

December 2021 Quarterly Report

DATE: 31 JANUARY 2022

HIGHLIGHTS

- **Cabora Bassa 2021 seismic survey completed with 840 line km 2D data acquired**
- **Farm in Option Agreement with Cluff Energy Africa for 2-well campaign**
- **Drilling rig secured for Muzarabani-1 well**
- **Encouraging preliminary seismic results**
- **Capital raising completed for mobilisation of drill rig and long leads for 2nd well**
- **On track to commence a 2-well drilling campaign in May**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update on the activities of its 80% owned and operated Cabora Bassa project in Zimbabwe.

Comments from Managing Director and CEO Scott Macmillan

"This has been an excellent quarter for the Company, advancing our exploration program on multiple fronts, as we progress towards our maiden drilling campaign in May 2022.

"We completed the Cabora Bassa 2021 seismic survey (CB21 Survey), obtaining 840km of new high resolution 2D seismic data, that is providing greater insight into the subsurface and petroleum potential of the Cabora Bassa Basin.

"Early results from CB21 survey processing are highly encouraging, particularly the strong amplitude anomalies and potential Direct Hydrocarbon Indicators observed in the Muzarabani structure and along the basin margin fault.

"These results have generated confidence for selection of optimal drilling locations ahead of the upcoming campaign.

"The Company secured Exalo's #202 drilling rig and ordered long lead items for a 2 well program, providing line of sight to the anticipated May 2022 drilling program. The Company also executed a non-binding farm-in option agreement executed with Cluff Energy Africa, an endorsement of the project given the group's history and success in Zimbabwe's natural resources sector.

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

Joe Mutizwa

NON-EXECUTIVE & DEPUTY CHAIRMAN

Scott Macmillan

MANAGING DIRECTOR

Gabriel Chiappini

NON-EXECUTIVE DIRECTOR & COMPANY SECRETARY

Brent Barber

COUNTRY MANAGER

“A capital raising program consisting of a placement and a share purchase plan to fund the rig mobilisation fee and long lead items for a second was extremely well supported by existing shareholders. This enabled the Company to double its targeted raise.

The Company is in a strong position and is now firmly focused on the execution of the planned May drilling campaign.”

CB21 seismic survey completed

During the quarter, the Cabora Bassa 2021 seismic survey (CB21 Survey) was completed with a total of 864km of high resolution 2D seismic data acquired. A total of 424km of data was acquired in SG 4571 (including a 24km test line). Following approvals, a further 440km of contiguous data was acquired in an existing application area. The CB21 Seismic Survey significantly exceeds the Company’s minimum work program obligations of 300km of 2D seismic data for the current licence period, which runs to June 2024.

The HSE performance throughout the program has been exceptional, and the project has now exceeded 142,000 hours without a Lost Time Injury (LTI) or recordable incident. This is a testament to the Polaris and Invictus teams.



Final Data Acquisition Shots from CB21 Seismic Survey

CB21 Seismic Survey Map

CB21 Survey 839.3kms 2D seismic acquired to refine Muzarabani-1 well location and mature basin margin play

