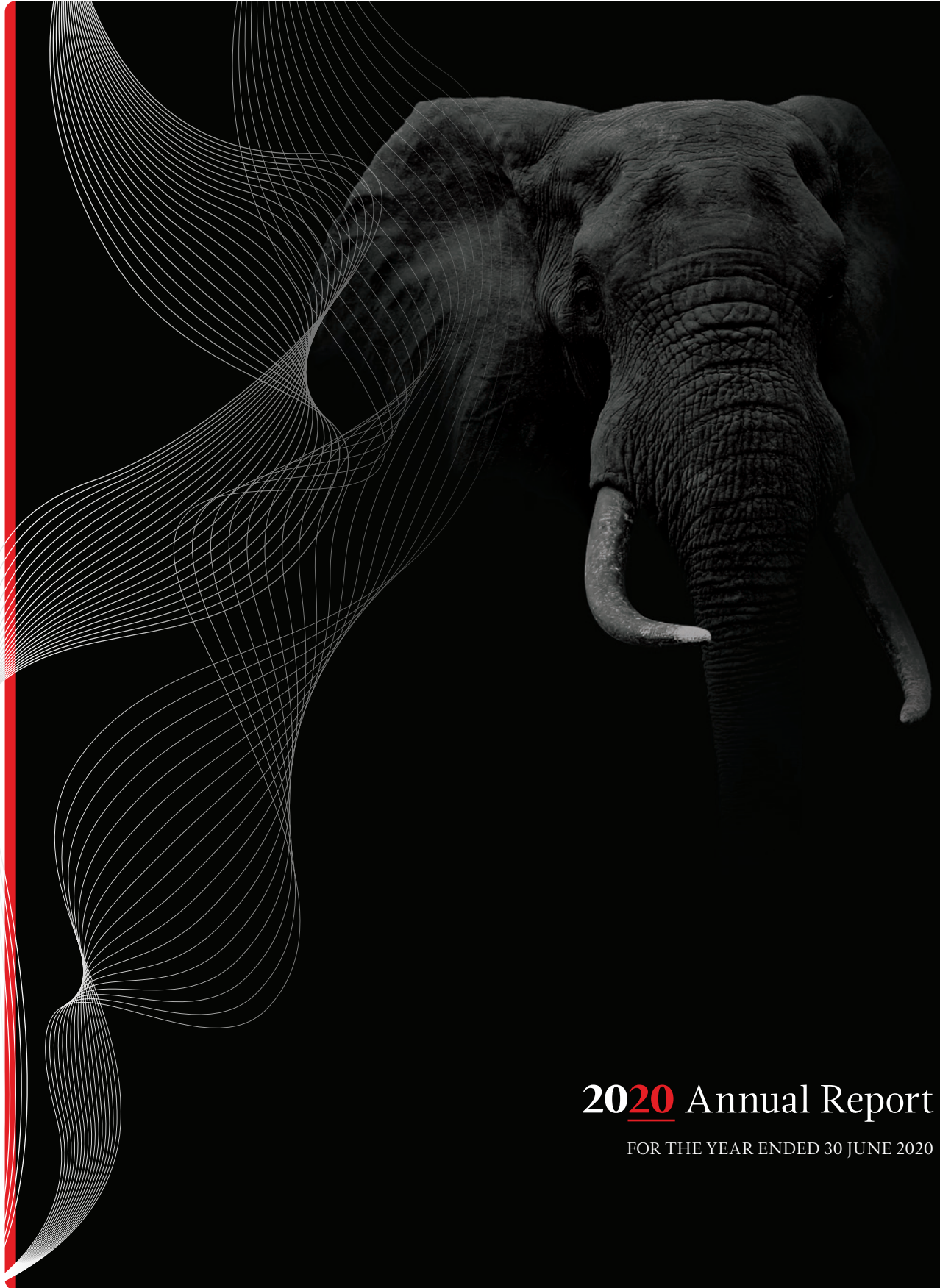




INVICTUS
ENERGY LIMITED



2020 Annual Report

FOR THE YEAR ENDED 30 JUNE 2020

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Invictus Energy Limited

ABN 21 150 956 773

Corporate Directory

DIRECTORS	<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>Mr Eric de Mori</i>	Non-Executive Director
COMPANY SECRETARY	<i>Mr Gabriel Chiappini</i>	
REGISTERED OFFICE	24 Outram Street West Perth WA 6005 Tel: +618 6102 5055 Fax: +618 6323 3378	
SHARE REGISTER	<i>Link Market Services Limited</i> Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000	
STOCK EXCHANGE LISTINGS	Australian Securities Exchange (ASX: IVZ)	
AUDITOR	<i>BDO Audit (WA) Pty Ltd</i> 38 Station Street Subiaco WA 6008	
SOLICITORS	<i>Price Sierakowski</i> Level 24, 44 St Georges Terrace Perth WA 6000	
WEBSITE	www.invictusenergy.com	

Dear Shareholders

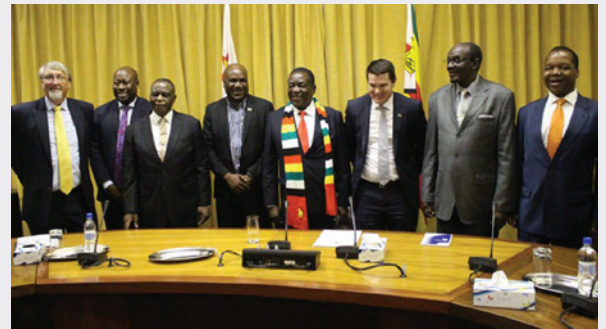
Global Context / During early 2020 we witnessed a considerable change in energy markets with the COVID-19 pandemic reducing demand, low oil prices and many economies looking to transition to less carbon intensive energy sources. This meant that companies like ours needed to evolve their strategies to respond to these challenges. The Board's decision to refocus the strategy and further boost its ESG (Environmental, Social, and Corporate Governance) credentials is in response to sector and investor appetite. We believe the Cabora Bassa asset is well placed to benefit from the transition to natural gas as an important less carbon intensive fuel source in the energy matrix and further enhancements were made to our ESG credentials from last years Annual Report and were further strengthened during our extensive stakeholder engagement in support of the Environmental Impact Assessment (EIA) work over the past six months.

