technical Committee is chaired by the Secretary for Finance and Economic Development with the Permanent Secretaries for Mines and Mining Development and Energy and Power Development as members together with officials from the Reserve Bank of Zimbabwe (RBZ), Zimbabwe Investment and Development Agency (ZIDA), Office of the President and Cabinet (OPC), Office of the Attorney General and Local Government and Public Works.

4. Farm Out Process Advancing

The Company's farmout process of the Cabora Bassa Project continues and active discussions with multiple parties are ongoing. The project has passed technical review/assessment and is undergoing commercial evaluation, above ground due diligence and detailed forward program costing (including drilling cost) with these parties. The completion of the commercial evaluation including in-country due diligence has been hampered by the COVID-19 travel and border restrictions in place in Zimbabwe and the wider region to date as well as the volatility in the oil market. The Company is working with the respective parties to finalise all the outstanding requirements as far as practical given the COVID related restrictions in place. The Company will provide further updates as per our continuous disclosure requirements.

5. Drilling Cost Estimate Completed and Rig Identification Commenced

During the quarter, the Company received an independent drilling cost estimate for a range of well designs (vertical and directional) with the total depth (TD) ranging from 2,000m down to 4,000m. The drilling cost estimates range from US\$5.2 million (2,000m vertical well - low side estimate) to US\$16.4 million (4,000m directional well - high side estimate) are consistent with the Company's internal estimates. The best estimate for a 3,200m directionally drilled well to test the 8.2 Tcf + 249 million bbl Mzarabani Prospect is US\$11.7m (excluding mobilisation) which confirms the ability to test a world class, material target at relatively low cost.

6. Community Social Responsibility Program

During the quarter the Company commenced its Community Social Responsibility (CSR) program. Our CSR program has been developed in conjunction with the local community to ensure that the program is effective and has a positive contribution to the community that we work with and in. The Company has also made donations to the community consisting in the form of refurbishing a community facility and 2,500 face masks to combat the spread of COVID.

7. Corporate

In light of the global market and oil industry environment, the Board and Management has focused on reducing costs within its control. To this end, the Company has made cuts in various categories of its corporate costs in Australia from its already low overheads. The Board and Management have agreed to reduce their annual fees and remuneration by 25-50 percent effective 1 April 2020.

Information Required Under ASX Listing Rules

1. ASX LR 5.3.5

During the quarter \$88,000 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 activity spend for the quarter consisted of:

| Category | Amount (\$AUD) |
|------------------------------|----------------|
| Travel and accommodation | 3,924 |
| Consultancy | 23,007 |
| Production Sharing Agreement | 64,132 |
| Total | 91,063 |

3. ASX LR 5.3.3

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 30 June 2020:

| Tenement | Opening | Disposed | Acquired | Closing |
|----------|---------|----------|----------|---------|
| SG 4571* | 80% | - | - | 80% |

*Located within the Cabora Bassa Basin in Zimbabwe. No farm-in or farm-out agreements were entered into during the quarter.

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This announcement has been approved for release by the Board.

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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

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")

30 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 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 | (91) | (459) |
| (e) administration and corporate costs | (152) | (1,185) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 16 |
| 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 | 57 | 110 |
| 1.9 Net cash from / (used in) operating activities | (186) | (1,518) |

| | | |
|--|------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | (39) | (61) |
| (d) exploration & evaluation (if capitalised) | (91) | (802) |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

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 (12 months) \$A'000 |
|--------------------------------------|--|----------------------------|--|
| 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 | (130) | (863) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 1,500 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | (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 – Receipt of cash from Mangwana Pension Fund for ordinary shares in IVZ. Shares were yet to be issued at quarter end | 443 | 443 |
| 3.10 | Net cash from / (used in) financing activities | 443 | 1,834 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,541 | 2,214 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (186) | (1,518) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (130) | (863) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 443 | 1,834 |

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 (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 4.5 | Effect of movement in exchange rates on cash held | (171) | (170) |
| 4.6 | Cash and cash equivalents at end of period | 1,497 | 1,497 |

| 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 | 191 | 56 |
| 5.2 | Call deposits | 1,306 | 1,485 |
| 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) | 1,497 | 1,541 |

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 |
|------------------------------------|
| 88 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 | - | - |
| 7.3 Other (please specify) | 652 [^] | - |
| 7.4 Total financing facilities | 652[^] | - |
| 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 3 tranches of funding which may be called on over the next 12-24 months as announced on 30 April 2020. [^] USD450k using an exchange rate of 0.69 at 30 June 2020 | | |
| Not applicable | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (186) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | (91) |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (277) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 1,497 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 1,497 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 5.4 |
| 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: Not applicable | |
| 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: Not applicable | |
| 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: Not applicable | |

9. Tenement Summary

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 31 March 2020

| Tenement | Opening | Disposed | Acquired | Closing |
|-----------|---------|----------|----------|---------|
| SG 4571 * | 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.

Authorised by: Authorised by the board, 31 July 2020

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.