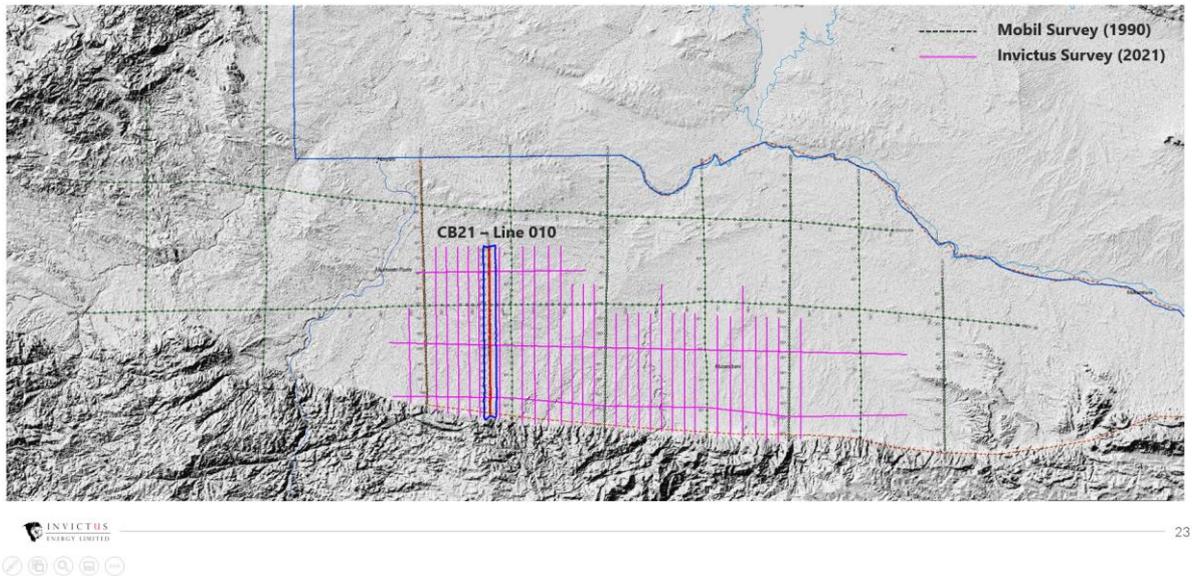


Figure 1 – CB21 Seismic Survey Map showing location of line CB21-010

Farm in Option Agreement Executed with Cluff Energy Africa for a 2 Well Campaign

During the quarter, the Company executed a farm in option agreement with Cluff Energy Africa Limited (“CEA”) for a 2 well exploration drilling campaign in the Cabora Bassa Project. CEA will fund 33.33% of the costs for a 25% interest (excluding additional back costs) in the Cabora Bassa Project and Invictus will remain as operator.

Under the terms of the non-binding agreement, CEA must exercise the option by 31 March 2022 to enter into a binding Farm in Agreement and a Joint Operating Agreement, obtaining the necessary funding to meet the Farm in Commitment for 2 wells. Invictus and CEA will also investigate the options for mitigating carbon emissions from the project including Carbon Capture and Storage (CCS) or similar solutions to align with Zimbabwe’s strategic objectives.

A summary of the key terms of the agreement are contained in the ASX release on 9 December 2021.

MOU Signed with Exalo Drilling for #202 Rig for 1 firm well + 1 contingent well in May 2022

During the quarter, Invictus executed a MOU with EXALO Drilling SA to drill the Muzarabani-1 exploration well. The Company also executed an option for an additional exploration well for the basin opening drilling campaign, scheduled to commence in May 2022.

Following extensive evaluation of several suitable rig options, on both a technical and commercial basis, the Company has selected the Exalo #202 Rig for the upcoming drilling program. A binding rig agreement is anticipated to be signed in the March quarter. Exalo personnel visited Zimbabwe to review the potential drilling locations and logistics options. The #202 Rig is currently engaged in drilling operations in Tanzania and will be mobilised to the project once that program has been completed.

The MOU allows for the exercise of a 2nd well by 15 February 2022. The Company is currently processing the CB21 Seismic Survey data. The aim is to refine the Muzarabani-1 well location and maturing additional prospects to enable a 2 well back-to-back drilling program.

Given the encouraging early results of the seismic processing, the Cabora Bassa partners are confident of identifying and maturing an additional prospect to commit to a 2 well drilling program.



Figure 2 - Exalo IRI 1200 Drilling Rig

CB21 Seismic Survey Preliminary Results Encouraging

Preliminary processing of selected lines by EarthSignal is demonstrating encouraging results. This follows the completion of the Cabora Bassa 2021 seismic survey (“CB21 Survey”) in early November, which acquired a total of 839.3km of high resolution 2D seismic data.

