



December 2020 Quarterly Activities Report

DATE: 29 JANUARY 2021

HIGHLIGHTS

- **Non-binding offer for farm-in to Cabora Bassa Project received**
- **Petroleum Exploration Development and Production Agreement review completed**
- **Field Operations Commenced in Cabora Bassa Basin and Additional Seal Potential Identified**
- **Placement Completed with Strategic Investor at premium**

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

Non-binding offer for farm-in to the Cabora Bassa Project

During the quarter, the Company received a non-binding offer for farm-in to the Cabora Bassa Project. The proposed transaction is subject to completion of further technical, legal and commercial due diligence by both parties, approvals and agreements by requisite government authorities and execution of binding Farm Out Agreement(s). Further details of the proposed transaction will be made public upon completion of a binding FOA(s) and satisfaction (or waiver) of conditions.

Petroleum Exploration Development and Production Agreement (PEDPA) review completed

The Petroleum Exploration Development and Production Agreement (PEDPA) between Geo Associates and the Republic of Zimbabwe was reviewed by the Inter-Ministerial Committee established to review the agreement and has been approved. The PEDPA provides the framework for progression of the Cabora Bassa Project through the exploration, appraisal, development and production phases and the obligations and rights of each party over the project lifecycle. The Company is awaiting execution of the agreement.

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

Gabriel Chiappini
NON-EXECUTIVE DIRECTOR &
COMPANY SECRETARY

Field Operations Completed & Additional Seal Potential Identified

Following the approval of the Environmental Management Plan, the Company undertook a successful field reconnaissance program in the Cabora Bassa Basin during the quarter and was concluded ahead of schedule. Detailed traversing and mapping across the area was completed and identified the optimal acquisition routes. The Company is making significant progress on executing the first seismic acquisition program in the country for 30 years and is working closely with the seismic contractors on a planned acquisition campaign in 2021 to commence once the rainy season has concluded. This will be followed by a high impact basin opening drilling campaign to test the petroleum potential of the Cabora Bassa Basin

The reconnaissance field program completed during the quarter revealed additional exposure of the Jurassic-Cretaceous aged Dande Formation and possibly younger sediments approaching the southern Basin edge. A significant sequence of mudrock interbedded with sandstone, giving rise to typical 'ridge and furrow' topography, was observed for several kilometres along a section coincident with the traverse completed along proposed seismic line L35. The conclusion drawn from this observation is that the post-Dande Formation, in this locality and possibly elsewhere, contains a significantly larger proportion of mudrock than previously recognised.

Such developments could have significant intra-formational seal potential for this sequence and de-risk a key element of the petroleum system for this play. The observation of these significant mudrock sequences within this unit is consistent with the interpretation of better developed seals moving basinward. The interpretation is further supported by the elevated amplitude anomalies which may indicate the presence of hydrocarbons (Figure 1) on the high side fault trap coincident with the previously identified Lead A (Figure 2) feature in the post Dande formation and could indicate a competent seal and reservoir pair.