The Cabora Bassa Asset

Invictus Energy has made further 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. In today's money that investment by Mobil would have exceeded 30 Million USD and thus the data has provided Invictus Energy with a unique, broad and powerful dataset to carry out our forward Exploration campaign. Invictus Energy is the only oil and gas operator in country at present, thus is in a unique position to leverage its basin master position in the Cabora Bassa Basin.

Changing industry dynamics

The Invictus Energy team comprises of highly experienced, technically and operationally excellent people who strive to deliver the goal of transformational value for all stakeholders. We believe the portfolio in Cabora Bassa with a predominant gas and liquids mix appeals to a wider range of energy industry partners and investors and thus we are well positioned to monetise a resource if proven to nearer term cash flow. Two MOU's were signed with Sable and Tatanga Energy to secure both a market and lock in a premium value to near-term cash flow for some 15% of the likely gas resource should the exploration campaign be successful. The demonstration that there is a lower risk gas market, in addition to our strong ESG credentials provides investor and stakeholder confidence on routes to monetization, both domestically and in the wider region.



KEY STAKEHOLDER CONSULTATIONS WITH HIS EXCELLENCY ED MNANGAGWA, VPS CHIWENGA & MOHADI, MINISTER CHITANDO, DR MANGUDYA AND GEO ASSOCIATES/INVICTUS TEAM (ABOVE RIGHT), AND AT THE BINDURA PROVINCIAL OFFICE (RIGHT).



MUZARABANI & MBIRE COVID-19 INTERVENTION (TOP AND ABOVE).

MUZARABANI & MBIRE COMMUNITY (TOP RIGHT), STAKEHOLDER (RIGHT), AND TRADITIONAL LEADERS CONSULTATIONS (BELOW) FOR THE ENVIRONMENTAL IMPACT ASSESSMENT.



Our Strategy

Invictus Energy aims to be a significant energy supplier in Southern Africa. The region is currently facing a severe energy crisis and if our exploration program is successful it presents the Company with a significant opportunity to fulfil the exist energy demand. We extended the tenure of the SG 4571 licence for a further three years until August 2023, retaining our operated position and high equity so we can continue to control the project and maintain a tight focus on costs. We have engaged a large number of third parties over the past year on acquiring equity at commercially attractive levels. We continue to engage a number of parties with differing drivers and believe we will shortly be able to provide further clarity on the venture before year-end.

The Environmental Impact Assessment (EIA) was initiated by independent environmental consultants, the Scientific and Industrial Research and Development Centre (SIRDC) and included field surveys, baseline measurements of hydrology, ecology, environmental, archaeological, hydrogeological, soil surveys and socioeconomic and community consultations consultation of the 1000s of key project stakeholders, local leaders, relevant government ministries and government extension offices. Though COVID-19 enforced restrictions caused some delay in the process, I am pleased to report that the EIA permit has been awarded in August 2020. The approval of the Environmental Management Plan concludes the permitting requirements and enables the Company to commence and undertake activities in the field including seismic acquisition and exploration drilling and marks the progression from the primarily desktop studies phase to an on the ground activity phase of our exploration campaign.

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

We opened our Harare office September 2019, more than 25 years after the last Oil and Gas operator Mobil, since then we have hired local staff and have continued to engage all the key stakeholders in country with respect to the EIA and also negotiate a new Production Sharing Agreement (PSA). The PSA which brings the oil and gas leases under three Ministries (Mines, Energy and Finance), once signed will provide fiscal stability to all partners and stakeholders in the venture and encourage other E&P investors into Zimbabwe.

Invictus continues to actively screen 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 sub Saharan knowledge of the wider East African Rift System and Permo-Triassic aged rifts in which we have built a significant knowledge base and competitive advantage. Our focus remains low cost conventional onshore or shallow water exploration that can be commercialized quickly, safely and at low cost.

Capital Discipline

We strongly apply capital discipline to all aspects of our work. Throughout the recent challenges to the business environment, we have used our in-house team to maintain a firm hand on costs whilst expediting quality work and delivery. We responded rapidly to COVID-19 by reducing our costs base and continue to further keep our burn rate to a bare minimum.

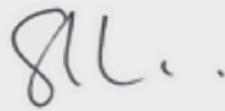
We have always sought to achieve a balance of risk, cost and reward in our portfolio whilst still maintaining focus on capital discipline, thus as part of our roadmap to bring in local partners to share the risk and reward. In April 2020 in the height of the COVID-19 crisis we successfully brought in a local Zimbabwe Institutional Investor the Mangwana Opportunities Fund (which included pension funds with an investment horizon of 10 years) as an in country cornerstone investor.

Relationships and Values

Invictus has built a reputation for attracting quality industry partners such as Sable Chemicals and the Mangwana Opportunities Fund and forging an excellent working relationship with our parent Ministries and the Republic of Zimbabwe. In particular we would like to acknowledge and thank our partner One Gas Resources and our in-country team for their support and efforts in securing our investment licence, environmental licence and social licence to operate which is fundamental to our business.

The support and feedback we have received through our activities and engagements demonstrates the cooperation of stakeholders and shareholders alike who are all determined to advance this project for the benefit of the community and the country.

Lastly we would also like to thank all our stakeholders and shareholders for their continued support as we strive towards delivering transformational value.



Stuart Lake
NON EXECUTIVE CHAIRMAN



Scott Macmillan
MANAGING DIRECTOR AND CEO

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 2020.

