



# 2019 Annual Report

FOR THE YEAR ENDED 30 JUNE 2019



INVICTUS  
ENERGY LIMITED

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## Invictus Energy Limited

ABN 21 150 956 773

## Corporate Directory

<b>DIRECTORS</b>	<i>Dr Stuart Lake</i>	Non-Executive Chairman
	<i>Mr Scott Macmillan</i>	Managing Director
	<i>Mr Barnaby Egerton-Warburton</i>	Non-Executive Director
	<i>Mr Gabriel Chiappini</i>	Non-Executive Director
	<i>Eric de Mori</i>	Non-Executive Director
<b>COMPANY SECRETARY</b>	<i>Mr Gabriel Chiappini</i>	
<b>REGISTERED OFFICE</b>	24 Outram Street West Perth WA 6005 Tel: +618 6102 5055 Fax: +618 6323 3378	
<b>SHARE REGISTER</b>	<i>Link Market Services Limited</i> Level 4 Central Park 152 St Georges Terrace Perth WA 6000	
<b>STOCK EXCHANGE LISTINGS</b>	Australian Securities Exchange (ASX: IVZ)	
<b>AUDITOR</b>	<i>BDO Audit (WA) Pty Ltd</i> 38 Station Street Subiaco WA 6008	
<b>SOLICITORS</b>	<i>Price Sierakowski</i> Level 24, 44 St Georges Terrace Perth WA 6000	
<b>WEBSITE</b>	<a href="http://www.invictusenergy.com">www.invictusenergy.com</a>	

# Chairman's Report

Invictus Energy has made significant progress in the past year progressing the development of the Cabora Bassa Project in Zimbabwe that 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.

Invictus Energy has delivered on several of its strategic goals during the course of the year:

- During the year Invictus Energy has reprocessed of the entire gravity and magnetic dataset covering the whole of Zimbabwe. This data has confirmed the Cabora Bassa basin extent and intra basin structural highs. This data has been made available to the Geological Survey of Zimbabwe at no cost for sharing with the wider community and public as a whole, as new mineral deposits have been identified from it that will serve a purpose to encouraging other investors into Zimbabwe.
- Invictus Energy has also reprocessed 650 line kilometers of seismic originally acquired in the early 1990's. The result shows a considerable uplift and improved imaging and has enhanced our understanding of the prospectivity. Most notably there are stacked basin margin plays that could be more oil rich over the more likely gas dominated basin centre mapped opportunities including and around the Mzarabani Prospect.
- New maps have been compiled from the reprocessed seismic and have resulted in a significant independent upgrade in the volume assessment with the latest concluding a Total Prospective Resource of 9.25 Tcf and 294 Million barrels of condensate.
- The Environmental Impact Assessment (EIA) was initiated and brought in 100's of key stakeholders to understand the issues on the ground and carry out a baseline survey ahead of ground operations. The Environmental Impact Assessment is expected to take some 6 weeks and the data will be made public sometime in November.
- Invictus also opened up its in county office in Harare in September and has hired a local staff member to support and communicate our efforts on the ground. This has come in several forms including the drilling of several water wells to provide safe potable water to the local villages in the licence area, the communication of what the oil industry does and brings to a country as the last operator left in 1993, over 25 years ago. We are also engaging stakeholders in country on our work efforts to date.

Our Relationships and Values Invictus Energy has built a reputation for attracting quality industry partners such as Sable Chemicals. An MOU was signed between Invictus Energy and Sable Chemical Industries to supply up to 26 Bcf of gas per annum for 20 years. This represents some 5% of the likely volumes in the Invictus Energy acreage, thus further discussions continue to identify other markets ahead of the planned drill campaign.

Invictus has a strong position in partnering negotiations for its high impact acreage and has identified both the market and potential partners to buy the product. Whilst the team maintains its aspiration for "zero cost exploration", it also anticipates and reacts to external influences that may shift the industry landscape. As we see a return to exploration from a volatile but directionally stronger oil forward curve we anticipate cost escalation in the service sector. This will return our focus to more traditional partnering strategies at the same time as watching for opportunities to accelerate the drilling and work programme to progress our understanding of our licence where appropriate.

With a year-end cash balance of A\$2.2 million, the Company is fully funded to progress its exploration licences and meet the future immediate commitments.

Invictus Energy is actively screening the market for value accretive assets that offer a chance to broaden its risk profile and reduce the effect to external influences by introducing cash flow from production or low risk, near term development opportunities. In particular, Invictus Energy aims to leverage its knowledge of the wider East African Rift System and Karoo aged rifts in which we have built a significant knowledge base and competitive advantage.

We would also like to thank our stakeholders for their continued support as we strive towards delivering transformational value. At Board level, the company brought in myself as a non Executive Chairman and refocused the forward strategy. New Governance committees supporting the delivery of best practice corporate standards have been setup and the farm out process formally started.

We look forward to progressing the portfolio in this vein, with the continued support from our stakeholders, in-country partners and contractors, the strengthened Board, and a capable, motivated team.

**Stuart Lake**  
NON-EXECUTIVE CHAIRMAN









# Managing Director's Letter

## Dear Shareholders,

This past year has seen the Company make significant progress in our Cabora Bassa Project (Special Grant 4571) in Zimbabwe. Since completing our acquisition of the project in June 2018, the Company has achieved several technical, commercial and strategic objectives that were set by the Board. The majority of our focus and activity over the past financial year consisted of our technical work program that was designed to mature our understanding of the Cabora Bassa Basin petroleum system and de-risk our project. This work program has resulted in the identification of the largest undrilled prospect onshore Africa and independently assessed as one of the largest conventional exploration targets globally.

This technical work stream consisted of reprocessing and reinterpreting magnetic, gravity and seismic datasets. The reprocessed data resulted in a significant improvement in our ability to image the subsurface. The interpretation of the seismic data also identified a number of other prospective horizons in the Mzarabani Prospect and the identification of a second structural prospect, Msasa. The stacked objectives in the prospects enable multiple horizons to be targeted by a single well and enable multiple opportunities to realise exploration success.

Invictus has also managed to advance numerous options for monetising any oil or gas discovery made in the Cabora Bassa Project. The Company has been able to attract a quality industry partner in Sable Chemical Industries Ltd who is the sole manufacturer of agriculture grade ammonium nitrate fertiliser in Zimbabwe. Invictus and Sable have signed a gas sale MOU to provide Sable with up to 70 million cubic feet per day of gas for 20 years (510 Bcf gross). This volume will underpin the development of even a modest discovery and replace ammonia gas that is currently imported by rail from South Africa. Invictus is also aiming to secure additional customers as potential offtake partners which would de-risk the project further and provide multiple monetisation options.

The Board and Management are firmly focused on delivering a quality upstream partner to progress the next phase of the project, including the drilling of a high impact basin opening well.

The Company is in an excellent position due to the high equity in the licence, the quality of technical work performed, the material prospectivity and the strong market that exists to monetise any discoveries. To this end the Company has begun its preparations on the ground including the commencement of an Environmental Impact Assessment and consultation with the local communities and stakeholders. The completion and approval of EIA study will fulfil the environmental approvals required for future exploration drilling and any associated development.

Invictus has also strengthened the Board with the appointment of Dr Stuart Lake as Non-Executive Chairman. This appointment is a great endorsement of the quality and potential of our asset and our company. He has an outstanding track record of finding oil and gas globally. His prolific exploration success and farmout deals across Africa will be pivotal to our success during the next exciting phase of Invictus' and our development as a company.

I'd like to thank our shareholders and partners for their continued support as well as our staff and contractors for their concerted efforts over the past year to mature our high potential portfolio.

The coming year will be incredibly important for Invictus and its shareholders as we progress our Cabora Bassa Project through farm out and begin preparations for drilling the first exploration well. The potential of our acreage is truly staggering for a company of our size and we will continue our efforts so that the value is reflected for our shareholders.



**Scott Macmillan**  
MANAGING DIRECTOR

# Directors' Report

Your Directors present their report together with the financial statements on Invictus Energy Limited (the 'Company') and the entities it controlled (the "consolidated entity") for the year ended 30 June 2019.

## Review of Operations

### Cabora Bassa Project

During the year the Company undertook the following activities in relation to its Cabora Bassa Project:

- Appointed Getech Group plc to provide data management and technical support for the Cabora Bassa Project (ASX: 8 August 2018).
- Announced that the basin modelling study and geochemical studies confirmed the oil potential of the Cabora Bassa Basin (ASX: 24 September 2018).
- Released an independent maiden prospective resource statement completed by Netherland, Sewell and Associates, Inc. estimating a net mean recoverable conventional potential of 680 million barrels of oil equivalent consisting of 3.1 Tcf and 145 million barrels of condensate net (ASX: 5 November 2018).
- Entered into a non-binding Memorandum of Understanding (MOU) with Sable Chemical Industries Limited to progress gas supply from the Cabora Bassa Project subject to a commercial gas discovery being made from SG 4571 (ASX: 7 May 2019).
- Released an independent revised prospective resource statement completed by Getech Group plc estimating a total prospective resource of 9.25 Tcf + 294 million barrels of conventional gas / condensate (gross mean unrisks) across SG 4571 in Mzarabani and Msasa prospects (ASX: 1 July 2019).

### Change of Registered Office

On 6 February 2019 the Company announced it had changed its registered office to 24 Outram Street, West Perth, 6005.

## 1 Directors and Company Secretary

The Directors and the company secretary of the Company at any time during or since the end of the financial year are as follows.