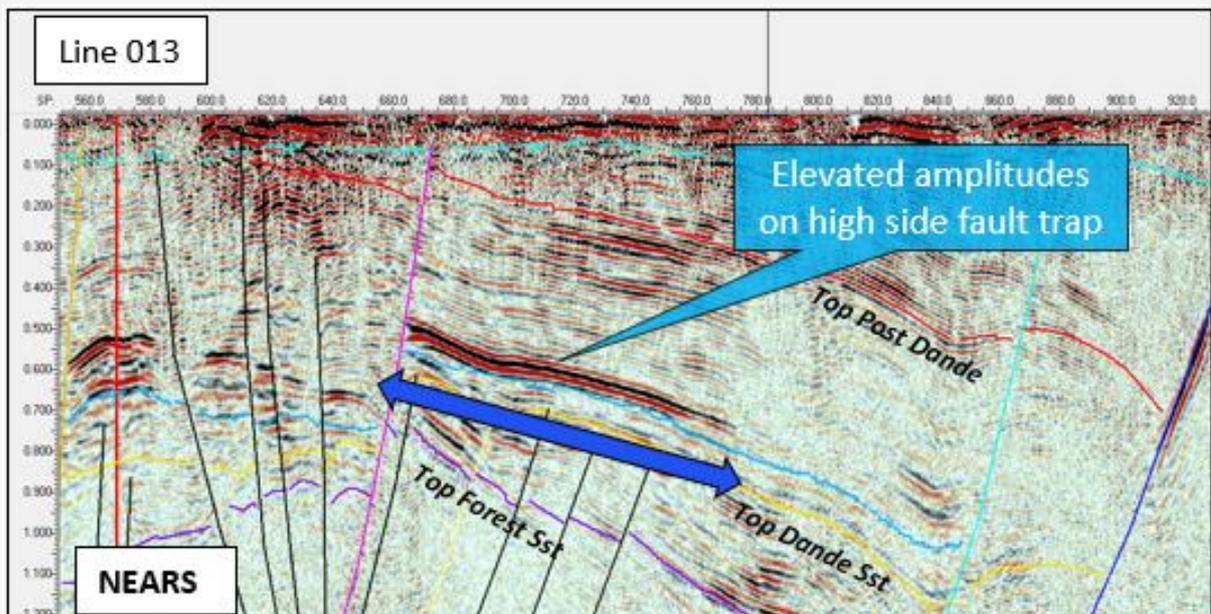


Figure 1 - Lead A showing elevated amplitude anomaly on high side fault trap shown on nears