Review of Operations

Cabora Bassa Project

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

- Received an updated independent prospective resource estimate provided by Getech Group plc (Getech). The gross unrisks estimated prospective resource increased to a total of 9.25 Tcf (trillion cubic feet) + 294 mmbbls (million barrels) of conventional gas-condensate within Special Grant 4571 for the Mzarabani plus Msasa Prospects.
- Commenced the formal farm out process for the Cabora Bassa Project and opened the physical data room in London. The process garnered interest from a wide variety of Exploration and Production (E&P) companies as well as Private Equity companies focused on upstream investments.
- Received approval for its Environmental Impact Assessment and commenced the EIA survey in the project area.
- Completed work program obligations within 12 months of acquisition of the project completing these obligations ahead of schedule. The technical work for this phase of project has been completed and the Company is focused on completing the farm out process in progress.
- Announced the results of new geochemical analysis of source rocks that were collected in July 2019 from surface outcrop to the west of the SG 4571 licence area. The analysis confirmed at least two source rock facies are present in the Cabora Bassa Basin, in the Mkanga Formation (Permian age) which consists of a high-quality oil prone lacustrine source rock interbedded with good quality gas and liquids source rocks; and the Angwa Alternations Member (Triassic age) consisting of good quality gas and liquid (condensate and potentially light oil) prone source rock.
- Entered into a non-binding Memorandum of Understanding (MOU) with Tatanga Energy (Private) Limited ("Tatanga Energy") to progress gas supply for a ±500 megawatt (MW) Gas to Power plant in the event of a commercial gas discovery from Special Grant 4571 in Muzarabani.
- Completed the Environmental Impact Assessment study in the project area. The Scientific and Industrial Research and Development Centre completed the fieldwork and comprehensive study and the draft EIA report was compiled in December. Final submissions from National Parks, National Museums and Monuments and the Zimbabwe National Water Authority were received in January. The full EIA report has been completed and will be submitted to EMA in the coming days for approval.
- Commenced negotiations to implement a new petroleum regulatory framework in the form of a Production Sharing Agreement (PSA) with the Republic of Zimbabwe.
- The Cabora Bassa project was classified as a priority development project by the Office of the President and Cabinet of Zimbabwe.
- The Government of Zimbabwe setup a Technical Committee to undertake negotiations for a Production Sharing Agreement (PSA) with Geo Associates (Private) Limited. The Technical Committee is chaired by the Secretary for Finance and Economic Development with the Permanent Secretaries for Mines and Mining Development and Energy and Power Development as members together with officials from the Reserve Bank of Zimbabwe (RBZ), Zimbabwe Investment and Development Agency (ZIDA), Office of the President and Cabinet (OPC), Office of the Attorney General and Local Government and Public Works.
- The Company was hosted by the District Administrator for Mashonaland Central Province in Centenary and received by the Chiefs representing the Muzarabani and Mbire Districts where the Cabora Bassa Project is located. The Company through Geo Associates provided the Chiefs with an overview and update of the project and the upcoming on the ground activity that will commence following the approval of the Environmental Impact Assessment which is expected to be approved shortly.
- The Environmental Management Authority (EMA) received final submissions from the various government, NGO and local stakeholder groups relating to the Company's Environmental Impact Assessment (EIA) submission. EMA representatives have undertaken a site visit to the project area.
- Continued its negotiations of a Production Sharing Agreement (PSA) with the Government of Zimbabwe through the appointed Technical Committee and legal representatives. The Technical Committee is chaired by the Secretary for Finance and Economic Development with the Permanent Secretaries for Mines and Mining Development and Energy and Power Development as members together with officials from the Reserve Bank of Zimbabwe (RBZ), Zimbabwe Investment and Development Agency (ZIDA), Office of the President and Cabinet (OPC), Office of the Attorney General and Local Government and Public Works.
- Continued with the farmout process of the Cabora Bassa Project with active discussions with multiple parties ongoing. The project has passed technical review/assessment and is undergoing commercial evaluation, above ground due diligence and detailed forward program costing (including drilling cost) with these parties. The completion of the commercial evaluation including incountry due diligence has been hampered by the COVID-19 travel and border restrictions in place in Zimbabwe and the wider region to date as well as the volatility in the oil market. The Company is working with the respective parties to finalise all the outstanding requirements as far as practical given the COVID related restrictions in place.
- Received an independent drilling cost estimate for a range of well designs (vertical and directional) with the total depth (TD) ranging from 2,000m down to 4,000m. The drilling cost estimates range from US\$5.2 million (2,000m vertical well - low side estimate) to US\$16.4 million (4,000m directional well - high side estimate) are consistent with the Company's internal estimates. The best estimate for a 3,200m directionally drilled well to test the 8.2 Tcf + 249 million bbl Mzarabani Prospect is US\$11.7m (excluding mobilisation) which confirms the ability to test a world class, material target at relatively low cost.

Review of Operations (CONTINUED)

Appointment of Dr Stuart Lake

Dr Stuart Lake was appointed Non-Executive Chairman of the Company, effective 1 August 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 over ten African countries. Dr Lake brings a combination of in-depth technical knowledge, a world class track record as an oil and gas finder, leading many teams in maintaining a 90% exploration success rate (from over 300 wells in 11 countries including deep-water and new plays) over his career.

Placement

The Company successfully completed a well supported placement of \$1.5m through the issuance of 57,969,314 shares to new and existing sophisticated and institutional investors.

Mangwana Opportunities Fund

The Company entered into a binding share subscription agreement with the Mangwana Opportunities Fund. Mangwana Opportunities Fund ("Mangwana" or "the Fund") is an investor owned, closed end investment company which is managed by Mangwana Capital. It is funded by Zimbabwean institutional investors including pension funds and invests primarily in the fields of Agriculture, Mining and Tourism with an investment horizon of 10 years. The Fund has prescribed asset status and has been granted tax exempt status by the Ministry of Finance.

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

In conjunction with the placement by Mangwana, the Company appointed respected Zimbabwean business person Mr. Joe Mutizwa, current chairman of Mangwana Capital, as a director of the Company's 100% owned local subsidiary Invictus Energy Resources Zimbabwe Pty Ltd. Joe served for ten years as Chief Executive of Delta Corporation, one of Zimbabwe's largest listed companies before taking early retirement in 2012.

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 1 AUGUST 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 2000km² 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

1. 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 18 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 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).

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 Director of Taruga Minerals (ASX: TAR)

Former directorships held in the last 3 years: Adriatic Metals plc (ASX:ADT)

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	8	8
Scott Macmillan	8	8
Barnaby Egerton-Warburton	8	8
Gabriel Chiappini	8	8
Eric de Mori	8	8

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.

1.2 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.

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 2019 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
Stuart Lake	Non-Executive Chairman
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.

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.

Directors' Report

2. REMUNERATION REPORT (Audited) (CONTINUED)

(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 three (3) financial years:

ITEM	2020	2019	2018	2017
EPS loss – continuing operations (cents)	(\$0.41)	(\$0.28)	(\$0.67)	(\$0.44)
Net loss – continuing operations ('000)	(\$1,773,456)	(\$1,022,049)	(\$917,593)	(\$507,354)
Share price	\$0.026	\$0.046	\$0.047	\$0.026

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.

Dr Stuart Lake - Non-Executive Chairman

- Commencement date: 1 August 2019
- Director fee: GBP 50,000 per annum

The agreement is not subject to any termination notice period

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

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.

