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**ABOUT INVICTUS ENERGY LTD**

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 conventional gas-condensate prospect.

**BOARD & MANAGEMENT**

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 and
Company Secretary

**invictusenergy.com**

**22 JANUARY 2019**

# DECEMBER 2018 QUARTERLY ACTIVITIES REPORT

Invictus Energy Limited ("Invictus" or "the Company"), is pleased to provide an update of its activities for the quarter ending December 2018.

## SG 4571: Zimbabwe Gas-Condensate Exploration Project

During the quarter, the Company made significant progress in our Cabora Bassa Project work program.

### Interim Independent Prospective Resource Estimate

The Company announced its Maiden Prospective Resource estimate for the Cabora Bassa Project which is 80% owned and operated by Invictus. The estimate was prepared by Netherland, Sewell & Associates, Inc. (NSAI), a worldwide leader of petroleum property analysis to industry and financial organisations and government agencies.

NSAI concluded that Mzarabani Prospect contains 3.9 Tcf (trillion cubic standard feet) of natural gas and 181 mmbbl (million barrels) of condensate; totalling 850 mmboe (million barrels of oil equivalent) prospective resource (gross mean unrisked basis) in the primary target (Upper Angwa Alternations Member) alone.

| Cabora Bassa Project: SG 4571 Mzarabani Prospect | Gross Unrisked Estimated Prospective Resources# *Source: NSAI as of 29 October 2018* | | | |
|---|---|---|---|---|
| **Upper Angwa Reservoir Only** | **Low** | **Best** | **High[1]** | **Mean** |
| **Gas (Bcf) – Gross (100%)** | 826.0 | 3,357.0 | 9,403.0 | 3,880.0 |
| **Condensate (mmbbl) – Gross (100%)** | 8.3 | 100.7 | 658.2 | 181.1 |
| **Total (mmboe) – Gross (100%)** | 150.7 | 679.5 | 2,279.4 | 850.1 |
| **Gas (Bcf) - Net IVZ (80%)** | **660.8** | **2,685.6** | **7221.5** | **3,104.0** |
| **Condensate (mmbbl) - Net IVZ (80%)** | **6.6** | **80.6** | **505.5** | **144.9** |
| **Total (mmboe) - Net IVZ (80%)** | **120.6** | **543.6** | **1,750.6** | **680.1** |

*Table 1 - Mzarabani Prospect - Upper Angwa Independent Prospective Resource Estimate*
*[1]High estimate (IVZ share) is net of an additional 4% volume which lies outside the SG 4571 permit; low, best and mean cases lie entirely within SG 4571*

#Please see Cautionary Statement relating to Prospective Resources. Full details of the independent estimate from NSAI are set out in the Company's announcement to the ASX on 5 November 2018.

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The independent estimate confirms the Mzarabani Prospect as the largest undrilled seismically defined structure in onshore Africa and places us in Giant* scale field potential. This estimate excludes the additional prospective horizons under closure within the Mzarabani anticline structure (Forest, Pebbly Arkose and Lower Angwa horizons) and further leads identified within the SG 4571 area. This additional potential will benefit from the ongoing 2D seismic reprocessing and interpretation work and is expected to add material prospective resources to the Cabora Bassa Project. The Company will provide estimates of this additional potential following the completion of the seismic reprocessing exercise.

**Seismic Reprocessing**

During the quarter the Company commenced reprocessing the 2D seismic data which was transcribed from the field tapes located at the Zimbabwe Geological Survey in Harare. The early results from this exercise are extremely encouraging and are providing a significant improvement in the data quality and seismic imaging of the subsurface. The reprocessing exercise which encompasses the entire Cabora Bassa Basin is expected to be completed around the end of the March Quarter and interim results will be released during the quarter. Following this, the seismic dataset will be reinterpreted in preparation for the quantification of additional prospectivity and an update to the independent prospective resource for the entire SG 4571 area.

**Additional Activity**

During the quarter the Company also completed the aeromagnetic data reprocessing which identified numerous leads and play types in addition to the Mzarabani structure and will be incorporated to the seismic interpretation. The Company also acquired additional source rock samples from outcrops located at the western edge of the Cabora Bassa Basin. These samples will be analysed an incorporated into an updated basin model. Through the Company's continued geological and geophysical studies and results it has received significant industry interest following the roadshows and conferences over the last several months ahead of the planned marketing programme to attract a farm-out partner. This process is expected to commence following the update to the independent prospective resource estimate for SG 4571.

#Cautionary Statement. The resources referred to above were announced on 5 November 2018.