In addition, the previous survey acquired by Mobil will be reprocessed by EarthSignal in conjunction with the CB21 Survey to integrate the legacy dataset and apply insights to the entire Cabora Bassa Basin.

An example of the preliminary processing results of line CB21-010 is provided on page 5 of this announcement. Figure 3 shows the Preliminary Stack scaled version which shows the clearly defined Muzarabani anticline structure, clear fault definition and deep reflectors below 4 seconds.

Figure 4 shows the Preliminary Stack unscaled version. This demonstrates anomalous shallow amplitudes in the shallower section of the Muzarabani structure and against the basin margin fault, where hydrocarbon bearing traps are expected to be located. These amplitude anomalies can often be indicative of the presence of hydrocarbons.

The initial processing results of the seismic acquisition have produced high quality data. This has revealed a variety of structural and stratigraphic features providing for a target rich environment for the upcoming drilling program. The early indications from the preliminary seismic processing are very encouraging, particularly the strong amplitude anomalies observed in the Muzarabani structure and along the basin margin fault.

We look forward to the final processed products and interpretation of the entire CB21 Survey, enabling better characterisation of the primary Upper Angwa target in the Muzarabani prospect.

CB21 Seismic Data Early Look

Preliminary processing shows very encouraging early signs – clear fault definition and deep reflectors

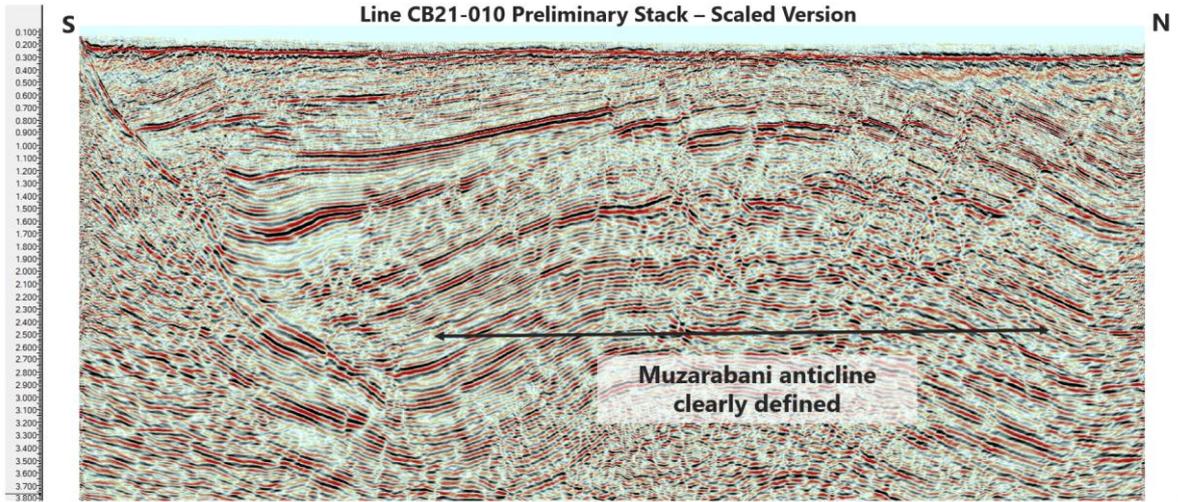


Figure 3 – CB21-010 Preliminary Stack (Scaled Version) showing clear definition of Muzarabani structure, faults and deep reflectors

CB21 Seismic Data Early Look

Strong amplitude anomalies in shallow sections along basin margin and Muzarabani structure

