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Invictus Energy Ltd ASX: IVZ

September 2020 Quarterly Activities Report

INVICTUS ENERGY LIMITED

DATE: 30 OCTOBER 2020

HIGHLIGHTS

- **SG 4571 Licence Renewed for further 3 year term**
- **Environmental Impact Assessment Approved**
- **Zimbabwe Investment Licence Renewed for 5 years**
- **Placement Completed with Strategic Investor at premium**
- **Production Sharing Negotiations nearing finalisation with Republic of Zimbabwe**
- **Farm Out Process Advancing**
- **Field Operations Commenced in Cabora Bassa Basin**

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

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).

SG 4571 Licence Renewed for further 3 year term

Geo Associates (Pvt) Ltd (Geo Associates), the Company's 80% owned subsidiary and holder of Special Grant 4571 has received notification that its application to extend the tenure of the SG 4571 licence for a further three years has been granted by the Mining Affairs Board. This will be followed by publication in the Government Gazette.

The exploration licence for the Second Period runs to August 2023. The Company will undertake a comprehensive work programme for the second three year exploration period including the commitment to drill a minimum of one exploration well.

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

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Environmental Impact Assessment (EIA) Approval

The Environmental Management Agency (EMA) issued EIA Certificate number 8000092361 and granted Geo Associates (Private) Limited, the Company's 80% owned subsidiary and holder of Special Grant 4571, permission to operate in accordance with Part XI of the Environmental Management Act (Chapter 20:27) subject to terms and conditions that are normal for such an authority. The approval of the Environmental Management Plan concludes the permitting requirements and enables the Company to commence and undertake activities in the field including seismic acquisition and exploration drilling.

The EIA study was conducted by independent environmental consultants, the Scientific & Industrial Research & Development Centre (SIRDC). The full EIA assessment included field surveys and baseline measurements of hydrology, ecology, environmental, archaeological, hydrogeological, soil surveys and socioeconomic and community consultations consultation of the key project stakeholders, local leaders, relevant government ministries and government extension offices. The community information sessions were well attended with up to 1,000 participants at some meetings.

The EIA survey conducted by SIRDC has been one of the most comprehensive surveys undertaken for an exploration project in the country and we thank them for their thorough and professional work. The issuing of the EIA license is a significant milestone for the Cabora Bassa Project and marks the progression from the primarily desktop studies phase to the on ground activity phase of the exploration campaign.

The local communities in the Muzarabani and Mbire Districts and Mashonaland Central Province have expressed their full support for the project. Additional submissions from non-governmental organisations (NGOs) and private commercial entities present in the study area were also received following the initial EIA assessment by the regulator in May. Consultations and information sessions were held with these groups who have also expressed their full support as well as identifying areas of potential future collaboration in the project area and with the local community programs.

Zimbabwe Investment Licence Renewed for 5 years

The Company has received approval of its application to renew the investment licence from the Zimbabwe Investment and Development Authority (ZIDA) for a period of 5 years. ZIDA is the investment promotion body established to promote and facilitate both foreign direct investment and local investment in Zimbabwe. The investment licence provides formal recognition of the Company as a foreign investor in the country and enables access to a range of fiscal benefits and incentives

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

Production Sharing Negotiations ongoing with Republic of Zimbabwe

During the quarter the Company continued its negotiations of a Production Sharing Agreements (PSAs) with the Government of Zimbabwe through its parent Ministries and legal representatives. The drafts of the Production Sharing Agreements have been finalised and are undergoing review by members of an Inter-Ministerial Committee advised by an Independent Expert. The process, which is expected to be conclude shortly, will enable the signing of the agreements in the near future.

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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 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.

Subsequent to the end of the quarter, the travel restrictions in Zimbabwe have been eased which will enable country visits and on the ground due diligence to commence. The Company will provide further updates as per our continuous disclosure requirements.

Commencement of Field Operations in the Cabora Bassa Project

Subsequent to the end of the quarter and following the approval of the Environmental Management Plan, easing of COVID-19 related restrictions and the completion of the final cultural ceremonies in the Muzarabani and Mbire Districts, the Company commenced field operations in the Cabora Bassa Basin in mid October.

The reconnaissance program and baseline survey consist of the traversing of the proposed infill seismic lines for a planned acquisition campaign in the 2021 dry season. The program will capture details such as topography, existing access roads, drainage, vegetation cover, soil types, rock exposures, sampling of any natural oil and gas seeps, areas of development (constructions and cultivation), plus any sites of cultural, religious or historic importance.

The reconnaissance program has been implemented prior to the onset of the rainy season to map out the routes for the planned seismic acquisition campaign next year and maximise the efficiency of the survey.

The program has progressed extremely well to date and is ahead of schedule.



Figure 1 - Invictus Reconnaissance Team in the field with Zambezi escarpment in the background



Figure 2 - Reconnaissance Team traversing proposed route for Line G35

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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'000)**
Travel and accommodation	NIL
Consultancy	10
Exploration and Evaluation	56
Total	66

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.

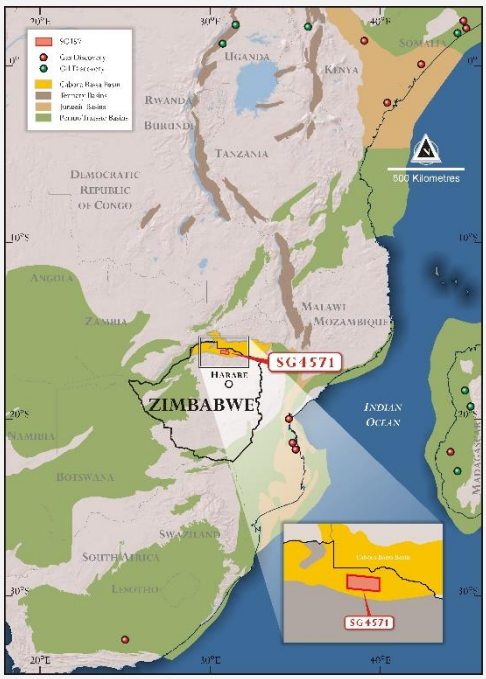
Authorised for release by the Board

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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

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Corporate Advisor & Lead Manager

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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Name of entity	
Invictus Energy Ltd	
ABN	**Quarter ended ("current quarter")**
21 150 956 773	30 September 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (3 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	(107)	(107)
	(e) administration and corporate costs	(159)	(159)
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	21	21
1.9	**Net cash from / (used in) operating activities**	**(245)**	**(245)**

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)	(66)	(66)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**(66)**	**(66)**

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	219
3.10	**Net cash from / (used in) financing activities**	**219**	**219**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,497	1,497
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(245)	(245)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(66)	(66)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	219	219

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(33)	(33)
4.6	**Cash and cash equivalents at end of period**	**1,372**	**1,372**

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	301	191
5.2	Call deposits	1,071	1,306
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)**	**1,372**	**1,497**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	88[1]
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	423^	-
7.4	**Total financing facilities**	**423^**	-

7.5	**Unused financing facilities available at quarter end**	423
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 0.71 at 30 September 2020	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(245)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(66)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(311)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,372
8.5	Unused finance facilities available at quarter end (Item 7.5)	423
8.6	Total available funding (Item 8.4 + Item 8.5)	1,795
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	5.8

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

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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, 30 October 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.

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