2. REMUNERATION REPORT (Audited) (CONTINUED)

(f) Details of remuneration

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

2020	SHORT TERM		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL	PROPORTION OF REMUNERATION	
	CASH SALARY AND FEES	OTHER ¹	SUPER-ANNUATION	SHARES	PERFORMANCE SHARES	OPTIONS		FIXED	PERFORMANCE LINKED
	\$		\$	\$	\$	\$	\$	%	%
Stuart Lake	86,887	81,668 ¹	-	19,000	-	121,247	308,802	100%	-
Scott Macmillan	250,000	23,764 ²	23,750	-	-	-	297,514	100%	-
Barnaby Egerton-Warburton	54,795		5,205	-	-	-	60,000	100%	-
Eric de Mori	54,795		5,205	-	-	-	60,000	100%	-
Gabriel Chiappini	60,000		-	-	-	-	60,000	100%	-
Total	506,477	105,432	34,160	19,000	-	121,247	786,316	100%	-

Note 1: Out of scope consultancy fees

Note 2: Annual leave expense

No short-term cash bonuses included as paid or accrued for during the year ended 30 June 2020.

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

2019	SHORT TERM		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL	PROPORTION OF REMUNERATION	
	CASH SALARY AND FEES	OTHER	SUPER-ANNUATION	SHARES	PERFORMANCE SHARES	OPTIONS		FIXED	PERFORMANCE LINKED
	\$		\$	\$	\$	\$	\$	%	%
Scott Macmillan	250,000	23,764 ¹	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%	-
Total	421,126	23,764	31,124	-	-	-	476,014	100%	-

Note 1: Annual leave expense

(g) Amounts owing to KMP

In light of the global market and oil industry environment, the Board and Management agreed to defer their annual fees and remuneration by 25-50 percent effective 1 April 2020. At the date of this report no decision has been made with regards to the settlement of the outstanding amounts. The table below shows the amounts owing at 30 June 2020:

	30 JUNE 2020	30 JUNE 2019
	\$	\$
Stuart Lake	37,201	-
Scott Macmillan	17,110	-
Barnaby Egerton-Warburton	6,250	-
Eric de Mori	6,250	-
Gabriel Chiappini	7,500	-
Total	74,311	-

There are no loans to Key Management Personnel (2019: nil).

Directors' Report

2. REMUNERATION REPORT (Audited) (CONTINUED)

(h) Share-based compensation

Options

During the year 9,000,000 options were issued to Dr Stuart Lake, on the following terms and conditions:

- 3,000,000 Options, \$0.06 exercise, expire 31 July 2022
- 3,000,000 Options, \$0.09 exercise, expire 31 July 2022
- 3,000,000 Options, \$0.12 exercise, expire 31 July 2022
- All options will vest after 12 months subject to continuation as Chairman

Performance shares

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

Ordinary shares

During the year 500,000 shares were issued to Dr Stuart Lake. The shares have an escrow period of 12 months and were subject to Dr Lake purchasing the same number of ordinary shares in the Company on market within the 1st month of his appointment.

(i) Equity instruments held by key management personnel

(i) Option holdings

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

2020	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED/ LAPSED	BALANCE AT THE END OF THE YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Stuart Lake	-	9,000,000	-	9,000,000	-	-	9,000,000
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.

2020	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED/ LAPSED	BALANCE AT THE END OF THE YEAR	VESTED DURING THE YEAR	UNVESTED
Scott Macmillan ¹	65,978,748	-	(27,008,431) ²	38,970,317	-	38,970,317

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: 27,008,431 Class B performance shares lapsed during the year as the achievement of the vesting condition being 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 by 20 June 2020 was not achieved.

No other director holds performance shares.

(iii) Share holdings

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

2020	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
Directors						
Stuart Lake	-	-	-	-	1,000,000	1,000,000
Scott Macmillan	71,525,133	-	-	-	1,050,000	72,575,133
Barnaby Egerton-Warburton	9,271,454	-	-	-	-	9,271,454
Eric de Mori	8,510,000	-	-	-	-	8,510,000
Gabriel Chiappini	4,047,154	-	-	-	-	4,047,154

2. REMUNERATION REPORT (Audited) (CONTINUED)

(j) Other transactions with key management personnel

As disclosed in the remuneration table on page 9, during the period the Company paid \$60,000 to Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, for the provision of non-executive director and company secretarial services, on normal commercial terms and conditions and at market rates.

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.

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.

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 2020 was \$1,773,456 (2019: \$ 1,022,049 loss).

No dividends have been paid or declared by the Company during the year ended 30 June 2020 (2019: nil).

5. Loss Per Share

The basic loss per share for the consolidated entity for the year was \$0.41 cents per share (2019: \$0.28 cents per share).

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

Mangwana Opportunities Fund

On 8 July 2020 the Company announced that the Company had entered into a binding share subscription agreement with the Mangwana Opportunities Fund. The share subscription agreement raised the equivalent of \$AUD0.44 million through the placement of 12,564,143 shares at a share price of ~\$0.035. The condition precedent to the completion of the placement was approval by the Reserve Bank of Zimbabwe Exchange Control which was granted subsequent to year end.

Zimbabwe Investment Licence Renewed

On 5 August 2020, the Company announced it had received approval of its application to renew the investment licence from the Zimbabwe Investment and Development Authority (ZIDA). ZIDA is the investment promotion body set up to promote and facilitate both foreign direct investment and local investment in Zimbabwe. The investment licence provides formal recognition of the Company as a foreign investor in the country and enables access to a range of fiscal benefits and incentives.

SG 4571 Tenure Extension

On 5 August 2020, the Company announced its 80% owned subsidiary and holder of Special Grant 4571, Geo Associates (Pvt) Ltd, had received notification that its application to extend the tenure of the SG 4571 licence for a further three years was granted, subject to Geo Associates appearing before the Mining Affairs Board to present an overview of the forward work programme. The presentation to the Mining Affairs Board by Geo Associates has been deferred due to COVID and the enforced lockdown in the country. As a result of the meeting being deferred, the Mining Affairs Board has requested a soft copy of the presentation and confirmed that the formal presentation will occur at a future date.