### Directors

#### Dr Stuart Lake

*Non-Executive  
Chairman*

(APPOINTED 31 JULY 2019)

Dr Lake has over 34 years of global experience in the Petroleum industry and significant expertise, having operated assets in 20 countries worldwide, including in over ten African countries. He brings a combination of in-depth technical knowledge and a world class track record as an oil and gas finder, having led many teams in maintaining a 90% exploration success rate (from over 300 wells in 11 countries including deep-water and new plays) throughout his career. Dr Lake has held a wide variety of roles in international Oil and Gas companies including:

- President and CEO for Castle Petroleum working onshore conventional assets in the USA in Louisiana and Texas.
- Former CEO of AGM Petroleum, the operator of the offshore South Deepwater Tano Block in Ghana, he brought in Petrica Energy as the new main shareholder and acquired over 2000km<sup>2</sup> 3D seismic, leading to a recently reported new oil discovery from the Exploration drill campaign. He remains a Senior Advisor to Aker Energy, that recently acquired Hess Ghana assets, in which Dr Lake and his team at Hess Corporation had made 7 consecutive deepwater discoveries.
- He was also the former CEO of African Petroleum Corporation Ltd, where he successfully concluded a number of farmouts and commercial deals for their West African portfolio in a challenging market and successfully listed the company on the Oslo Bors in Norway, transferring the company from the NSX.
- Vice President of Exploration in the Hess Corporation, leading highly successful Exploration campaigns, including Ghana, Libya and 30 onshore discoveries in Russia.

Dr Lake is currently a Non-Executive Director of Tamboran Resources Pty Ltd .

Former directorships held in the last 3 years: Minexco Petroleum, Castle Petroleum

# Directors' Report

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## Directors and Company Secretary (CONTINUED)

### Directors (CONTINUED)

**Mr Scott Macmillan**  
*Managing Director*  
(APPOINTED 21 JUNE 2018)

Mr Macmillan is a Reservoir Engineer and founder of Invictus Energy Resources Pty Ltd. He has a Bachelor of Chemical Engineering and an MSc in Petroleum Engineering from Curtin University. He is a member of the Society of Petroleum Engineers (SPE) and has over 13 years experience in exploration, field development planning, reserves and resources assessment, reservoir simulation, commercial valuations and business development. He also has extensive business experience in Zimbabwe.

Mr Macmillan has not held any other directorships in the past 3 years.

**Mr Barnaby Egerton-Warburton**  
*Non-Executive Director*  
(APPOINTED 29 JULY 2016)

Mr Egerton-Warburton holds a Bachelor of Economics Degree and is a graduate of the Australian Institute of Company Directors and a member of the American Association of Petroleum Geologists. He has over 20 years of trading, investment banking, international investment and market experience. He has held positions with global investment banks in Hong Kong, New York and Sydney including JP Morgan, Banque Nationale de Paris and Prudential Securities.

Mr Egerton-Warburton is an experienced company Director and is currently also the Managing Director of Eneabba Gas Limited (ASX:ENB), Non-Executive Director of iSignthis Limited (ASX:ISX) and Non-Executive Chairman of Hawkstone Mining Limited (ASX:HWK).

Former directorships held in the last 3 years: Global Geoscience (ASX: GSC).

**Mr Gabriel Chiappini**  
*Non-Executive Director*  
(APPOINTED 6 AUGUST 2015)

Mr Chiappini is a Chartered Accountant with over 20 years of experience as a finance and governance professional and is an experienced ASX director and has been active in the capital markets for 17 years. He has assisted in raising AUD\$450m and has provided investment and divestment guidance to a number of companies and has been involved with a number ASX IPO's and transactions in the last 12 years. He is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia).

Mr Chiappini is currently a Non-Executive Director of Black Rock Mining (ASX:BKT) and Eneabba Gas Ltd (ASX:ENB).

Former directorships held in the last 3 years: Fastbrick Robotics Ltd (ASX:FBR), Global Geoscience Ltd (ASX:GSC) and Scotgold Resources Ltd (ASX:SGZ).

**Mr Eric de Mori**  
*Non-Executive Director*  
(APPOINTED 11 DECEMBER 2017)

Mr de Mori has over 15 years' experience in ASX small capital investment and corporate finance, specialising in natural resources, biotechnology and technology. Eric has a broad skill set across ASX listed company corporate finance and has held several director and major shareholder positions with ASX listed technology and resource companies. Eric is the head of natural resources for institutional stockbroker Ashanti Capital.

Mr de Mori is currently a Non-Executive Director of Adriatic Metals plc (ASX:ADT)

Former directorships held in the last 3 years: Connected IO Ltd (ASX:CIO)

### Company Secretary

Mr Gabriel Chiappini – refer to director details for information on Mr Chiappini.

#### 1.1 Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

DIRECTOR	BOARD OF DIRECTORS MEETINGS	
	ELIGIBLE TO ATTEND	ATTENDED
Stuart Lake	-	-
Scott Macmillan	5	5
Barnaby Egerton-Warburton	5	5
Gabriel Chiappini	5	5
Eric de Mori	5	5

During the reporting period, the Directors also met or communicated as a collective group at least bi-weekly on numerous occasions to discuss and consider governance and operational strategies and resolutions.



# 1

## Directors and Company Secretary (CONTINUED)

### 1.2 Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Invictus Energy Limited support and have adhered to the principles of sound corporate governance. The board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resource company. The Company's Corporate Governance Statement has been approved by the Board and can be located on the Company's website at [www.invictusenergy.com](http://www.invictusenergy.com).

# 2

## Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements which were in place during the year and remain in place as at the date of this report, for the Directors and key management personnel of the Company. The 2018 remuneration report received positive shareholder support at the Annual General Meeting with a vote of 99.6% in favour.

### (a) Key management personnel

Directors of the Company, who had authority and responsibility during the financial year for planning, directing and controlling the activities of the Group, directly or indirectly, as well as other senior executives are the key management personnel disclosed in this report.

NAME	POSITION
Scott Macmillan	Managing Director
Barnaby Egerton-Warburton	Non-Executive Director
Gabriel Chiappini	Non-Executive Director & Company Secretary
Eric de Mori	Non-Executive Director

### (b) Non-Executive Director remuneration policy

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the board.

The base remuneration of Non- Executive Directors is set at A\$60,000 per annum.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at A\$300,000 per annum and was approved by shareholders at the general meeting on 12 October 2011.

### (c) Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

The executive remuneration framework has two components:

- base pay and benefits, including superannuation; and
- long-term incentives through the issue of options and performance shares.

#### Base pay and benefits

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the board's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases included in executives' contracts. There are no short- term cash bonuses included in the figures contained in the Remuneration Report.

# Directors' Report

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## Remuneration Report (Audited) (CONTINUED)

### (c) Executive remuneration policy and framework (CONTINUED)

#### Superannuation

Retirement benefits are limited to superannuation contributions as required under the Australian superannuation guarantee legislation.

#### Long-term incentives

Long-term incentives are provided to Directors and executives as incentives to deliver long-term shareholder returns. Some of the issued options and performance shares are granted only if certain performance conditions are met and the Directors and executives are still employed by the Company at the end of the vesting period.

#### Share trading policy

The Company has a share trading policy in place. The Board of Directors ratified and approved the share trading policy previously adopted without change, on 15 September 2019.

### (d) Link of remuneration to Company performance and shareholders' wealth

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and executives. Currently, this is facilitated through the issue of options and performance shares to Directors and executives to encourage the alignment of personal and shareholder interests. There are currently various financial and other targets set for the performance related remuneration, and therefore, remuneration is linked to Company performance or shareholder wealth.

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

ITEM	2019	2018	2017	2016
EPS loss – continuing operations (cents)	<b>(0.28)</b>	(0.67)	(0.44)	(2.34)
Net loss – continuing operations ('000)	<b>(1,022,049)</b>	(917,593)	(507,354)	(2,642,439)
Share price	<b>\$0.046</b>	\$0.047	\$0.026	\$0.032

#### Use of remuneration consultants

The Company did not use the services of remuneration consultants for designing the remuneration policies for Directors or key management personnel.

### (e) Service agreements

The Company has service contracts in place with the following four board members during the year. Details of the service agreements are listed below.

#### Mr Scott Macmillan – Managing Director

- Commencement date: 15 June 2018
- Base salary is \$250,000 per annum plus 9.5% superannuation guarantee contribution
- No fixed term
- The agreement is subject to a three months' notice period by either party
- The Company may, from time to time, offer the Managing Director the right to participate in an employee incentive plan and may be granted performance shares or other incentives on terms and performance criteria to be determined by the Board in its absolute discretion

#### Mr Barnaby Egerton-Warburton – Non-Executive Director

- Commencement date: 28 July 2017
- Director fee: \$54,795 per annum plus 9.5% superannuation guarantee contribution
- No fixed term
- The agreement is not subject to any termination notice period

## 2

## Remuneration Report (Audited) (CONTINUED)

### (e) Service agreements (CONTINUED)

**Mr Gabriel Chiappini** – Non-Executive Director & Company Secretary

- Commencement date: 6 August 2015
- The combined Non- Executive Director & Company Secretary fee is \$60,000 per annum.
- The agreement is not subject to any termination notice period

**Mr Eric de Mori** - Non-Executive Director

- Commencement date: 11 December 2017
- Director fee: \$54,795 per annum plus 9.5% superannuation guarantee contribution
- The agreement is not subject to any termination notice period

No other key management personnel have service contracts in place with the consolidated entity.

### (f) Details of remuneration

The following tables set out remuneration paid to key management personnel of the Company during the current year:

2019	EMPLOYEE BENEFITS			SHARE-BASED PAYMENTS			TOTAL	PROPORTION OF REMUNERATION	
	SHORT TERM		POST EMPLOYMENT	SHARES	PERFORMANCE SHARES	OPTIONS		FIXED	PERFORMANCE LINKED
	CASH SALARY AND FEES	OTHER <sup>1</sup>	SUPER-ANNUATION						
	\$	\$	\$	\$	\$	\$	\$	%	%
Scott Macmillan	250,000	23,764	23,750	-	-	-	297,514	100%	-
Barnaby Egerton-Warburton	54,795	-	5,205	-	-	-	60,000	100%	-
Eric De Mori	57,831	-	2,169	-	-	-	60,000	100%	-
Gabriel Chiappini	58,500	-	-	-	-	-	58,500	100%	-
<b>Total</b>	<b>421,126</b>	<b>23,764</b>	<b>31,124</b>	-	-	-	<b>476,014</b>	<b>100%</b>	-

Note 1: Annual leave expense

No short-term cash bonuses included as paid or accrued for during the year ended 30 June 2019.