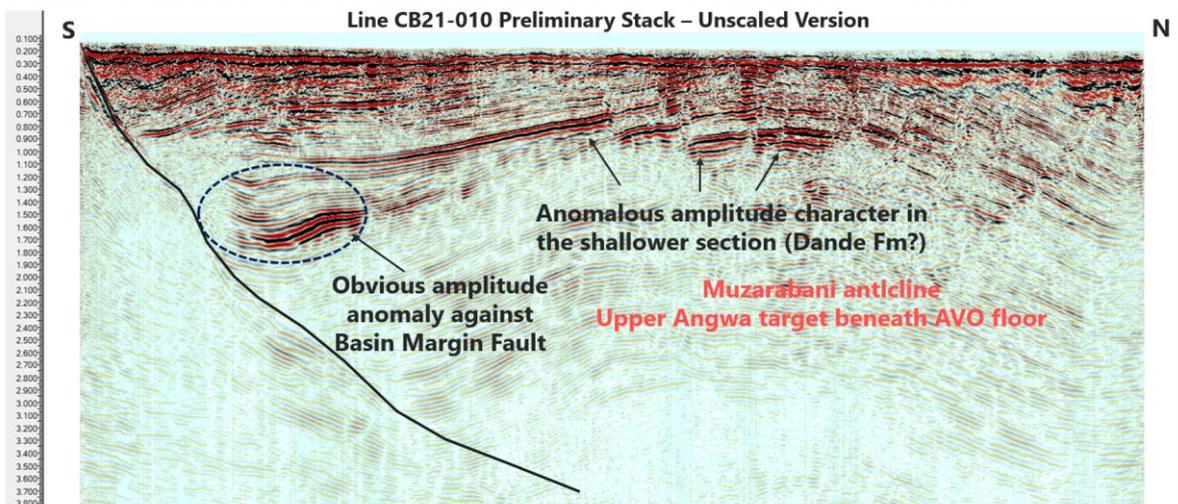


Figure 4 - CB21-010 Preliminary Stack (Unscaled Version) showing anomalous amplitudes in shallow section in Muzarabani structure and along basin margin fault

CB21 Seismic Data Early Look – Direct Hydrocarbon Indicators?

Potential “Flat Spots” in Muzarabani structure

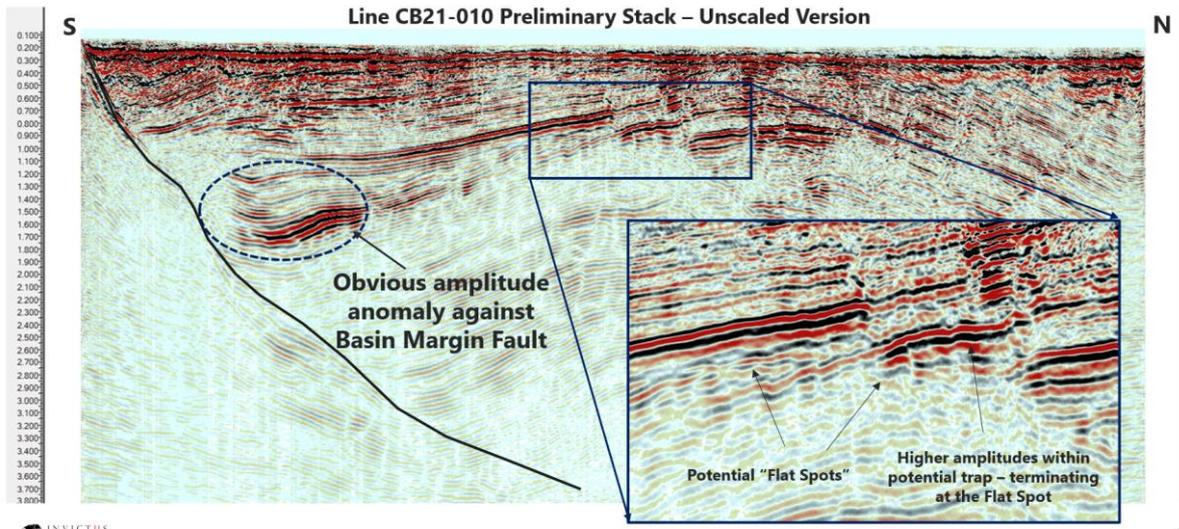


Figure 5 - CB21-010 Preliminary Stack (Unscaled Version) with focus on amplitudes in Muzarabani structure which demonstrate potential “flat spots”