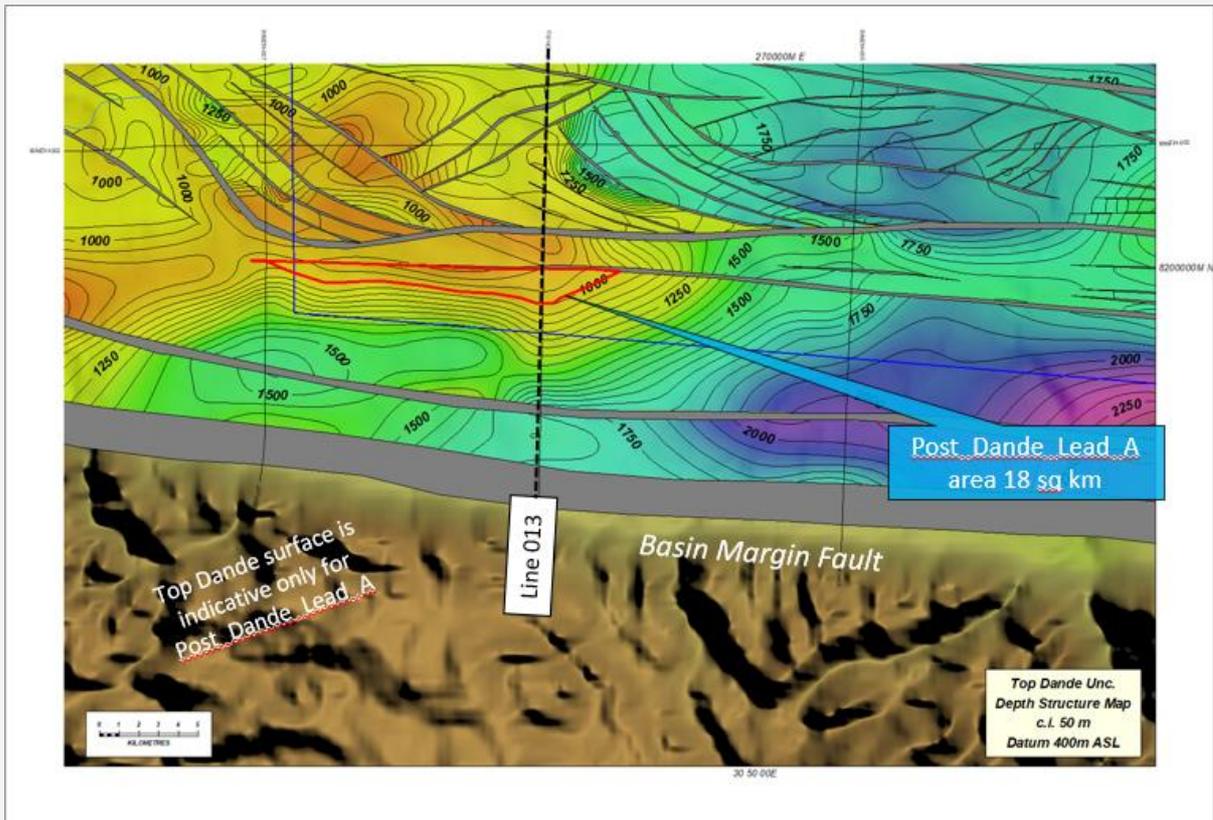


Figure 2 - Lead A in Post Dande location shown on seismic line 13

Preferred Contractor selected for seismic acquisition campaign in 2021

Following the completion of the field reconnaissance program and following receipt of submissions from multiple vendors, the Company has selected its preferred contractor to undertake a seismic acquisition campaign in 2021. The Company will commence detailed planning post formal contract award to enable the acquisition campaign to commence following the conclusion of the rainy season. The Company is planning to acquire a minimum of 400 line km of 2D seismic which exceeds the work program obligations for the current (2nd) exploration period.

Placement with Mangwana Opportunities Fund at a Premium

During the quarter the Company completed a further placement (Second Tranche) under the share subscription agreement announced on 30th April 2020. The placement raises the equivalent of \$AUD 222,148 through the placement of 3,404,186 shares at a share price of \$0.066; a 9% premium to the last closing price. 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.

Corporate

At the Company's AGM, former Non-Executive Director Eric de Mori elected to retire from the board. Mr de Mori was appointed to the board in December 2017 and has made a significant contribution to Invictus including managing the acquisition in 2018. The Company wishes Mr de Mori all the very best with his other business interests.

Information Required Under ASX Listing Rules

1. ASX LR 5.3.5

During the quarter \$85,000 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\$'000)
Milestone payments	32
Consultancy	84
Seismic studies	23
Other	1
Total	140

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 September 2020

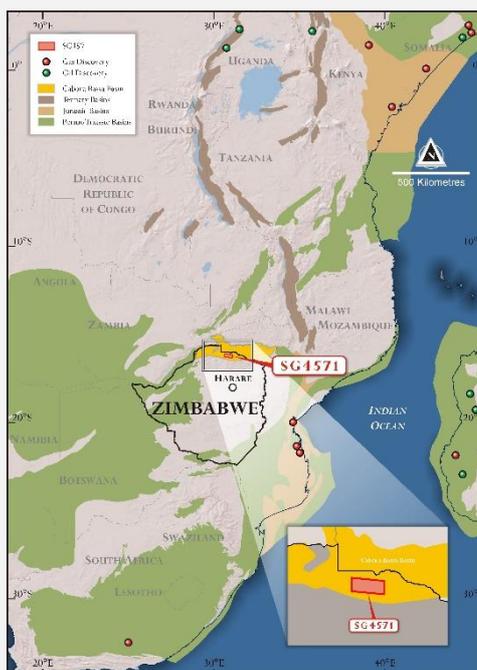
Tenement	Opening	Disposed	Acquired	Closing
SG 4571*	80%	-	-	80%

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

Authorised 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

For further information, please contact:

Scott Macmillan

Managing Director

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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 2020

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	(86)	(193)
(e) administration and corporate costs	(205)	(367)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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	11	32
1.9 Net cash from / (used in) operating activities	(280)	(528)

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)	(140)	(206)
(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 (6 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	(140)	(206)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	-	219
3.10	Net cash from / (used in) financing activities	-	219
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,372	1,497
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(280)	(528)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(140)	(206)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	219

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
4.5	Effect of movement in exchange rates on cash held	(11)	(41)
4.6	Cash and cash equivalents at end of period	941	941

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	145	301
5.2	Call deposits	796	1,071
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)	941	1,372

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**

85¹

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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. 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)	390 ^	-
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 0.77 at 31 December 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)a	(280)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(140)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(420)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	941
8.5 Unused finance facilities available at quarter end (Item 7.5)	390
8.6 Total available funding (Item 8.4 + Item 8.5)	1,331
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.2
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 below is the Company's tenement holdings at quarter end.

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.

Date: 29 January 2021

Authorised by: Authorised by the: Board of Directors

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.