The following tables set out remuneration paid to key management personnel of the Company during the previous year:

2018	EMPLOYEE BENEFITS		SHARE-BASED PAYMENTS			TOTAL	PROPORTION OF REMUNERATION	
	SHORT-TERM	POST EMPLOYMENT	SHARES	PERFORMANCE SHARES	OPTIONS		FIXED	PERFORMANCE LINKED
	CASH SALARY AND FEES	SUPER-ANNUATION						
	\$	\$	\$	\$	\$	\$	%	%
Scott Macmillan	10,274	976	-	-	-	11,250	100	-
Barnaby Egerton-Warburton	54,795	5,205	-	-	144,815	204,815	29	-
Justin Barton	9,000	-	-	-	-	9,000	100	-
Eric de Mori	33,250	-	-	-	144,815	178,065	19	-
Gabriel Chiappini	18,000	-	-	-	72,407	90,407	20	-
<b>Total</b>	<b>125,319</b>	<b>6,181</b>	-	-	<b>362,037</b>	<b>493,537</b>	<b>27</b>	-

No short-term cash bonuses included as paid or accrued for during the year ended 30 June 2018.



# Directors' Report

## 2 Remuneration Report (Audited) (CONTINUED)

### (g) Share-based compensation

#### Performance shares

No performance shares for employee share-based payments were issued during the current year.

#### Ordinary shares

No ordinary shares for employee share-based payments were issued during the current year.

#### Options

No options for employee share-based payments were granted during the current year.

### (h) Equity instruments held by key management personnel

#### (i) Option holdings

The following table shows options held by key management personnel during the financial year.

2019	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED/ LAPSED	BALANCE AT THE END OF THE YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Scott Macmillan	-	-	-	-	-	-	-
Barnaby Egerton-Warburton	8,000,000	-	-	8,000,000	-	8,000,000	-
Eric de Mori	8,000,000	-	-	8,000,000	-	8,000,000	-
Gabriel Chiappini	4,000,000	-	-	4,000,000	-	4,000,000	-

#### (ii) Performance share holdings

The following table shows performance shares held by key management personnel during the financial year.

2019	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED/ LAPSED	BALANCE AT THE END OF THE YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Scott Macmillan <sup>1</sup>	86,971,664	-	20,992,916	65,978,748	20,992,916 <sup>2</sup>	-	65,978,748

Note 1: These performance shares were approved by shareholders in general meeting held on the 15 June 2018 and were issued and held indirectly as part deferred consideration for the acquisition of the Cabora Bassa Project.

Note 2: 20,992,916 Class A performance shares vested during the year on achievement of the vesting condition being the delineation of an independent prospective resource certification of greater than 1.5TCF Gas or 250 mmmboe with respect to the Cabora Bassa Project.

No other director holds performance shares.

#### (iii) Share holdings

The following table shows ordinary shares held by key management personnel during the current year.

2019	BALANCE AT START OF THE YEAR	RECEIVED ON EXERCISE OF OPTIONS DURING THE YEAR	RECEIVED ON VESTING OF PERFORMANCE SHARES DURING THE YEAR	ISSUED IN LIEU OF CASH PAYMENTS DURING THE YEAR	OTHER CHANGES	BALANCE AT THE END OF THE YEAR
<b>Directors</b>						
Scott Macmillan	50,382,217	-	20,992,916	-	150,000	71,525,133
Barnaby Egerton-Warburton	9,038,121	-	-	-	233,333	9,271,454
Eric de Mori	8,020,000	-	-	-	490,000	8,510,000
Gabriel Chiappini	3,866,666	-	-	-	180,488	4,047,154

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## 2 Remuneration Report (Audited) *(CONTINUED)*

### (i) Other transactions with key management personnel

During the period the Company paid \$29,500 to Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, for the provision of accounting and company secretarial services, on normal commercial terms and conditions and at market rates.

On 20 March 2019 20,992,916 Class A performance shares held indirectly by Scott Macmillan vested on achievement of the vesting condition being the delineation of an independent prospective resource certification of greater than 1.5TCF Gas or 250 mmboe with respect to the Cabora Bassa Project.

On 15 February 2019 the Company entered into an arrangement with Laurus Corporate Services Pty Ltd, which Mr Gabriel Chiappini is a director and substantial shareholder, whereby Laurus Corporate Services Pty Ltd rents one office and one car bay at a cost of \$1,950 plus GST from the Company per calendar month. The arrangement is for no fixed term and can be cancelled by either party by providing one months notice.

On 15 February 2019 the Company entered into an arrangement with Eneabba Gas Ltd, which Mr Gabriel Chiappini and Mr Barnaby Egerton-Warburton are both directors, for the provision of one office and one car bay at a cost of \$1,950 plus GST per calendar month. The arrangement is for no fixed term and can be cancelled by either party by providing one months notice.

There were no other transactions with related parties during the current year.

All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with related parties during the current year.

***End of Audited Remuneration Report.***

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## 3 Principal Activities

The principal activities of the consolidated entity carried out during the financial year consisted of the exploration and appraisal of the Cabora Bassa Project.

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## 4 Results and Dividends

The consolidated entity's loss after tax from continuing operations attributable to members of the consolidated entity for the financial year ending 30 June 2019 was \$1,022,049 (2018: 917,593 loss).

No dividends have been paid or declared by the Company during the year ended 30 June 2019 (2018: nil).

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## 5 Loss per Share

The basic loss per share for the consolidated entity for the year was \$0.28 cents per share (2018: \$0.67 cents per share).

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## 6 Significant Changes in the State of Affairs

There have not been any significant changes in the State of Affairs of the Company. Invictus Energy remains focused on advancing its 80% owned Cabora Bassa Project in Zimbabwe.

# Directors' Report

## 7 Events Subsequent to Reporting Date

On 31 July 2019 the company announced the appointment of Dr Stuart Lake as Non-Executive Chairman of the Company, effective 1 August 2019. Dr Lake was issued with 500,000 shares and 9,000,000 unlisted options with the following terms:

- 3,000,000 unlisted options, exercise \$0.06, expiry 31 July 2022
- 3,000,000 unlisted options, exercise \$0.09, expiry 31 July 2022
- 3,000,000 unlisted options, exercise \$0.12, expiry 31 July 2022

The shares and options were issued as part of a sign on incentive.

Other than the above, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Group in future financial years.

## 8 Likely Developments and Expected Results of Operations

The Company intends to develop its Cabora Bassa Basin Gas Condensate project in Zimbabwe by attracting a senior farm-in partner. Following securing of a farm-in partner, the Company anticipates the joint venture partners to commit to an exploration well on its lead prospect.

## 9 Environmental Regulations

The company is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007. When operations commence in Zimbabwe, the Company will be subject to meeting the environmental laws and regulations.

## 10 Directors' and Executives' Interests

As at the date of this report, the interests of the Directors and executives in the shares, options and performance shares of the Company were:

	SHARES	PERFORMANCE SHARES	OPTIONS
Stuart Lake	1,000,000	-	9,000,000
Scott Macmillan	71,525,133	65,978,748	-
Barnaby Egerton-Warburton	9,271,454	-	8,000,000
Eric de Mori	8,510,000	-	8,000,000
Gabriel Chiappini	4,047,154	-	4,000,000
<b>Total</b>	<b>94,353,741</b>	<b>65,978,748</b>	<b>29,000,000</b>



## 11 Equity Instruments on Issue

As at the date of this report, there were 391,001,892 listed ordinary shares on issue.

As at the date of this report, the following exercisable unlisted options over ordinary shares on issue is as follows:

EXPIRY	EXERCISE	NUMBER
25 June 2021	\$0.06	35,000,000
31 July 2022	\$0.06	3,000,000
31 July 2022	\$0.09	3,000,000
31 July 2022	\$0.12	3,000,000

As at the date of this report, there were 75,767,103 unlisted performance shares over ordinary shares on issue.

The fair value of a performance share is measured using the share price at the date the vesting condition is met. The performance shares were approved by shareholders in general meeting held on the 15 June 2018 and were issued as part deferred consideration for the acquisition of the Cabora Bassa Project with the key terms of the unvested performance shares are as follows:

TRANCHE	NUMBER	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
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).

## 12 Indemnification and Insurance of Officers and Auditors

### Indemnification

An indemnity agreement has been entered into with each of the Directors, chief financial officer and company secretary of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

### Insurance

During the financial year the Company has taken out an insurance policy in respect of Directors' and officers' liability and legal expenses for directors and officers.

## 13 Corporate Structure

Invictus Energy Limited is a Company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange under the code "IVZ".

# Directors' Report

## 14 Audit and Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and the experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor, BDO Audit (WA) Pty Ltd ("BDO"), are set out below.

During the current year, the following fees were paid or payable for audit and non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30-JUN-19 A\$	30-JUN-18 A\$
<b>Services provided by the Auditor – BDO Audit (WA) Pty Ltd</b>		
Audit and review of financial statements	<b>37,387</b>	40,000
Tax compliance services	-	-
<b>Total services provided by the Auditor</b>	<b>37,387</b>	40,000

## 15 Auditor's Independence Declaration

The lead auditor's Independence Declaration is set out on page 15 and forms part of the Directors' report for the financial year ended 30 June 2019.

This report is signed in accordance with a resolution of the board of Directors and is signed on behalf of the Directors by:



**Scott Macmillan**  
MANAGING DIRECTOR

27 September 2019

## DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF INVICTUS ENERGY LIMITED

As lead auditor of Invictus Energy Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Invictus Energy Limited and the entities it controlled during the period.