Environmental Impact Approval

On 10 August 2020 the Company announced that the Environmental Management Agency (EMA) had granted Geo Associates (Private) Limited permission to operate in accordance with Part XI of the Environmental Management Act, subject to certain specified terms and conditions that are normal for such an authority. The approval of the Environmental Management Plan concluded the permitting requirements enabling the Company to commence and undertake activities in the field including seismic acquisition and exploration drilling.

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.

Impact of COVID-19

The COVID-19 pandemic and the subsequent restrictions imposed by governments globally have caused disruption to many businesses and the associated economic activity. To date, the pandemic did not have a significant adverse effect on the Group's consolidated financial results.

The Group will continue to assess the impact of COVID-19 on existing projects and operations. The duration and spread of the pandemic and regulations imposed by governments continue to be closely monitored to determine any future impact on the Group. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs 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.

Auditors Independence Declaration

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	72,575,133	38,970,317	-
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
Total	95,403,741	38,970,317	29,000,000

11. Equity Instruments on Issue

As at the date of this report, there were 461,758,349 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 44,179,281 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 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.

Directors' Report

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".

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-20 A\$	30-JUN-19 A\$
Services provided by the Auditor – BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	41,616	37,387
Tax compliance services	-	-
Total services provided by the Auditor	41,616	37,387

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 2020.

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

25 September 2020

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 2020, 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, 25 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020 A\$	2019 A\$
Continuing operations			
Interest revenue		16,037	43,312
Corporate costs	6	(77,703)	(163,303)
Professional fees	6	(346,987)	(286,808)
Directors' and executives' fees		(695,408)	(446,951)
Finance costs		(11,029)	-
Other		(364,811)	(162,947)
Depreciation		(128,946)	(5,352)
Foreign currency loss		(164,609)	
Loss from continuing operations before income tax		(1,773,456)	(1,022,049)
Income tax expense	8	-	-
Loss from continuing operations after income tax		(1,773,456)	(1,022,049)
Loss for the period attributable to:			
Members of the parent entity		(1,729,212)	(1,021,924)
Non-controlling interest		(44,244)	(125)
Loss for the year		(1,773,456)	(1,022,049)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation – members of parent entity		77,065	205,334
Foreign currency translation – non-controlling interest		19,374	51,322
Total other comprehensive gain for the year		96,439	256,656
Total comprehensive gain/(loss) for the year attributable to:			
Members of the parent entity		(1,652,147)	(816,590)
Non-controlling interest	17	(24,870)	51,197
		(1,677,017)	(765,393)
Basic and diluted loss per share (cents)	9	(0.41)	(0.28)

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 2020

	NOTES	2020 A\$	2019 A\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	10	1,497,014	2,214,264
Trade and other receivables	11	31,786	31,764
Other current assets		17,484	12,784
Total current assets		1,546,284	2,258,812
<i>Non-current assets</i>			
Exploration and evaluation expenditure	12	8,021,198	7,154,189
Property, plant and equipment		82,390	40,809
Right of use asset	14	175,041	-
Other financial assets		96,143	96,143
Total non-current assets		8,374,772	7,291,141
Total assets		9,921,056	9,549,953
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	13	339,833	479,176
Provisions		46,576	23,764
Lease liability	14	123,040	-
Total current liabilities		509,449	502,940
<i>Non-current liabilities</i>			
Lease liability	14	73,701	-
Total non-current liabilities		73,701	502,940
Total liabilities		583,150	502,940
Net assets		9,337,906	9,047,013
Equity			
Share capital	15	27,911,659	26,064,996
Reserves	16	943,989	745,677
Accumulated loss		(20,707,541)	(18,978,329)
Total equity attributable to owners of Invictus Energy Limited		8,148,107	7,832,344
Non-controlling interest	17	1,189,799	1,214,669
Total equity		9,337,906	9,047,013

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 2020

	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL RESERVES	ACCUMULATED LOSS	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP/ COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
Balance at 30 June 2018	25,085,561	(1,251)	541,594	540,343	(17,956,405)	7,669,499	917,230	8,586,729
Loss for the year	-	-	-	-	(1,021,924)	(1,021,924)	(125)	(1,022,049)
Foreign currency translation	-	205,334	-	205,334	-	205,334	51,322	256,656
Total comprehensive loss for the year	-	205,334	-	205,334	(1,021,924)	(816,590)	51,197	(765,393)
Transaction costs	(5,537)	-	-	-	-	(5,537)	-	(5,537)
Conversion of performance shares as deferred consideration for asset acquisition	984,972	-	-	-	-	984,972	-	984,972
Non-controlling interests	-	-	-	-	-	-	246,242	246,242
Total distributions to owners of Company recognised directly in equity	979,435	-	-	-	-	979,435	246,242	1,225,677
Balance at 30 June 2019	26,064,996	204,083	541,594	745,677	(18,978,329)	7,832,344	1,214,669	9,047,013
Loss for the year	-	-	-	-	(1,729,212)	(1,729,212)	(44,244)	(1,773,456)
Foreign currency translation	-	77,065	-	77,065	-	77,065	19,374	96,439
Total comprehensive loss for the year	-	77,065	-	77,065	(1,729,212)	(1,652,147)	(24,870)	(1,677,017)
Issue of shares – capital raising	1,500,000	-	-	-	-	1,500,000	-	1,500,000
Capital raising costs	(114,920)	-	-	-	-	(114,920)	-	(114,920)
Shares to be issued	442,583	-	-	-	-	442,583	-	442,583
Sharebased payments (note 21)	19,000	-	121,247	121,247	-	140,247	-	140,247
Total distributions to owners of Company recognised directly in equity	1,846,663	-	121,247	121,247	-	1,967,910	-	1,967,910
Balance at 30 June 2020	27,911,659	281,148	662,841	943,989	(20,707,541)	8,148,107	1,189,799	9,337,906

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 2020

	NOTES	2020 A\$	2019 A\$
<i>Cash flows from operating activities</i>			
Interest received		16,037	43,312
Payments to suppliers and employees		(1,624,861)	(837,806)
Net cash used in operating activities	18	(1,608,824)	(794,494)
<i>Cash flows from investing activities</i>			
Final payments to Cabora Bassa vendors		-	(743,247)
Exploration and evaluation payments	12	(745,451)	(1,087,968)
Security deposits paid		-	(96,143)
Payments for property, plant & equipment		(61,453)	(46,161)
Net cash (used in)/from investing activities		(806,904)	(1,973,519)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares net of issuance costs	15	1,500,000	-
Lease payment		(112,392)	-
Share issuance costs	15	(114,920)	(5,537)
Proceeds from shares to be issued	15	442,583	-
Net cash from financing activities		1,715,271	(5,537)
Total cash movement for the year		(700,457)	(2,773,550)
Cash at the beginning of the year		2,214,264	4,987,780
Effect of exchange rate changes on cash and cash equivalents		(16,793)	34
Total cash at the end of the year	10	1,497,014	2,214,264

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 2020

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 2019 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 2020 of \$1,773,456 (2019: Net loss of \$1,022,049) and experienced net cash outflows from operating activities of \$1,608,824 (2019: \$794,494). At 30 June 2020, the Group had working capital of \$1,036,835 (2019: \$1,755,872).