--ends--

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Corporate Advisor and Lead Manager

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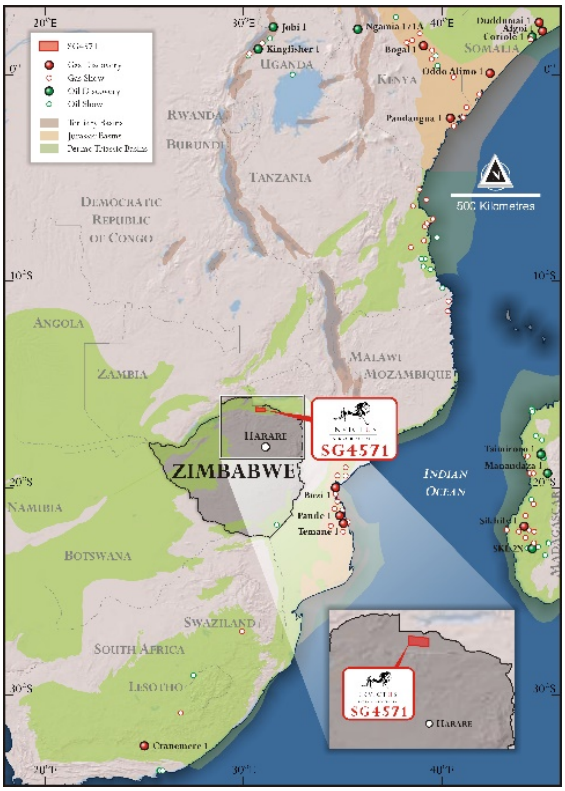
For further information on Invictus Energy, please visit the Company's website at www.invictusenergy.com

**About the Cabora Bassa Project**

The Cabora Bassa Project encompasses the Mzarabani Prospect, a multi-TCF 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.*

***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)

**SG 4571 -** Special Grant Permit 4571 was granted in August 2017, the first 12 month work programme has been completed. Invictus has an 80% equity stake in SG4571 via its subsidiary Geo Associates (Private) Limited

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# Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

Invictus Energy Ltd

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 21 150 956 773 | 31 December 2018 |

| **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 | - | - |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (141) | (209) |
| | (e) administration and corporate costs | (193) | (480) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 8 | 12 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | - |
| 1.8 | Other (provide details if material) | | |
| | (a) due diligence | - | (16) |
| **1.9** | **Net cash from / (used in) operating activities** | **(326)** | **(693)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | (743) |
| | (d) other non-current assets | (96) | (96) |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (6 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Exploration and Evaluation expenditure | (323) | (333) |
| **2.6** | **Net cash from / (used in) investing activities** | **(419)** | **(1,172)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 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** | **-** | **-** |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (6 months) $A'000 |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period (note 1) | 3,869 | 4,988 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (326) | (693) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (420) | (1,172) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **3,123** | **3,123** |

Note 1: In the September 2018 appendix 5B, year to date opening cash and cash equivalents of $4,302m was reported compared to $4,988m in the December 2018 (current) appendix 5B. The $686k difference relates to payments for the Cabora Bassa Project being physically made on the 2 July 2018 however being treated as paid on 30 June 2018. The $4,988m opening cash position agrees to the Company's audited 30 June 2018 full year annual report.

| **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 | 150 | 19 |
| 5.2 | Call deposits | 2,973 | 3,850 |
| 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)** | **3,123** | **3,869** |

| **6.** | **Payments to directors of the entity and their associates** | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 113 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments relate to executive director salary, non- executive director fees and company secretary fee.

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| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Not applicable

| 8. | Financing facilities available<br>*Add notes as necessary for an understanding of the position* | Total facility amount at quarter end $A'000 | Amount drawn at quarter end $A'000 |
|---|---|---|---|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Not applicable

| 9. | Estimated cash outflows for next quarter | $A'000 |
|---|---|---|
| 9.1 | Exploration and evaluation | 340 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 155 |
| 9.5 | Administration and corporate costs | 111 |
| 9.6 | Other | - |
| **9.7** | **Total estimated cash outflows** | **606** |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

## 11. Performance securities

| 11.1 Unlisted Performance Shares | | | | |
|---|---|---|---|---|
| **Tranche** | **Number** | **Issue date** | **Expiry date** | **Vesting condition** |
| Class A | 25,255,701 | 22-Jun-2018 | 20-Mar-19 | An independent prospective resource certification of greater than 1.5TCF Gas or 250 mmboe with respect to the Cabora Bassa Project. |
| Class B | 31,587,822 | 22-Jun-2018 | 20-Jun-20 | A farmout which includes a commitment to drill a well to a minimum planned depth of 3,000 metres with respect to the Cabora Bassa Project. |
| Class C | 44,179,281 | 22-Jun-2018 | 20-Dec-21 | Drilling of an exploration well upon the Cabora Bassa Project that results in the maiden booking of Contingent Resources or Reserves (as those terms are defined in the Guidelines for Application of the Petroleum Resources Management System (2011 Edition). |

Upon achievement of each milestone, each unlisted performance share converts to one (1) ordinary share in Invictus Energy Ltd.

| 11.2 Unlisted Options | | | | |
|---|---|---|---|---|
| **Tranche** | **Number** | **Issue date** | **Exercise price** | **Vesting condition** |
| Expiry 25 June 2021 | 35,000,000 | 22-Jun-2018 | $0.06 per option | Nil |

Upon exercise, each unlisted option converts to one (1) ordinary share in Invictus Energy Ltd.



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## 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.

***Gabriel Chiappini***

***Director & Company Secretary***

22 January 2019

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly 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 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.