Neil Smith  
Director

BDO Audit (WA) Pty Ltd  
Perth, 27 September 2019



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	2019 A\$	2018 A\$
<b>Continuing operations</b>			
Interest revenue		<b>43,312</b>	5,078
Corporate costs	6	<b>(163,303)</b>	(66,171)
Transaction due diligence		-	(84,806)
Professional fees	6	<b>(286,808)</b>	(157,138)
Directors' and executives' fees		<b>(446,951)</b>	(131,500)
Share-based payment expense	20	-	(362,037)
Impairment of exploration and evaluation expenditure		-	(105,299)
Other		<b>(162,947)</b>	(15,720)
Depreciation		<b>(5,352)</b>	-
<b>Loss from continuing operations before income tax</b>		<b>(1,022,049)</b>	(917,593)
Income tax expense	8	-	-
<b>Loss from continuing operations after income tax</b>		<b>(1,022,049)</b>	(917,593)
<b>Gain/(loss) for the period attributable to:</b>			
Members of the parent entity		<b>(1,021,924)</b>	(917,430)
Non-controlling interest		<b>(125)</b>	(163)
<b>Gain/(loss) for the year</b>		<b>(1,022,049)</b>	(917,593)
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation – members of parent entity		<b>205,334</b>	3,649
Foreign currency translation – non-controlling interest		<b>51,322</b>	1
<b>Total other comprehensive gain/(loss) for the year</b>		<b>256,656</b>	3,650
<b>Total comprehensive gain/(loss) for the year attributable to:</b>			
Members of the parent entity		<b>(816,590)</b>	(913,781)
Non-controlling interest	16	<b>51,197</b>	(162)
		<b>(765,393)</b>	(913,943)
Basic and diluted loss per share (cents)	9	<b>(0.28)</b>	(0.67)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2019

	NOTES	2019 A\$	2018 A\$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	10	<b>2,214,264</b>	4,987,780
Trade and other receivables	11	<b>31,764</b>	38,876
Other current assets		<b>12,784</b>	-
<b>Total current assets</b>		<b>2,258,812</b>	5,026,656
<i>Non-current assets</i>			
Exploration and evaluation expenditure	12	<b>7,154,189</b>	4,583,423
Property, plant and equipment		<b>40,809</b>	-
Other financial assets		<b>96,143</b>	-
<b>Total non-current assets</b>		<b>7,291,141</b>	4,583,423
<b>Total assets</b>		<b>9,549,953</b>	9,610,079
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	13	<b>479,176</b>	1,023,350
Provisions		<b>23,764</b>	-
<b>Total current liabilities</b>		<b>502,940</b>	1,023,350
<b>Total liabilities</b>		<b>502,940</b>	1,023,350
<b>Net assets</b>		<b>9,047,013</b>	8,586,729
<b>Equity</b>			
Share capital	14	<b>26,064,996</b>	25,085,561
Reserves	15	<b>745,677</b>	540,343
Accumulated loss		<b>(18,978,329)</b>	(17,956,405)
<b>Total equity attributable to owners of Invictus Energy Limited</b>		<b>7,832,344</b>	7,669,499
Non-controlling interest	16	<b>1,214,669</b>	917,230
<b>Total equity</b>		<b>9,047,013</b>	8,586,729

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL RESERVES	ACCUMULATED LOSS	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP/ COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
<b>Balance at 30 June 2017</b>	18,154,702	(4,900)	16,851	11,951	(17,055,826)	1,110,827	-	<b>1,110,827</b>
Loss for the year	-	-	-	-	(917,430)	(917,430)	(163)	<b>(917,593)</b>
Foreign currency translation	-	3,649	-	3,649	-	3,649	1	<b>3,650</b>
<b>Total comprehensive loss for the year</b>	-	3,649	-	3,649	(917,430)	(913,781)	(162)	<b>(913,943)</b>
Placement	4,500,000	-	-	-	-	4,500,000	-	<b>4,500,000</b>
Transaction costs	(880,461)	-	-	-	-	(880,461)	-	<b>(880,461)</b>
Issue of shares for services in relation to capital raising	400,000	-	-	-	-	400,000	-	<b>400,000</b>
Share-based payments	-	-	541,594	541,594	-	541,594	-	<b>541,594</b>
Issue of shares as consideration for asset acquisition	2,911,320	-	-	-	-	2,911,320	-	<b>2,911,320</b>
Non-controlling interests	-	-	-	-	-	-	917,392	<b>917,392</b>
Transfer to retained earnings	-	-	(16,851)	(16,851)	16,851	-	-	<b>-</b>
Total distributions to owners of Company recognised directly in equity	6,930,859	-	524,743	524,743	16,851	7,472,453	917,392	<b>8,389,845</b>
<b>Balance at 30 June 2018</b>	25,085,561	(1,251)	541,594	540,343	(17,956,405)	7,669,499	917,230	<b>8,586,729</b>
Loss for the year	-	-	-	-	(1,021,924)	(1,021,924)	(125)	<b>(1,022,049)</b>
Foreign currency translation	-	205,334	-	205,334	-	205,334	51,322	<b>256,656</b>
<b>Total comprehensive loss for the year</b>	-	205,334	-	205,334	(1,021,924)	(816,590)	51,197	<b>(765,393)</b>
Transaction costs	(5,537)	-	-	-	-	(5,537)	-	<b>(5,537)</b>
Conversion of performance shares as deferred consideration for asset acquisition (note 20)	984,972	-	-	-	-	984,972	-	<b>984,972</b>
Non-controlling interests	-	-	-	-	-	-	246,242	<b>246,242</b>
Total distributions to owners of Company recognised directly in equity	979,435	-	-	-	-	979,435	246,242	<b>1,225,677</b>
<b>Balance at 30 June 2019</b>	26,064,996	204,083	541,594	745,677	(18,978,329)	7,832,344	1,214,669	<b>9,047,013</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.



# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	2019 A\$	2018 A\$
<i>Cash flows from operating activities</i>			
Interest received		<b>43,312</b>	5,078
Payments to suppliers and employees		<b>(837,806)</b>	(183,444)
<b>Net cash used in operating activities</b>	17	<b>(794,494)</b>	(178,366)
<i>Cash flows from investing activities</i>			
Final payments to Cabora Bassa vendors		<b>(743,247)</b>	-
Exploration and evaluation payments		<b>(1,087,968)</b>	(119,805)
Security deposits paid		<b>(96,143)</b>	-
Payments for property, plant & equipment		<b>(46,161)</b>	3,947
<b>Net cash (used in)/from investing activities</b>		<b>(1,973,519)</b>	(115,858)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares/exercise of options net of issuance costs		-	4,500,000
Share issuance costs		<b>(5,537)</b>	(300,905)
<b>Net cash from financing activities</b>		<b>(5,537)</b>	4,199,095
Total cash movement for the year		<b>(2,773,550)</b>	3,904,871
Cash at the beginning of the year		<b>4,987,780</b>	1,082,909
Exchange rate adjustment		<b>34</b>	-
<b>Total cash at the end of the year</b>	10	<b>2,214,264</b>	4,987,780

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 1 Summary of Accounting Policies

### A. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Invictus Energy Limited (formerly Interpose Holdings Limited) is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Invictus Energy Limited (formerly Interpose Holdings Limited) Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

The Group has not elected to early adopt any new Standards or Interpretations.

All new and amended accounting standards mandatory as at 1 July 2018 have not had an impact on the financials. Refer to note 2 for further details.

#### (ii) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss from continuing operations after tax for the year ended 30 June 2019 of \$1,022,049 (2018: Net loss of \$917,593) and experienced net cash outflows from operating activities of \$794,494 (2018: \$178,366). At 30 June 2019, the Group had working capital of \$1,755,872 (2018: \$4,003,306).

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

#### (iii) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### B. Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of Invictus Energy Limited (formerly Interpose Holdings Limited) is Australian dollars ("A\$").

The consolidated financial statements are presented in Australian dollars, which is the Company's presentation currency.

#### (ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to A\$ at foreign exchange rates ruling at the dates the fair value was determined.

# 1

## Summary of Accounting Policies (CONTINUED)

### B. Foreign currency translation (CONTINUED)

#### (iii) Financial statements of foreign operations

The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised directly in the foreign currency translation reserve ("FCTR"), as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss, as part of the gain or loss on sale where applicable.

### C. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

#### *Net financial income*

Net financial income comprises interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest income is recognised in the profit and loss as it accrues, using the effective interest method.

Management fees are recognised in the profit and loss as the right to a fee accrues, in accordance with contractual rights.

### D. Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

### E. Financial instruments

#### (i) Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

#### (ii) Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

#### (iii) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 1 Summary of Accounting Policies *(CONTINUED)*

### F. Goods and Services Tax / Value Added Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") or Value Added Tax ("VAT"), except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST/VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

### G. Dividends

Dividends are recognised as a liability in the period in which they are declared.

### H. Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and other salary related expenses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services rendered by employees,

that increase their entitlement to future compensated absences, occur. Short-term accumulating compensated absences such as sick leave are recognised when absences occur.

#### (ii) Defined contribution plans

Employee benefits include statutory social insurance payments to the State Social Insurance Scheme. Contributions to this defined contribution plan are recognised as an expense as incurred.

#### (iii) Share-based payments

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined using an appropriate valuation method. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Invictus Energy Limited ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Company until the vesting date, or such that employees are required to meet internal performance targets.

## 2 New and Amended Standards not yet adopted by the Group

### Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Interest income is recognised on a time proportion basis using the effective interest method.

## 2

## New and Amended Standards not yet adopted by the Group (CONTINUED)

### Financial Instruments

Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

The Group's financial risk management objectives and policies are set out in Note 3.

Due to the short-term nature of these receivables their carrying value is assumed to approximate their fair value.

Financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group classifies its financial assets as either financial assets at fair value through profit or loss ("FVPL"), fair value through other comprehensive income ("FVOCI") or at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments, the classification depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVPL or FVOCI.

### Financial assets at FVPL

For assets measured at FVPL, gains and losses will be recorded in profit or loss. The Group's derivative financial instruments are recognised at FVPL. Assets in this category are subsequently measured at fair value. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Refer to Note 23 for additional details.

### Financial assets at OCI

For assets measured at FVOCI, gains and losses will be recorded in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Group has elected to measure its listed equities at FVOCI.

Assets in this category are subsequently measured at fair value. The fair values of quoted investments are based on current bid prices in an active market. Refer to Note 3 for additional details.

### New and amended standards adopted by the Company

#### i) AASB 9 Financial Instruments

Application date: 1 July 2018

#### Nature of change:

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also sets out new rules for hedge accounting.

The new hedging rules align hedge accounting more closely with the Company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

#### Impact on initial application:

There has been no impact on the Company's accounting for financial assets and financial liabilities.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 2 New and Amended Standards not yet adopted by the Group (CONTINUED)

### New and amended standards adopted by the Company (CONTINUED)

#### ii) AASB 15 (issued June 2014) – Revenue from contracts with customers

Application date: 1 July 2018

##### **Nature of change:**

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

##### **Impact on initial application:**

There has been no impact on the Company's accounting for revenue.

### Accounting Standards Issued Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

#### i) AASB 16 (issued January 2016) – Leases

##### **Application date:**

Must be applied for annual reporting periods beginning on or after 1 January 2019.

Therefore, application date for the Company will be 30 June 2020.

##### **Nature of change:**

AASB 16 was issued in February 2016. The most significant impact will be all leases being recognised on the Statement of Financial Position by lessees, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

##### **Impact on initial application:**

As at the reporting date, the Company has rental agreements which are impacted by the application of AASB 16. Note 22 includes the commitment of rent for the next 12 months ending 30 June 2020. The Company expects to recognise right-of-use assets on 1 July 2019, lease liabilities and direct costs in the form of legal fees. Overall net assets is expected to be higher and net current assets is expected to be lower due to the presentation of the liability portion as a current liability. The impact on retained earnings upon initial recognition would be an adjustment as a result of previous depreciation and interest charges.

For the upcoming financial period, the Company expects the loss after tax to increase due to the additional depreciation charges as a result of the new accounting standard. Operating cash flows are expected increase and financing cash flows decrease as the repayment of the principal portion of the lease liability will be classified as cash flows from financing activities.

##### **Date of adoption by Company:**

The Company will apply the standard from its mandatory adoption date for financial periods subsequent to 1 January 2019, therefore it will be in effect as of 1 July 2019. The Company intends on applying the modified retrospective approach and will not restate the comparative amounts for the year prior to first adoption. Right-of-use assets for the properties will be measured on transition as if the new rules had always been applied. This will result in an adjustment to retained earnings on the initial recognition of the standard.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

# 3

## Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the management under policies approved by the board of Directors. Group management identifies, evaluates and hedges financial risks by holding cash in interest earning deposits.

The Group holds the following financial instruments:

	2019 A\$	2018 A\$
<i>Financial assets</i>		
Cash and cash equivalents	<b>2,214,264</b>	4,987,780
Trade and other receivables	<b>31,764</b>	38,876
<b>Total financial assets</b>	<b>2,246,028</b>	5,026,656
<i>Financial liabilities</i>		
Trade and other payables	<b>(479,176)</b>	(1,023,350)
<b>Total financial liabilities</b>	<b>(479,176)</b>	(1,023,350)
<b>Net financial instruments</b>	<b>1,766,852</b>	4,003,306

### (a) Market risk

#### *Foreign currency risk*

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The consolidated entity has the Australian dollar (A\$) as its functional currency, which is also the currency for the Group's transactions. Some exposure to foreign exchange risk exists in respect to its Cabora Bassa project which has transactions denominated in US Dollars and Zim Dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian Dollars, was:

	2019 A\$	2018 A\$
Cash and cash equivalents	<b>1,562</b>	132
Trade and other payables	<b>(130,916)</b>	(683,247)
<b>Total exposure to foreign currency risk</b>	<b>(129,354)</b>	(683,115)

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 3

### Financial Risk Management (CONTINUED)

#### (a) Market risk (CONTINUED)

Group sensitivity to movements in foreign exchange rates is shown in the summarised sensitivity analysis table below:

30-JUN-19	CARRYING AMOUNT  A\$	FOREIGN EXCHANGE RISK			
		-10%		10%	
		PROFIT A\$	EQUITY A\$	PROFIT A\$	EQUITY A\$
<b>Financial assets</b>					
Cash and cash equivalents	1,562	(156)	156	156	(156)
Trade and other payables	(130,916)	13,092	(13,092)	(13,092)	13,092
<b>Net exposure to foreign currency risk</b>	<b>(129,354)</b>	<b>12,935</b>	<b>(12,935)</b>	<b>(12,935)</b>	<b>12,935</b>

  

30-JUN-18	CARRYING AMOUNT  A\$	FOREIGN EXCHANGE RISK			
		-10%		10%	
		PROFIT A\$	EQUITY A\$	PROFIT A\$	EQUITY A\$
<b>Financial assets</b>					
Cash and cash equivalents	132	(13)	13	13	(13)
Trade and other receivables	-	-	-	-	-
<b>Financial liabilities</b>					
Trade and other payables	(683,247)	68,325	(68,325)	(68,325)	68,325
Borrowings	-	-	-	-	-
<b>Net exposure to foreign currency risk</b>	<b>(683,115)</b>	<b>68,312</b>	<b>(68,312)</b>	<b>(68,312)</b>	<b>68,312</b>

Foreign exchange volatility was chosen to reflect expected short-term fluctuations in the US Dollar.

#### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, the ability to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the management aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The tables below analyse the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

30-JUN-19	LESS THAN 6 MONTHS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT OF LIABILITIES
Trade and other payables	479,176	479,176	479,176
<b>Total exposure to liquidity risk</b>	<b>479,176</b>	<b>479,176</b>	<b>479,176</b>

  

30-JUN-18	LESS THAN 6 MONTHS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT OF LIABILITIES
Trade and other payables	1,023,350	1,023,350	1,023,350
<b>Total exposure to liquidity risk</b>	<b>1,023,350</b>	<b>1,023,350</b>	<b>1,023,350</b>



## 3 Financial Risk Management (CONTINUED)

### Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

	WEIGHTED AVERAGE INTEREST RATE	30-JUN-19	WEIGHTED AVERAGE INTEREST RATE	30-JUN-18
<b>Floating interest rate:</b>				
Cash available at call	0.48%	<b>446,190</b>	0.50%	4,987,780
<b>Fixed interest rate:</b>				
Term deposits	2.14%	<b>1,768,074</b>	n/a	-
<b>Total exposure to interest rate risk</b>		<b>2,214,264</b>		4,987,780

The Group's sensitivity to movement in interest rates is not significant to the group

### (c) Credit risk

The carrying amount of cash and cash equivalents and trade and other receivables (excluding prepayments) represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and short-term liquid investments are placed with reputable banks, so no significant credit risk is expected. None of the financial assets are either past due or impaired.

### (d) Fair value measurements

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Impairment of deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure to be impaired. Refer to the accounting policy stated in note 12 for movements in the exploration and evaluation expenditure balance.

### (b) Share based payment transactions

The group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using appropriate valuation techniques.

### (c) Tax in foreign jurisdictions

The consolidated entity operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 5

### Segment Information

AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

#### (a) Description of segments

The Company's Board of Directors, who are collectively the "Chief Operating Decision Maker", receives financial information for two reportable segments being "Corporate" and "Exploration".

#### (b) Segment information

FOR THE YEAR ENDED 30 JUNE 2019	EXPLORATION A\$	CORPORATE A\$	CONSOLIDATED A\$
Total segment revenue	-	43,312	43,312
Profit (loss) before income tax	-	(1,022,049)	(1,022,049)
<i>Segment Assets</i>			
Cash and cash equivalents	139	2,214,125	2,214,264
Trade and other receivables	-	31,764	31,764
Other current assets	-	12,784	12,784
Exploration and evaluation expenditure	7,154,189	-	7,154,189
Other financial assets	-	96,143	96,143
Property, plant and equipment	-	40,809	40,809
<b>Total Segment Assets</b>	<b>7,154,328</b>	<b>2,395,625</b>	<b>9,549,953</b>
<i>Segment Liabilities</i>			
Trade and other payables	(1,076)	480,252	479,176
Provisions	-	23,764	23,764
<b>Total Segment Liabilities</b>	<b>(1,076)</b>	<b>504,016</b>	<b>502,940</b>
<b>FOR THE YEAR ENDED 30 JUNE 2018</b>			
Total segment revenue	-	5,078	5,078
Profit (loss) before income tax	-	(917,593)	(917,593)
<i>Segment Assets</i>			
Exploration and evaluation expenditure	4,583,423	-	4,583,423
Cash and cash equivalents	133	4,987,647	4,987,780
Other current assets	-	38,876	38,876
<b>Total Segment Assets</b>	<b>4,583,555</b>	<b>5,026,523</b>	<b>9,610,079</b>
<i>Segment Liabilities</i>			
Trade and other payables	1,021	1,022,329	1,023,350
<b>Total Segment Liabilities</b>	<b>1,021</b>	<b>1,022,329</b>	<b>1,023,350</b>

## 6 Corporate Costs and Professional Fees

	2019 A\$	2018 A\$
<b>Corporate costs</b>		
D&O Insurance	51,616	16,345
Rent	42,129	3,000
ASX Fees	28,873	24,140
ASIC Fees	6,234	1,596
Share registry Fees	18,988	21,090
Other	15,463	-
<b>Total corporate costs</b>	<b>163,303</b>	66,171
<b>Professional fees</b>		
Audit fees	37,387	40,000
Company Secretarial	29,500	24,000
Accounting fees	81,208	42,173
Legal fees	10,008	1,505
Corporate advisory	27,500	49,460
Staff recruitment costs	9,157	-
Investor relations	64,589	-
Corporate tax advice	5,100	-
Other	22,359	-
<b>Total professional fees</b>	<b>286,808</b>	157,138

## 7 Auditor Remuneration

	2019 A\$	2018 A\$
<i>Services provided by the Auditor – BDO Audit (WA) Pty Ltd</i>		
Audit and review of financial statements	37,387	40,000
Tax compliance services	-	-
<b>Total services provided by the Auditor</b>	<b>37,387</b>	40,000

## 8 Taxation

The income tax expense for the period presented comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

8

## Taxation (CONTINUED)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised, or to the extent that the Group has deferred tax liabilities with the same taxation authority.