At the date of this report the Group has a commitment of US\$100,000 that must be paid to maintain tenure over the project area. It is anticipated that any further exploration activities, including drilling programmes, are to be funded via a joint venture partner investment which would result in the group divesting its ownership interest in the Caborra Bassa Project.

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.

I. 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 2020

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.

I. Leases

Leases are recognised as a right-of-use and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Financial Performance over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments (with a 3.25% set increase each year), and variable payments for outgoings (reconciled and adjusted for actual cost each year). The lease payments are discounted using the Group's incremental borrowing rate of 10.0%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

2. New and Amended Standards not yet Adopted by the Group

The Directors have also reviewed all Standards and Interpretations on issue not yet adopted for the year ended 30 June 2020. As a result of this review, the directors have determined that there is no material impact of the Standards and Interpretation on issue not yet adopted on the Group and, therefore, no change is necessary to the Group's accounting policies.

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:

	2020 A\$	2019 A\$
Financial assets		
Cash and cash equivalents	1,497,014	2,214,264
Trade and other receivables	31,786	31,764
Total financial assets	1,528,800	2,246,028
Financial liabilities		
Trade and other payables	(339,833)	(479,176)
Lease liability	(196,741)	-
Total financial liabilities	(536,597)	(479,176)
Net financial instruments	992,203	1,766,852

(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:

	2020 A\$	2019 A\$
Cash and cash equivalents	138,564	1,562
Trade and other payables	(23,354)	(130,916)
Total exposure to foreign currency risk	115,210	129,354

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FOR THE YEAR ENDED 30 JUNE 2020

3. Financial Risk Management (CONTINUED)

(a) Market risk (CONTINUED)

Foreign currency risk (CONTINUED)

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

30-Jun-20	CARRYING AMOUNT A\$	FOREIGN EXCHANGE RISK			
		-10%		10%	
		PROFIT A\$	EQUITY A\$	PROFIT A\$	EQUITY A\$
Financial assets					
Cash and cash equivalents	138,564	(13,856)	13,856	13,856	(13,856)
Trade and other payables	(23,354)	2,335	(2,335)	2,335	(2,335)
Net exposure to foreign currency risk	115,210	11,521	(11,521)	(11,521)	11,521

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

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-20	LESS THAN 6 MONTHS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT OF LIABILITIES
Trade and other payables	339,856	339,856	339,856
Total exposure to liquidity risk	339,856	339,856	339,856

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
Total exposure to liquidity risk	479,176	479,176	479,176

3. Financial Risk Management (CONTINUED)

(b) Liquidity risk (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-20	WEIGHTED AVERAGE INTEREST RATE	30-JUN-19
Floating interest rate:				
Cash available at call	0.00%	191,391	0.48%	446,190
Fixed interest rate:				
Deposits at call	0.05%	1,305,623	2.14%	1,768,074
Total exposure to interest rate risk		1,497,014		2,214,264

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 2020

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 2020	EXPLORATION A\$	CORPORATE A\$	CONSOLIDATED A\$
Total segment revenue	-	16,037	16,037
Profit (loss) before income tax	-	(1,773,456)	(1,773,456)
Segment Assets			
Cash and cash equivalents	138,063	1,358,951	1,497,014
Trade and other receivables	4,399	27,387	31,786
Other current assets	-	17,484	17,484
Exploration and evaluation expenditure	8,021,198	-	8,021,198
Other financial assets	-	96,143	96,143
Property, plant and equipment	-	82,390	82,390
Right of use - asset	-	175,041	175,041
Total Segment Assets	8,219,488	1,701,568	9,921,056
Segment Liabilities			
Trade and other payables	167,912	171,921	339,833
Provisions	-	46,576	46,576
Right of use – current liability	-	123,040	123,040
Right of use – non-current liability	-	73,701	73,701
Total Segment Liabilities	167,912	415,261	583,173
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)
Segment Assets			
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
Total Segment Assets	7,154,328	2,395,625	9,549,953
Segment Liabilities			
Trade and other payables	(1,076)	480,252	479,176
Provisions	-	23,764	23,764
Total Segment Liabilities	(1,076)	504,016	502,940

6. Corporate Costs and Professional Fees

	2020 A\$	2019 A\$
Corporate costs		
D&O Insurance	9,281	51,616
Rent	-	42,129
ASX Fees	34,359	28,873
ASIC Fees	6,679	6,234
Share registry Fees	9,484	18,988
Other	17,900	15,463
Total corporate costs	77,703	163,303
Professional fees		
Audit fees	41,616	59,746
Company Secretarial	31,250	29,500
Accounting fees	73,399	81,208
Legal fees	7,034	10,008
Corporate advisory	100,000	27,500
Staff recruitment costs	26,882	9,157
Investor relations	60,992	64,589
Corporate tax advice	5,814	5,100
Total professional fees	346,987	286,808

7. Auditor Remuneration

	2020 A\$	2019 A\$
Services provided by the Auditor – BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	41,616	37,387
Tax compliance services	-	-
Total services provided by the Auditor	41,616	37,387

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.

