



INVICTUS
ENERGY LIMITED

Invictus & Tatanga Energy Sign Gas Sales MOU for 500MW Gas to Power Project

DATE: 19 DECEMBER 2019

HIGHLIGHTS

- **Invictus & Tatanga Energy sign Gas Sales MOU to progress gas supply from Cabora Bassa Project**
- **Tatanga Energy to develop 500MW Gas to Power Project in Zimbabwe**
- **MOU signed for the supply of up to 36.5 billion cubic feet of gas per year (Bcf) for 20 years (100 million cubic feet per day)**
- **Second major Gas Sale MOU executed by Invictus for the Cabora Bassa Project**

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to announce that the Cabora Bassa Project partners, comprising Invictus (80%) and One-Gas Resources (Pvt) Limited (20%), 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 ± 150 MW and the second phase consisting of an additional ± 350 MW. 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).

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

Key Terms

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

Conditions Precedent

The conditions precedent in the MOU include:

- Confirmation of a commercial hydrocarbon discovery in SG 4571
- Completion of a Gas Sales and Purchase Agreement (GPSA) 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)

Invictus Managing Director Scott Macmillan commented:

“Signing this MOU with Tatanga Energy to develop a 500MW Gas to Power project is another significant step forward in our commercial negotiations as we look to progress the Cabora Bassa Project. Zimbabwe and southern Africa is in the midst of an energy crises with the region enduring acute energy shortages which is hampering industry and economic growth.

The potential gas supply of up to 100 million cubic feet per day for 20 years is a substantial volume which will underpin the development of any commercial gas discovery we make in the Cabora Bassa Project. This MOU demonstrates the huge local in an energy starved market in Zimbabwe and illustrates how the gas market dynamics have changed since Mobil exited Zimbabwe 25 years ago due to the lack of a market at the time.

Although the offtake volume of up to 730 billion cubic feet is substantial it represents only about 8% of the independently estimated 9.25 trillion cubic feet resource potential of the Cabora Bassa Project and enables Invictus to target additional markets not only locally but also in the wider region. Natural gas and power are in high demand in southern Africa due to increasing supply shortages of natural gas from mature fields that are now in decline and the retirement of >10,000 MW of aging coal fired power infrastructure in the region.

South Africa’s recently released 2019 Integrated Resource Plan (IRP) enables industrial users to generate power for their own use and to accelerate the purchase of power from independent producers, including from neighbouring countries through the Southern African Power Pool (SAPP). Eskom is targeting to purchase up to 5,000 MW in the near term which provides scope for Invictus to supply further gas volumes and become a major energy provider to the region. Natural gas is becoming increasingly important to the economies of southern Africa as a clean, reliable and affordable energy source.

We look forward to working closely with Tatanga Energy and our partners One-Gas Resources to progress the project and ultimately providing reliable and affordable baseload power to Zimbabwe and the region.”

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.

Invictus’ high prospectivity Cabora Bassa Project in Muzarabani could potentially play a transformational role in the development of the Zimbabwean economy fostering new industries and providing the feedstock for the generation of much needed predictable and affordable dispatchable energy for the national grid.

The Project supports Zimbabwe's Vision 2030 twin goals of boosting economic growth and driving investment in private and public projects.

The power project represents further progress for Tatanga's ambitions to develop a multi feedstock regional energy platform. The project will bolster and diversify Tatanga's project pipeline of IPP's and further underpins the potential for Zimbabwe to generate sufficient energy to meet its well established historical and projected future demand profiles from domestic feedstock sources.

Tatanga Energy looks forward to developing the project with Invictus, One-Gas Resources and Zimbabwe's energy sector regulators."

About Tatanga Energy

- Tatanga Energy has built a strong operational team which leverages the invaluable relationships that they have formed over time with local and international advisers, investors, lenders, and EPC contractors.
- Tatanga Energy is currently developing 2 solar PV projects in Zimbabwe.
- Tatanga Energy's flagship project is a 400 MW solar photovoltaic (PV) park that is being developed with Masawara Limited and Sable Chemicals Limited.
- The first 50 MW phase of the project is expected to produce energy for the national grid by 2021

Please see <https://tatangaenergy.com> for further information on Tatanga Energy.

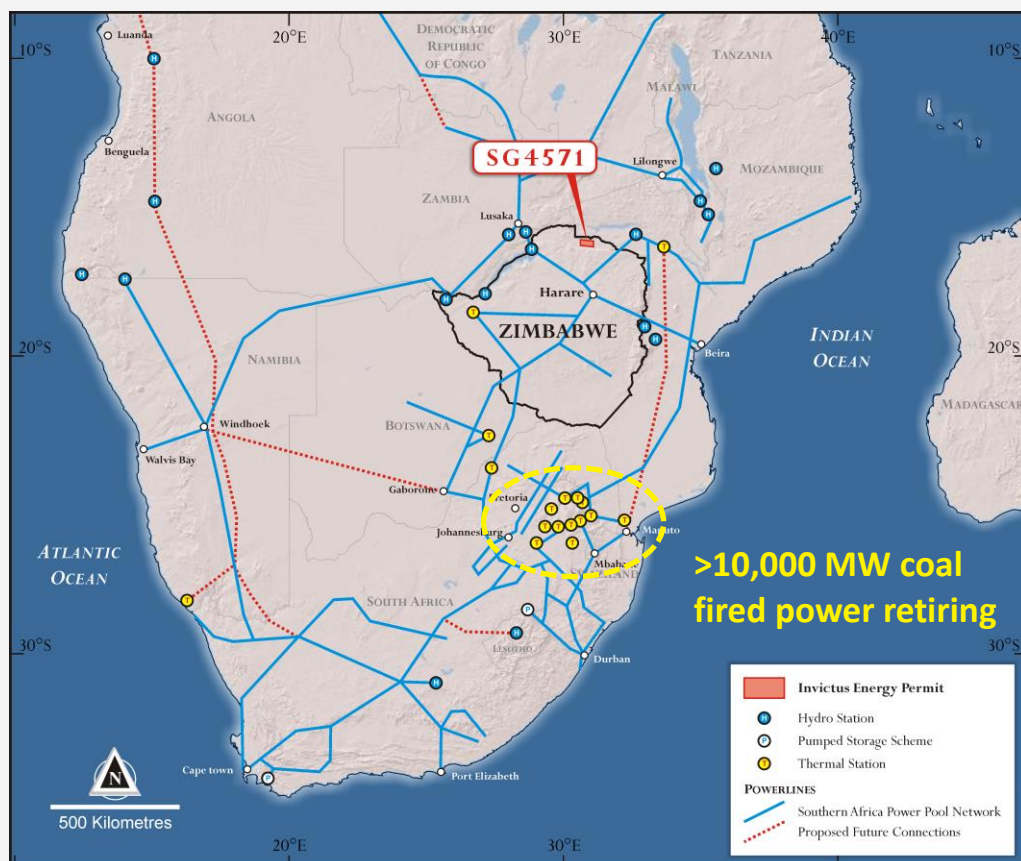


Figure 1: Southern Africa Power Pool Map – SG 4571 is proximal to the SAPP enabling monetisation of gas to the wider region through the electricity grid

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
P + 61 (08) 6102 5055
info@invictusenergy.com

Corporate Advisor
Ashanti Capital
P +61 (08) 6169 2668


**Corporate Advisor
& Lead Manager**