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes across the Group. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

INCOME TAX EXPENSE	2019 A\$	2018 A\$
<b>The components of tax expense comprise:</b>		
Current income tax charge (benefit)	-	-
Adjustments in respect of previous current income tax	-	-
<b>Total income tax expense from continuing operation</b>	<b>-</b>	<b>-</b>
<b>A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2019 and 30 June 2018 is as follows:</b>		
Accounting profit (loss) before income tax	<b>(1,022,049)</b>	(917,593)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2018: 30%) adjusted for:	<b>(306,615)</b>	(275,278)
Non-deductible expenses	<b>4,555</b>	716
ANE related expenditure	<b>26,506</b>	5,005
Impairment overseas subsidiary	-	31,590
Temporary differences and losses not recognised	<b>275,554</b>	129,356
Share based payments expense	-	108,611
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>
The applicable weighted average effective tax rates are as follows:	<b>0%</b>	0%
<b>Unrecognised deferred tax assets/(liabilities)</b>		
Deferred tax assets/(liabilities) have not been recognised in respect of the following items:		
Trade and other payables	<b>13,558</b>	78,000
Australian tax losses	<b>2,207,448</b>	1,862,051
Capital loss	<b>57,956</b>	57,956
Capital raising costs	<b>15,892</b>	21,294
	<b>2,294,854</b>	2,019,301
Offset against deferred tax liabilities recognised	-	-
<b>Deferred tax assets not brought to account</b>	<b>2,294,854</b>	2,019,301

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits. The tax benefits of the above deferred tax assets will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- The consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- No changes in income tax legislation adversely affect the consolidated entity from utilising the benefits.

## 9 Gain/(Loss) per Share

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

The calculation of basic gain per share at the reporting date was based on the loss attributable to ordinary shareholders of \$1,022,049 (2018: loss of \$917,593) and a weighted average number of ordinary shares outstanding during the current financial year of 372,795,865 (2018: 136,625,377) shares calculated as follows:

	2019 A\$	2018 A\$
Loss for the year	<b>(1,022,049)</b>	(917,593)
<b>Weighted average number of ordinary shares (basic and diluted)</b>	<b>372,795,865</b>	136,625,377
Basic and diluted loss per share (cents)	<b>(0.28)</b>	(0.67)

### Diluted gain/(loss) per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are not considered dilutive, thus diluted gain/(loss) per share is the same as basic gain/(loss) per share.

## 10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

	2019 A\$	2018 A\$
Cash and cash equivalents consist of:		
Cash on hand	<b>2,214,264</b>	4,987,780
<b>Total cash and cash equivalents</b>	<b>2,214,264</b>	4,987,780



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 11 Trade and Other Receivables

	2019 A\$	2018 A\$
Trade debtors	<b>16,827</b>	-
GST and VAT receivables	<b>14,937</b>	32,132
Other receivables	-	6,744
<b>Total trade and other receivables</b>	<b>31,764</b>	38,876

### *Risk exposure*

Information about the Group's exposure to credit, foreign exchange and interest rate risk is provided in note 3.

## 12 Exploration and Evaluation Expenditure

Exploration and evaluation costs are allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known and probable Mineral Resource capable of supporting a mining operation. Such costs comprise net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Exploration and evaluation costs incurred in the normal course of operations are capitalised.

Exploration and evaluation costs are capitalised where they are the result of an acquisition from a third party. These capitalised costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When a decision to proceed to development is made the exploration and evaluation costs capitalised to that area are transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised. These costs include expenditure to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes, cost of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2019, the carrying value of the capitalised exploration and evaluation properties of the consolidated entity was \$7,154,189 (2018: \$4,583,423); the carrying amounts of individual projects are as per the reconciliation of movement in exploration and evaluation property below.

### *Reconciliation of movement in exploration and evaluation expenditure*

<b>CABORA BASSA PROJECT</b>	2019 A\$	2018 A\$
<b>Project carrying value at 1 July</b>	<b>4,583,423</b>	-
Acquisition costs	-	4,583,423
Cost incurred during the year	<b>1,087,968</b>	-
Deferred acquisitions costs – Capitalised Class A Performance Shares (note 20)	<b>1,233,097</b>	-
Effect of translation to presentation currency	<b>249,701</b>	-
<b>Project carrying value at 30 June</b>	<b>7,154,189</b>	4,583,423

The total recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

## 13 Trade and Other Payables

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days.

	2019 A\$	2018 A\$
Trade creditors	<b>309,846</b>	750,706
Other payables	-	1,394
Accrued expenses <sup>1</sup>	<b>169,330</b>	271,250
<b>Total trade and other payables</b>	<b>479,176</b>	1,023,350

*Note 1: Accrued expenses includes AU\$115,000 payable in relation to the ground rental for SG 4571. This is based on the Groups current obligation to pay their rental at an agreed Zimbabwean dollar rate.*

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days. Information about the Group's exposure to foreign currency risk is provided in note 3.

## 14 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

The Group's capital is comprised of ordinary shares and options over ordinary shares of the Company.

	2019 A\$	2018 A\$
Shares on issue	<b>28,801,961</b>	27,816,989
Issuance cost	<b>(2,736,965)</b>	(2,731,428)
<b>Total share capital</b>	<b>26,064,996</b>	25,085,561

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 14 Share Capital (CONTINUED)

### Reconciliation of movement in issued capital

	NUMBER OF SHARES	A\$
<b>Balance as at 1 July 2017</b>	132,963,191	18,154,702
Issue of shares – Placement <sup>1</sup>	150,000,000	4,500,000
Share issuance costs <sup>2</sup>	-	(880,461)
Issue of shares – Asset acquisition <sup>1</sup>	72,783,000	2,911,320
Issue of shares – Facilitation shares <sup>1</sup>	-	400,000
<b>Balance as at 30 June 2018</b>	355,746,191	25,085,561
Issue of shares – Advisor shares <sup>1</sup>	10,000,000	-
Deferred acquisition costs – Class A Performance Shares (note 20)	25,255,701	984,972
Share issuance costs	-	(5,537)
<b>Balance as at 30 June 2019</b>	391,001,892	26,064,996

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

<sup>1</sup> The following equity transactions were approved by shareholders in general meeting held on the 15 June 2018:

- The issue of 150,000,000 Placement Shares to Exempt Investors at an issue price of \$0.03 each to raise up to \$4,500,000,
- The issue of 72,783,000 Consideration Shares to the Vendor as part consideration for the Cabora Bassa Project, and
- 10,000,000 Facilitation Shares to the Company's corporate adviser in consideration of services provided to the Company in connection with the capital raising. These shares were issued on 2 July 2018.

<sup>2</sup> Share issuance costs are comprised of the following:

- \$30,905 ASX and advisory
- \$270,000 Placement fee
- \$400,000 Facilitation shares
- \$179,556 Facilitation options

At 30 June 2019, the Company had 35,000,000 unlisted options over ordinary shares on issue (2018: 35,000,000). All options have vested and are exercisable.

### Reconciliation of movement in unlisted options over ordinary shares

	NUMBER	ISSUE DATE	EXPIRY DATE	EXERCISE PRICE
<b>Total unlisted options as at 1 July 2017</b>	-			
<i>Options issued during the year</i>				
Director options	20,000,000	25-Jun-18	25-Jun-21	\$0.06
Facilitation options	15,000,000	25-Jun-18	25-Jun-21	\$0.06
<b>Total unlisted options as at 30 June 2018</b>	35,000,000			
Options issued during the year	-			
<b>Total unlisted options as at 30 June 2019</b>	35,000,000			

Options over ordinary shares carry no voting or dividend rights.

## 14 Share Capital *(CONTINUED)*

### Reconciliation of movement in unlisted options over ordinary shares *(CONTINUED)*

#### Performance shares over ordinary shares

The fair value of a performance share is measured using the share price at the date the vesting condition is met.

At 30 June 2019, the Company had 75,767,103 performance shares over ordinary shares on issue (2018: 101,022,804).

Terms and conditions of the performance shares are detailed below:

TRANCHE	NUMBER	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
Class B	31,587,822	22-Jun-18	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-18	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).

### Reconciliation of movement in performance shares over ordinary shares

	NUMBER	ISSUE DATE	EXPIRY DATE
<b>Total as at 1 July 2017</b>	-		
<i>Issued during the year</i>			
Class A <sup>1</sup>	25,255,701	22-Jun-18	20-Mar-19
Class B	31,587,822	22-Jun-18	20-Jun-20
Class C	44,179,281	22-Jun-18	20-Dec-21
<b>Total as at 30 June 2018</b>	101,022,804		
<i>Vested and converted to ordinary shares <sup>1</sup></i>	(25,255,701)		
<b>Total as at 30 June 2019</b>	75,767,103		

Note 1: 25,255,701 Class A performance shares vested during the year on achievement of the vesting condition being the delineation of an independent prospective resource certification of greater than 1.5TCF Gas or 250 mmbœ with respect to the Cabora Bassa Project.

#### Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 15 Reserves

### Share-based payments reserve

The share-based payments reserve represents the value of options issued under the compensation arrangement that the consolidated entity is required to include in the consolidated financial statements. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

	2019 A\$	2018 A\$
Share-based payments reserve	<b>541,594</b>	541,594
Foreign currency translation reserve	<b>204,083</b>	(1,251)
<b>Total reserves</b>	<b>745,677</b>	540,343
<b>RECONCILIATION OF MOVEMENT IN RESERVES</b>		
<b>Share-based payments reserve</b>		
<b>Balance as at 1 July</b>	<b>541,594</b>	16,851
Options issued – Director remuneration	-	362,037
Option issued – Share issuance costs	-	179,557
Transferred to retained earnings upon expiry of options	-	(16,851)
<b>Balance as at 30 June</b>	<b>541,594</b>	541,594
<b>Foreign currency translation reserve</b>		
<b>Balance as at 1 July</b>	<b>(1,251)</b>	(4,900)
Effect of translation of foreign currency operation to Group presentation currency	<b>205,334</b>	3,649
<b>Balance as at 30 June</b>	<b>204,083</b>	(1,251)
<b>Total reserves balance as at 30 June</b>	<b>745,677</b>	540,343



## 16 Interests In Other Entities

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Invictus Energy Limited ("the Company" or "the parent entity") as at 30 June 2019 and the results of all subsidiaries for the year then ended. Invictus Energy Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the Group. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity.

### (a) Subsidiaries

The consolidated entity's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests held equals the voting rights held by the consolidated entity. The country of incorporation or registration is also their principal place of business. Principal activity of all subsidiaries is gas exploration and development.

	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST HELD BY			
		THE CONSOLIDATED ENTITY		NON-CONTROLLING INTERESTS	
		2019	2018	2019	2018
HIS Texas LLC	USA	<b>100%</b>	100%	-	-
Invictus Energy Resources Pty Limited	Australia	<b>100%</b>	100%	-	-
Invictus Energy Mauritius Limited	Mauritius	<b>100%</b>	100%	-	-
Invictus Energy Resources Zimbabwe (Pvt) Ltd	Zimbabwe	<b>100%</b>	100%	-	-
Geo Associates (Pvt) Ltd	Zimbabwe	<b>80%</b>	80%	<b>20%</b>	20%

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 16 Interests In Other Entities *(CONTINUED)*

### (b) Non-controlling interests

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests. Amounts disclosed are before intercompany eliminations.

	GEO ASSOCIATES (PVT) LTD	
	2019 A\$	2018 A\$
<b>Summarised statement of financial position</b>		
Current assets	139	132
Current liabilities	(130,916)	-
<b>Current net liabilities/assets</b>	<b>(130,777)</b>	132
Non-current assets <sup>1</sup>	7,154,189	4,583,423
Non-current liabilities	(7,154,189)	(4,583,423)
<b>Non-current net assets</b>	-	-
<b>Net liabilities/ assets</b>	<b>(130,777)</b>	132
Accumulated NCI	1,214,669	917,230
<i>1 Represents capitalised exploration costs. Refer to note 12 for further details.</i>		
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Revenue	-	-
<b>Loss for the period</b>	<b>626</b>	(806)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>626</b>	(806)
Loss allocated to NCI	(125)	(163)
FCTR allocated to NCI	51,322	1
<b>Summarised cash flows</b>		
Cash flows from/ (used in) operating activities	-	(807)
Cash flows from/ (used in) investing activities	-	-
Cash flows from/ (used in) financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	(807)

### (c) Transactions with non-controlling interests

There were no transactions with the non-controlling interests during the current year.

## 17 Reconciliation of Gain/(Loss) After Income Tax to Net Cash Outflow Used

	NOTES	2019 A\$	2018 A\$
Gain/(loss) after taxation		<b>(1,022,049)</b>	(917,430)
<b>Add/(less) non-cash items:</b>			
Share-based payments expense		-	362,037
Impairment of exploration and evaluation expenditure	12	-	105,299
Depreciation		<b>5,352</b>	105,299
<b>Changes in working capital:</b>			
Decrease/(increase) in trade and other receivables		<b>368</b>	(28,100)
Increase in trade and other payables		<b>198,071</b>	299,828
Increase in provisions		<b>23,764</b>	-
<b>Net cash outflow from operating activities</b>		<b>(794,494)</b>	(178,366)
<b>Non-cash investing and financing activities:</b>			
Capitalised Class A Performance Shares - vested 20 March 2019		<b>1,233,097</b>	-
Issue of ordinary shares as consideration for asset acquisition		-	2,911,320
Issue of ordinary shares as consideration for share issuance costs		-	400,000
Issue of options as consideration for share issuance costs		-	179,556
		<b>1,233,097</b>	3,490,876

## 18 Parent Entity

	2019 A\$	2018 A\$
Current assets	<b>2,253,624</b>	5,024,046
Non-current assets	<b>136,952</b>	-
<b>Total assets</b>	<b>2,390,576</b>	5,024,046
Current liabilities	<b>373,100</b>	1,024,372
<b>Total liabilities</b>	<b>373,100</b>	1,024,372
<b>Net assets</b>	<b>2,017,476</b>	3,999,674
Contributed equity	<b>26,064,996</b>	25,085,561
Share-based payment reserve	<b>541,594</b>	541,594
Foreign currency translation reserve	-	-
Accumulated losses	<b>(24,589,114)</b>	(21,627,481)
<b>Total equity</b>	<b>2,017,476</b>	3,999,674
Loss for the year	<b>2,961,632</b>	4,528,479
<b>Total comprehensive loss for the year</b>	<b>2,961,632</b>	4,528,479

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 18 Parent Entity (CONTINUED)

### Commitments

Refer to note 22: Capital and Other Commitments.

### Contingencies

There were no contingent assets or liabilities of the parent as at 30 June 2019 (30 June 2018: \$ nil).

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no deeds of cross guarantee in place by the parent entity.

## 19 Related Party Transactions

### (a) Parent entities

The ultimate parent entity within the Group is Invictus Energy Limited incorporated in Australia.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 16(a).

### (c) Other related party transactions

During the period the Company paid \$29,500 to Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, for the provision of accounting and company secretarial services, on normal commercial terms and conditions and at market rates.

On 20 March 2019 20,992,916 Class A performance shares held indirectly by Scott Macmillan vested on achievement of the vesting condition being the delineation of an independent prospective resource certification of greater than 1.5Tcf Gas or 250 mmbbl with respect to the Cabora Bassa Project.

On 15 February 2019 the Company entered into an arrangement with Laurus Corporate Services Pty Ltd, which Mr Gabriel Chiappini is a director and substantial shareholder, whereby Laurus Corporate Services Pty Ltd rents one office and one car bay at a cost of \$1,950 plus GST from the Company per calendar month. The arrangement is for no fixed term and can be cancelled by either party by providing one month's notice.

On 15 February 2019 the Company entered into an arrangement with Eneabba Gas Ltd, which Mr Gabriel Chiappini and Mr Barnaby Egerton-Warburton are both directors, for the provision of one office and one car bay at a cost of \$1,950 plus GST per calendar month. The arrangement is for no fixed term and can be cancelled by either party by providing one month's notice.

There were no other transactions with related parties during the current year.

### (d) Key management personnel

The following persons were Directors and key management personnel of Invictus Energy Limited during the financial year:

(i) <i>Managing Director</i>	Mr Scott Macmillan
(ii) <i>Non-Executive Directors</i>	Mr Barnaby Egerton-Warburton Mr G Chiappini Mr Eric de Mori
(iii) <i>Company Secretary</i>	Mr G Chiappini

There were no other persons, other than the Directors as detailed above, that were identified as key management personnel of the Company during the current year.

## 19 Related Party Transactions *(CONTINUED)*

### (e) Key management personnel compensation

The key management personnel compensation was as follows:

	2019 A\$	2018 A\$
Short-term employee benefits	444,890	125,319
Post-employment benefits	31,124	6,181
Share-based payment	-	362,037
<b>Total key management personnel compensation</b>	<b>476,014</b>	<b>493,537</b>

## 20 Share-Based Payments

### (a) Employee options over ordinary shares

Decisions to grant options are made by the Board and are based on aligning the long-term interests of key management personnel, employees, consultants and strategic external parties with those of the Company's shareholders.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange (ASX) on or about the date of grant.

Each option is convertible into one ordinary share.

The fair value of an option is measured using an appropriate valuation method. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### *Share options granted during the current year*

No share options were granted to employees or consultants for services rendered during the June 2019 financial year.

#### *Share options granted during 30 June 2018*

On 15 June 2018 the following unlisted options were issued to advisors for services provided to the Company, and Directors in their capacity as Directors:

CLASS	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	VESTING CONDITIONS	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Director options	20,000,000	15 June 2018	25 June 2021	Date of issue	\$0.06	1.81 cents <sup>1</sup>
Facilitation options	9,270,000	15 June 2018	25 June 2021	Date of issue	\$0.06	1.81 cents <sup>1</sup>
Facilitation options	5,000,000	15 June 2018	25 June 2021	Date of issue	\$0.06	0.20 cents
Facilitation options	730,000	15 June 2018	25 June 2021	Date of issue	\$0.06	0.24 cents

Note 1: The black-scholes pricing model was used to value these options. Inputs into the valuation model were as stated in the table above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.04 per share at the close of trade on 15 June 2018, the closing price immediately prior to Valuation Date.
- Expected future volatility: The share price volatility of the Company at 83.62% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three-year bond yielded 2.11% on 15 June 2018 as disclosed by the Reserve Bank of Australia.

Note 2: The fair value of these options was determined based on the value of the services rendered by the supplier and as contained in the underlying invoice.