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

8. Taxation (CONTINUED)

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	2020 A\$	2019 A\$
The components of tax expense comprise:		
Current income tax charge (benefit)	-	-
Adjustments in respect of previous current income tax	-	-
Total income tax expense from continuing operation	-	-
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 2020 and 30 June 2019 is as follows:		
Accounting profit (loss) before income tax	(1,773,456)	(1,022,049)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2019: 30%) adjusted for:	(532,037)	(306,615)
Non-deductible expenses	82,118	4,555
NANE related expenditure	47,412	26,506
Impairment overseas subsidiary	-	-
Temporary differences and losses not recognised	360,566	275,554
Share based payments expense	41,941	-
Income tax expense/(benefit)	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%
Unrecognised deferred tax assets/(liabilities)		
Deferred tax assets/(liabilities) have not been recognised in respect of the following items:		
Prepayments	(1,001)	-
Right of use asset	(52,512)	-
Trade and other payables	21,724	13,558
Right of use liability	59,022	-
Australian tax losses	2,559,740	2,207,448
Capital loss	57,956	57,956
Capital raising costs	10,490	15,892
	2,655,419	2,294,854
Offset against deferred tax liabilities recognised	-	-
Deferred tax assets not brought to account	2,655,419	2,294,854

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 \$1,729,212 (2019: loss of \$1,021,924) and a weighted average number of ordinary shares outstanding during the current financial year of 426,639,936 (2019: 372,795,865) shares calculated as follows:

	2020 A\$	2019 A\$
Loss for the year	(1,729,212)	(1,021,924)
Weighted average number of ordinary shares (basic and diluted)	426,639,936	372,795,865
Basic and diluted loss per share (cents)	(0.41)	(0.28)

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.

	2020 A\$	2019 A\$
Cash and cash equivalents consist of:		
Cash on hand	1,497,014	2,214,264
Total cash and cash equivalents	1,497,014	2,214,264

11. Trade and Other Receivables

	2020 A\$	2019 A\$
Trade debtors	17,939	16,827
GST and VAT receivables	13,847	14,937
Other receivables	-	-
Total trade and other receivables	31,786	31,764

Risk exposure

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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 2020, the carrying value of the capitalised exploration and evaluation properties of the consolidated entity was \$8,021,198 (2019: \$7,154,189); 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

Cabora Bassa Project	2020 AS	2019 AS
Project carrying value at 1 July	7,154,189	4,583,423
Cost incurred during the year	745,451	1,087,968
Deferred acquisitions costs – Capitalised Class A Performance Shares (note 21)	-	1,233,097
Effect of translation to presentation currency	121,558	249,701
Project carrying value at 30 June	8,021,198	7,154,189

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.

	2020 AS	2019 AS
Trade creditors	238,547	309,846
Accrued expenses ¹	101,309	169,330
Total trade and other payables	339,883	479,176

Note 1: As at 30 June 2019, 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. As at 30 June 2020 the Directors of the Company are owed \$74,311 in deferred salaries and fees.

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. Leases

Leases	2020 A\$	2019 A\$
(a) Amounts recognised in the Statement of Financial Position		
The Statement of Financial Position shows the following amounts relating to leases:		
Right-of-use asset		
Property		
Balance as at 1 July	285,593	-
Amortisation	(110,552)	-
Balance at 30 June	175,041	-
Lease Liability		
Balance as at 1 July	285,593	-
Amortisation	(88,852)	-
Balance at 30 June	196,741	-
Split between:		
Current liability	123,040	-
Non-current liability	73,701	-
(b) Amounts recognised in the consolidated statement of profit or loss		
The consolidated statement of profit or loss shows the following amount relating to leases:		
Amortisation of right-of-use asset		
Property	(110,552)	-

(c) Leasing activities and how these are accounted for

During the current year, Invictus Energy Limited leased the office property at 24 Outram Street, West Perth, Western Australia. The lease of the property started on 1 February 2019 for a 3 year lease period to 31 January 2022.

Leases are recognised as a right-of-use and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Financial Performance over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments (with a 3.25% set increase each year), and variable payments for outgoings (reconciled and adjusted for actual cost each year). The lease payments are discounted using the Group's incremental borrowing rate of 10.0%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

The group adopted AASB 16 during the current financial year using the modified retrospective adoption method.

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FOR THE YEAR ENDED 30 JUNE 2020

15. 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.

	2020 A\$	2019 A\$
Shares on issue	30,763,544	28,801,961
Issuance cost	(2,851,885)	(2,736,965)
Total share capital	27,911,659	26,064,996

Reconciliation of movement in issued capital

	NUMBER OF SHARES	A\$
Balance as at 30 June 2018	355,746,191	25,085,561
Issue of shares – Advisor shares	10,000,000	-
Deferred acquisition costs – Class A Performance Shares (note 21)	25,255,701	984,972
Share issuance costs	-	(5,537)
Balance as at 30 June 2019	391,001,892	26,064,996
Issue of shares – capital raising	57,692,314	1,500,000
Shares to be issued ¹	-	442,583
Share based payments (note 21)	500,000	19,000
Share issuance costs	-	(114,920)
Balance as at 30 June 2020	449,194,206	27,911,659

¹ Shares to be issued. The Company entered into a binding share subscription agreement with the Mangwana Opportunities Fund. The share subscription agreement raised net proceeds of AU\$ 442,583 through the placement of 12,564,143 shares at a share price of ~\$0.035. The condition precedent to the completion of the placement was approval by the Reserve Bank of Zimbabwe Exchange Control which was granted subsequent to year end.

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.

At 30 June 2020, the Company had 44,000,000 unlisted options over ordinary shares on issue (2019: 35,000,000).

15. Share Capital (CONTINUED)

Reconciliation of movement in unlisted options over ordinary shares

	NUMBER	ISSUE DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)
Total unlisted options as at 1 July 2017	-			
Options issued during the year				
Director options	20,000,000	25-Jun-18	25-Jun-21	6
Facilitation options	15,000,000	25-Jun-18	25-Jun-21	6
Total unlisted options as at 30 June 2018	35,000,000			
Options issued during the year	-			
Total unlisted options as at 30 June 2019	35,000,000			
Options issued during the year				
Director options	3,000,000	31-Jul-19	31-Jul-22	6
Director options	3,000,000	31-Jul-19	31-Jul-22	9
Director options	3,000,000	31-Jul-19	31-Jul-22	12
Total unlisted options as at 30 June 2020	44,000,000			

Options over ordinary shares carry no voting or dividend rights.

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 2020, the Company had 44,179,281 performance shares over ordinary shares on issue (2019: 75,767,103). Term and conditions of the performance shares are detailed below:

TRANCHE	NUMBER	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
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
Total as at 1 July 2018	101,022,804		
Vested and converted to ordinary shares ¹	(25,255,701)	22-Jun-18	20-Mar-19
Total as at 30 June 2019	75,767,103		
Expired ²	31,587,822	22-Jun-18	20-Jun-20
Total as at 30 June 2020	44,179,281		

Note 1: 25,255,701 Class A performance shares vested during the 2019 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.