Capital Raising Completed to Fund Drill Rig Mobilisation and Long Leads for 2nd Well

Placement

During the quarter, the Company completed a capital raise by way of placement to sophisticated and institutional investors. Invictus issued 35,000,000 new fully paid ordinary shares (New Shares) at an issue price of \$0.10 per New Share for a total of \$3.5m before costs. At the end of the quarter the Company also executed a placement for \$0.5m with existing large institutional shareholder Mangwana Opportunities Fund on the same terms.

Share Purchase Plan

In concert with the Placement, the Company announced a Share Purchase Plan (SPP) for eligible shareholders to raise up to \$2m with the ability to purchase up to \$30,000 of new shares. The issue price under the SPP of \$0.10 is equal to that of the New Shares issued under the Placement, with SPP participants also receiving attaching option on a 1-for-2 basis, at a strike price of \$0.14, with a 3-year term.

Subsequently, due to overwhelming demand, the Company increased the SPP to a total of \$4m, closing the offer 10 days ahead of schedule. The Company received a total of \$9.4m in applications which resulted in a pro-rata scale back of allocation to ~42%.

Board Update

During the quarter, Mr Barnaby Egerton-Warburton resigned from the board of Invictus due to the increasing demands of his other current board roles.

Mr Egerton-Warburton, an ASX small cap and capital markets specialist, was a founding director of Invictus from 2018. He played a key role in the back door listing of the Cabora Bassa Basin asset and guiding the Company through to its current position.

The board thanks Mr Egerton-Warburton for his contribution to the Company and wishes him all the best and success with his other business interests.



Figure 6 - CB21 Seismic Crew

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Information Required Under ASX Listing Rules

1. ASX LR 5.3.5

During the quarter \$187,000 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 and evaluation activity spend for the quarter consisted of:

Category	Amount (\$AUD'000)
Consultancy	251
Seismic Acquisition & Well Planning	5.434
Other	-
Total	5.685

3. ASX LR 5.3.3

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 31 December 2021:

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.

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 Muzarabani Prospect, an 8.2 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. The Company is advancing the current exploration program with the acquisition of infill seismic data for a planned 1H 2022 basin opening drilling campaign.

#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 Company entered into the second exploration period in August 2020 which runs until June 2024. Invictus has an 80% equity stake in SG4571 via its subsidiary Geo Associates (Private) Limited

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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 2021

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	(102)	(196)
(e) administration and corporate costs	(432)	(764)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
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	55	85
- Restricted cash returned	96	96
1.9 Net cash from / (used in) operating activities	(379)	(775)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(76)	(377)
(d) exploration & evaluation (if capitalised)	(5,685)	(6,847)
(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	(5,761)	(7,224)

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	40	40
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	-	-
3.10	Net cash from / (used in) financing activities	40	40

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,299	9,135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(379)	(775)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,761)	(7,224)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	40	40

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	10	33
4.6	Cash and cash equivalents at end of period	1,209	1,209

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	434	865
5.2	Call deposits	775	6,434
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)	1,209	7,299

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**

187¹

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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.</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)	417 ^	-
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 0.72 at 31 December 2021.		
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(379)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(5,685)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(6,064)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,209
8.5 Unused finance facilities available at quarter end (Item 7.5)	417
8.6 Total available funding (Item 8.4 + Item 8.5)	1,626
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.3
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: During the December 2021 quarter the Company made advance payments for work related to the upcoming Drilling program.	
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: On 29 December 2021 the Company announced that it was raising \$5.5m to support the development of the Cabora Bassa Project. On 17 January 2022 the raising was increased to \$7.5m.	
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: Yes, as a result of the above mentioned capital raising the Company will be able to meet its operational objectives and fund its working capital costs.	

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.

Authorised by: Authorised by the: Audit & Risk Committee, 31 January 2022

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.