The fair value of the 20,000,000 Director options granted during the June 2018 financial year was \$362,037, with the full accounting expense recognised in current year profit and loss.

The fair value of the 15,000,000 Facilitation options granted during the June 2018 financial year was \$179,556, with the full amount expense recognised directly in the Company's equity as a share issuance cost (note 14).



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 20 Share-Based Payments (CONTINUED)

### (a) Employee options over ordinary shares (CONTINUED)

#### Reconciliation of movement in share options

	2019		2018	
	AVERAGE EXERCISE PRICE PER OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER OPTION	NUMBER OF OPTIONS
<b>As at 1 July</b>	<b>\$0.06</b>	<b>35,000,000</b>	-	-
Granted during the year	-	-	\$0.06	35,000,000
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
<b>As at 30 June</b>	<b>\$0.06</b>	<b>35,000,000</b>	\$0.06	35,000,000
Vested and exercisable at 30 June	<b>\$0.06</b>	<b>35,000,000</b>	\$0.06	35,000,000

#### Share options outstanding at the end of the year

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS	
			2019	2018
25.6.2018	25.6.2021	\$0.06	<b>35,000,000</b>	35,000,000
			<b>35,000,000</b>	35,000,000

Weighted average remaining contractual life of options outstanding at 30 June 2019 is 1.98 years (30 June 2018: 2.98).

### (b) Performance shares granted during the current year

No performance shares were granted to employees or consultants for services rendered during the June 2019 financial year.

The following performance shares were approved by shareholders in general meeting held on the 15 June 2018 and were issued as part deferred consideration for the acquisition of the Cabora Bassa Project:

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 mmbœ 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)).

The fair value of a performance share is measured using the share price at the date the vesting condition is met. As the performance shares were issued as part deferred consideration for the Cabora Bassa Project, the fair value of the performance shares will be capitalised against the related Exploration asset, as and when each milestone is reached.

## 20 Share-Based Payments (CONTINUED)

### (b) Performance shares granted during the current year (CONTINUED)

#### Reconciliation of movement in Performance Shares

CLASS A	2019 NUMBER	2018 NUMBER
<b>As at 1 July</b>	<b>25,255,701</b>	-
Granted during the year	-	25,255,701
Vested and converted to ordinary shares <sup>1</sup>	<b>(25,255,701)</b>	-
Expired during the year	-	-
<b>As at 30 June</b>	<b>-</b>	25,255,701

Note 1: Refer to note 20 (d)

CLASS B	2019 NUMBER	2018 NUMBER
<b>As at 1 July</b>	<b>31,587,822</b>	-
Granted during the year	-	31,587,822
Exercised during the year	-	-
Expired during the year	-	-
<b>As at 30 June</b>	<b>31,587,822</b>	31,587,822

CLASS C	2019 NUMBER	2018 NUMBER
<b>As at 1 July</b>	<b>44,179,281</b>	-
Granted during the year	-	44,179,281
Exercised during the year	-	-
Expired during the year	-	-
<b>As at 30 June</b>	<b>44,179,281</b>	44,179,281

### (c) Expenses arising from share-based payment transactions

	2019 A\$	2018 A\$
Director options expense	-	362,037
<b>Total share-based payments expense recognised in income statement</b>	<b>-</b>	<b>362,037</b>
Capital issuance costs recognised in equity	-	179,557
<b>Total share-based payments</b>	<b>-</b>	<b>541,594</b>

### (d) Shares issued during the current year

The following shares were issued during the June 2019 financial year:

- On 2 July 2018 10,000,000 ordinary shares were issued to Company Advisers for their assistance with capital raising services. The fair value of the shares was \$400,000 representing the share price at the date of grant and was recognised directly in equity as a share issuance cost in the 30 June 2018 financial year.
- On 20 March 2019 the Company announced that the vesting condition relating to the class A performance shares had been met and as such 25,255,701 ordinary shares were issued. The fair value of the shares was \$984,972 representing the share price at the date of vesting and was capitalised against Exploration and Evaluation expenditure.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

## 21 Events Occurring after Reporting Date

On 31 July 2019 the company announced the appointment of Dr Stuart Lake as Non-Executive Chairman of the Company, effective 1 August 2019. Dr Lake was issued with 500,000 shares and 9,000,000 unlisted options with the following terms:

- 3,000,000 unlisted options, exercise \$0.06, expiry 31 July 2022
- 3,000,000 unlisted options, exercise \$0.09, expiry 31 July 2022
- 3,000,000 unlisted options, exercise \$0.12, expiry 31 July 2022

The shares and options were issued as part of a sign on incentive.

Other than the above, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Group in future financial years.

## 22 Capital and Other Commitments

### Operating lease commitments

#### Head office

The operating lease schedule below relates to the head office lease. The lease commenced on 1 February 2019 with an initial 3 year term.

	30-JUN-19 A\$	30-JUN-18 A\$
Not later than 1 year	142,503	-
Later than 1 year but not later than 2 years	142,113	-
Later than 2 years but not later than 5 years	84,100	-
	<b>368,716</b>	-

#### Ground rental

Geo Associates (Pvt) Ltd is the holder of Special Grant 4571 (SG4571). Condition 6 of the Special Grant stipulates that "The Holder of this Grant shall after the initial 12 months, pay an annual rental fee that will be specified and shall be paid annually thereafter." As such Geo Associates (Pvt) Ltd is required to pay the annual rental fee on the 20 August 2020.

The current annual lease fees are ZWLS\$10 (ten Zimbabwe Dollars) per hectare therefore the fee will total ZWL\$1,000,000 (approximately AU\$ 137,000).

## 23 Contingencies

The Company has been advised by its Zimbabwean corporate advisors that, whilst not certain, due to changes in the Zimbabwean VAT legislation it is possible that VAT may need to be paid on all overseas services incurred from 1 January 2019.

At the date of this report the company is working with its corporate advisers to quantify the potential exposure and to ascertain the probability of having to remit the potential liability.

Other than the above, no contingent liabilities exist at the end of the financial year.

# Director's Declaration

In the Directors' opinion:

- a) the accompanying financial statements set out on pages 16 to 44 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and
  - ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2019.

This declaration is made in accordance with a resolution of the Board of Directors.



**Scott Macmillan**  
MANAGING DIRECTOR

27 September 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Invictus Energy Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Invictus Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Carrying Value of Exploration and Evaluation Asset

Key audit matter	How the matter was addressed in our audit
<p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition; and</li> <li>• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• We also assessed the adequacy of the related disclosures in Note 4(a) and Note 12 to the financial report.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Invictus Energy Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

##### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd



Neil Smith

Director

Perth, 27 September 2019

# Other Additional ASX Information

## Range of shares AS AT 24 SEPTEMBER 2019

RANGE	TOTAL HOLDERS	SHARES	% OF SHARE CAPITAL
1 to 1,000	29	5,232	0.00
1,001 to 5,000	15	48,431	0.01
5,001 to 10,000	44	408,886	0.10
10,001 to 100,000	357	16,176,518	4.14
100,001 and Over	384	374,362,825	95.74
<b>Total</b>	<b>829</b>	<b>391,001,892</b>	<b>100.00</b>

## Unmarketable Parcels AS AT 24 SEPTEMBER 2019

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum \$ 500.00 parcel at \$ 0.039 per unit	12,821	120	836,695

## Top 20 Shareholders AS AT 24 SEPTEMBER 2019

RANK	NAME	SHARES	% SHARES
1	BAYETHE INVESTMENTS PTY LTD	71,375,133	18.25
2	ASHANTI INVESTMENT FUND PTY LTD	12,321,647	3.15
3	NIGHTFALL PTY LTD	10,800,000	2.76
4	GLAMOUR DIVISION PTY LTD	8,510,000	2.18
5	BNP PARIBAS NOMINEES PTY LTD	8,310,866	2.13
6	MR DAVID JAMES WALL	8,000,000	2.05
7	BRENT BARBER	7,278,300	1.86
8	WHISTLER STREET PTY LTD	5,480,000	1.40
9	FLUE HOLDINGS PTY LTD	5,472,583	1.40
10	ALEXANDER HOLDINGS (WA) PTY LTD	5,000,000	1.28
10	RAPCORP PTY LTD	5,000,000	1.28
11	INVESTMENT HOLDINGS PTY LTD	4,625,000	1.18
12	MR KAH CHAN	3,996,200	1.02
13	MR GABRIEL CHIAPPINI & MRS ROSA CHIAPPINI	3,866,666	0.99
14	CITICORP NOMINEES PTY LIMITED	3,593,900	0.92
15	ASHBURTON RESOURCES PTY LTD	3,514,645	0.90
16	MICHELE HEATHER MACMILLAN	3,500,000	0.90
16	KYLE BRYCE MACMILLAN	3,500,000	0.90
16	JEMMA MICHELE MACMILLAN	3,500,000	0.90
17	PAUL CRONIN	3,399,011	0.87
18	BXW VENTURES PTY LTD	2,958,121	0.76
19	DIDCAL PTY LTD	2,750,000	0.70
20	ATKINS SUPERANNUATION FUND PTY LTD	2,684,267	0.69
<b>Total</b>	<b>Top 20 holders of ORDINARY FULLY PAID SHARES</b>	<b>189,436,339</b>	<b>48.45</b>

## Substantial Shareholders AS AT 24 SEPTEMBER 2019

NAME	SHARES	% SHARES
BAYETHE INVESTMENTS PTY LTD	71,375,133	18.25

## Tenement Schedule

TENEMENT REFERENCE AND LOCATION	NATURE OF INTEREST	INTEREST AT BEGINNING OF PERIOD	INTEREST AT END OF PERIOD
Gallatin Gas Project, Cherokee County, Texas USA	Working Interest	-	7.5%
Cabora Bassa Gas Condensate Project, Zimbabwe	via 80% equity ownership interest in Geo Associates (Pvt) Ltd	-	80%





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ENERGY LIMITED

