



March 2020 Quarterly Activities Report

DATE: 30 APRIL 2020

HIGHLIGHTS

- **Invictus Receives Priority Project Status from Zimbabwe Government**
- **Technical Committee formed by the Zimbabwe Government to undertake negotiations for a Production Sharing Agreement**
- **Meetings held with the Chiefs representing Muzarabani and Mbire Rural Districts and Cultural Ceremony to be conducted to welcome Invictus**
- **Final EIA submissions received by Environmental Management Authority**
- **Placement with Strategic Investor at a premium**

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

SG 4571: Zimbabwe Gas-Condensate Exploration Project

During the quarter, the Company made significant progress on our 80% owned and operated Special Grant 4571 licence (Cabora Bassa Project).

Managing Director Comments

The Company has made significant progress during the quarter and I am particularly pleased with the engagement from the Government to deliver the regulatory framework required to implement a Production Sharing Agreement (PSA) with the Republic of Zimbabwe. Whilst we are disappointed that we could not conclude some of the milestones due to the delays caused by COVID-19 related shutdowns and restrictions, we remain on track to deliver these once the restrictions have been lifted and business resumes.

Whilst there has been significant volatility in the oil and capital markets that has caused some delays, the Company remains

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

well placed to deliver a farmout transaction that will unlock significant value. Our project has a unique combination of low-cost entry, long dated and relatively low cost work commitments due to its onshore location with good infrastructure, significant scale in terms of prospectivity and running room upon success, and importantly, multiple monetisation pathways. We see a huge opportunity in the energy market in the region which is chronically undersupplied and likely to become even more challenging. With the regional gas market a focus for the Company rather than overseas exports means that the gas sale agreements are generally fixed price, long life contracts over 10-20 years which results in stable pricing and remain unaffected by the sort of volatility we are witnessing in the oil and LNG market at present. We have strong local demand as evidenced from our gas sale MOUs with Sable Chemicals and Tatanga Energy as well as lucrative premium priced regional markets that are facing severe supply shortfalls in the near future.

All of these factors make our project an attractive and material portfolio addition for any company we are working diligently to deliver the best value to shareholders in this respect.

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. Securing funding from Mangwana ensures that the project spending is unaffected and our exploration program remains on track. The Board believes that the Company's cost base is now at a more appropriate level for the current circumstances and sees the Company fully funded to deliver a farmout of SG 4571.

Subsequent to the end of the quarter we also announced a Strategic Investment into the Company by Mangwana Opportunities which has been placed at a significant premium of 91% to the 5 day VWAP and 40% to the last closing price. I am particularly pleased to have a local institutional investor on the register and the support of the Mangwana team in country. We are also delighted to welcome Joe Mutizwa, Chairman of Mangwana Capital, who will become a director of our wholly owned local subsidiary. Joe is one of Zimbabwe's most senior and respected businessmen who will add a tremendous amount of value to the Company and the Cabora Bassa project. Joe served for ten years as Chief Executive of Delta Corporation, one of Zimbabwe's largest listed companies before taking early retirement in 2012.

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).

We look forward to working with him and Mangwana closely to deliver the goals of the Company and the country in this potentially game changing project for the region.

Invictus Receives Priority Project Status from Zimbabwe Government

During the quarter the Company's Cabora Bassa project at Muzarabani held through the Company's 80% interest in Geo Associates (Private) Limited has been classified as a priority development project by the Office of the President and Cabinet of Zimbabwe.

The Company's Cabora Bassa project has been classified as one of the key projects within Zimbabwe that can provide a significant economic benefit to the economy in pursuit of the vision of becoming a Middle Income Economy by 2030.

Technical Committee formed by Zimbabwe Government to undertake PSA negotiations

During the quarter the Government of Zimbabwe setup a Technical Committee to undertake negotiations for a Production Sharing Agreement (PSA) with Geo Associates (Private) Limited. 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.

Due to the COVID-19 enforced national shutdown enacted on 30 March, the Company has been delayed in making a presentation to the Technical Committee until restrictions in the country are lifted. However, the Company and its attorneys have been corresponding with the legal representatives from the Technical Committee during the shutdown period and expect to resume negotiations shortly.

Cultural Ceremony to be welcome Invictus by Chiefs in Muzarabani and Mbire

During the quarter the Company was hosted by the District Administrator for Mashonaland Central Province in Centenary and received by the Chiefs representing the Muzarabani and Mbire Districts where the Cabora Bassa Project is located. The Company through Geo Associates provided the Chiefs with an overview and update of the project and the upcoming on the ground activity that will commence following the approval of the Environmental Impact Assessment which is expected to be approved shortly.

The Chiefs performed an initial ceremony for each of their respective areas during the quarter. A formal combined ceremony including the hosting of Company and Government representatives has been delayed until the COVID-19 related restrictions have been lifted.

Final EIA Submissions received by Environmental Management Authority

During the quarter the Environmental Management Authority (EMA) received final submissions from the various government, NGO and local stakeholder groups relating to the Company's Environmental Impact Assessment (EIA) submission. EMA representatives have undertaken a site visit to the project area.

Placement with Strategic Investor at a premium

Subsequent to the end of the quarter, the Company entered into a binding share subscription agreement with the Mangwana Opportunities Fund.

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 Fund has prescribed asset status and has been granted tax exempt status by the Ministry of Finance.

The share subscription agreement raises the equivalent of \$AUD0.44 million through the placement of 12,564,143 shares at a share price of \$0.035; a 91% premium to the preceding 5 day VWAP of \$0.0183 and a 40% to premium to the last closing price of \$0.025. The condition precedent to the completion of the placement is subject to approval by the Reserve Bank of Zimbabwe Exchange Control which is expected shortly. The shares issued to Mangwana will be held in escrow for 6 months from the date of completion.

Funds raised from the placement will be used advance the Cabora Bassa Project including on the ground activity and preparatory works in the project area, our CSR program within the Muzarabani and Mbire Districts and other in country activities. The agreement makes provision for a further equity investment by Mangwana for the project over the next 12-24 months.

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Authorised by Scott Macmillan, Managing Director for and on behalf of the board of Invictus Energy Limited

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

Name of entity

Invictus Energy Ltd

ABN

21 150 956 773

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(128)	(391)
	(e) administration and corporate costs	(277)	(945)
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	14	53
1.9	Net cash from / (used in) operating activities	(391)	(1,267)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(22)
	(d) exploration & evaluation (if capitalised)	(123)	(776)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(126)	(798)

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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1,391

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,057	2,214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(391)	(1,267)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(126)	(798)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,391

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	1,541	1,541

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	56	23
5.2	Call deposits	1,485	2,034
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)	1,541	2,057

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
137 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)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Subsequent to the end of the quarter, the Company entered into a binding share subscription agreement with the Mangwana Opportunities Fund. The share subscription agreement raises the equivalent of \$AUD0.44 million through the placement of 12,564,143 shares at a share price of \$0.035; a 91% premium to the preceding 5 day VWAP of \$0.0183 and a 40% to premium to the last closing price of \$0.025. The condition precedent to the completion of the placement is subject to approval by the Reserve Bank of Zimbabwe Exchange Control which is expected shortly. The shares issued to Mangwana will be held in escrow for 6 months from the date of completion. Funds raised from the placement will be used advance the Cabora Bassa Project including on the ground activity and preparatory works in the project area, our CSR program within the Muzarabani and Mbire Districts and other in country activities. The agreement makes provision for a further equity investment by Mangwana for the project over the next 12-24 months.			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(391)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(123)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(514)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,541
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,541
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.0

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

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 the: Audit & Risk Committee, 30 April 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.