Note 2: 31,587,822 Class B performance shares expired during the current year as the vesting condition of 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 was not achieved by the expiry date of 20 June 2020.

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 2020

16. 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.

	2020 A\$	2019 A\$
Share-based payments reserve	662,841	541,594
Foreign currency translation reserve	281,148	204,083
Total reserves	943,989	745,677
<i>Reconciliation of movement in reserves</i>		
Share-based payments reserve		
Balance as at 1 July	541,594	541,594
Options issued – Director remuneration (note 21)	121,247	-
Balance as at 30 June	662,841	541,594
Foreign currency translation reserve		
Balance as at 1 July	204,083	(1,251)
Effect of translation of foreign currency operation to Group presentation currency	77,065	205,334
Balance as at 30 June	281,148	204,083
Total reserves balance as at 30 June	943,989	745,677

17. 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 2020 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.

17. Interests in Other Entities (CONTINUED)

(a) Subsidiaries

The consolidated entity's principal subsidiaries at 30 June 2020 and 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	
		2020	2019	2020	2019
HIS Texas LLC	USA	100%	100%	-	-
Invictus Energy Resources Pty Limited	Australia	100%	100%	-	-
Invictus Energy Mauritius Limited	Mauritius	100%	100%	-	-
Invictus Energy Resources Zimbabwe (Pvt) Ltd	Zimbabwe	100%	100%	-	-
Geo Associates (Pvt) Ltd	Zimbabwe	80%	80%	20%	20%

(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	
	2020 A\$	2019 A\$
Summarised statement of financial position		
Current assets	137,110	139
Current liabilities	(7,808)	(130,916)
Current net liabilities/assets	129,302	(130,777)
Non-current assets ¹	8,021,198	7,154,189
Non-current liabilities	(8,021,198)	(7,154,189)
Non-current net assets	-	-
Net liabilities/ assets	(129,302)	(130,777)
Accumulated NCI	1,189,799	1,214,669
<i>1 Represents capitalised exploration costs. Refer to note 12 for further details.</i>		
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	59	-
Loss for the period	221,222	626
Other comprehensive income	-	-
Total comprehensive income	221,222	626
Loss allocated to NCI	(44,244)	(125)
FCTR allocated to NCI	19,374	51,322
	(24,870)	51,197
Summarised cash flows		
Cash flows from/ (used in) operating activities	-	-
Cash flows from/ (used in) investing activities	-	-
Cash flows from/ (used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-

(c) Transactions with non-controlling interests

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

18. Reconciliation of Gain/(Loss) After Income Tax to Net Cash Outflow Used

	NOTES	2020 A\$	2019 A\$
Loss after tax		(1,773,456)	(1,022,049)
Add/(less) non-cash items:			
Share-based payments expense	21	140,247	-
Depreciation		128,946	5,352
Changes in working capital:			
Decrease/(increase) in trade and other receivables		1,091	368
Increase/(decrease) in trade and other payables		(128,464)	198,071
Increase in provisions		22,812	23,764
Net cash outflow from operating activities		(1,608,824)	(794,494)
Non-cash investing and financing activities:			
Capitalised Class A Performance Shares - vested 20 March 2019		-	1,233,097
Issue of ordinary shares – Director sign on incentive	21	19,000	-
		19,000	1,233,097

19. Parent Entity

	2020 A\$	2019 A\$
Current assets	1,389,565	2,253,624
Non-current assets	297,746	136,952
Total assets	1,687,311	2,390,576
Current liabilities	329,524	373,100
Non-current liabilities	73,701	-
Total liabilities	403,225	373,100
Net assets	1,284,086	2,017,476
Contributed equity	27,911,659	26,064,996
Share-based payment reserve	662,841	541,594
Foreign currency translation reserve	-	-
Accumulated losses	(27,290,414)	(24,589,114)
Total equity	1,284,086	2,017,476
Loss for the year	2,701,300	2,961,632
Total comprehensive loss for the year	2,701,300	2,961,632

Commitments

Refer to note 23: Capital and Other Commitments.

Contingencies

There were no contingent assets or liabilities of the parent as at 30 June 2020 (30 June 2019: \$ 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.

20. 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 17(a).

(c) Other related party transactions

During the period the Company paid, or is due to pay, \$32,500 to Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, for the provision of company secretarial services, on normal commercial terms and conditions and at market rates (2019: \$29,500).

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.

(d) Key management personnel

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

(i) Managing Director	Mr Scott Macmillan
(iii) Non-executive Directors	Mr Barnaby Egerton-Warburton Mr G Chiappini Mr Eric de Mori
(iii) Non-executive Director and Company Secretary	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.

(e) Key management personnel compensation

The key management personnel compensation was as follows:

	2020 A\$	2019 A\$
Short-term employee benefits	611,909	444,890
Post-employment benefits	34,160	31,124
Share-based payment	140,247	-
Total key management personnel compensation	786,316	476,014

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

21. 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

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 9,000,000 unlisted options with the following terms, as part of a sign on incentive:

CLASS	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	VESTING CONDITIONS	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Director options	3,000,000	31 July 2019	31 July 2022	12 months from date of issue	6 cents	1.8 cents ¹
Director options	3,000,000	31 July 2019	31 July 2022	12 months from date of issue	9 cents	1.4 cents ¹
Director options	3,000,000	31 July 2019	31 July 2022	12 months from date of issue	12 cents	1.2 cents ¹

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 25 July 2019, the closing price immediately prior to Valuation Date.
- Expected future volatility: The share price volatility of the Company at 85% 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 0.83% on 25 July 2019 as disclosed by the Reserve Bank of Australia.

The fair value of the 9,000,000 Director options granted during the June 2020 financial year was \$132,501, with \$121,247 recognised in Consolidated Statement of Financial Performance.

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

Reconciliation of movement in share options

	2020		2019	
	AVERAGE EXERCISE PRICE PER OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER OPTION	NUMBER OF OPTIONS
As at 1 July	\$0.06	35,000,000	\$0.06	35,000,000
Granted during the year	\$0.09	9,000,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
As at 30 June	\$0.07	44,000,000	\$0.06	35,000,000
Vested and exercisable at 30 June	\$0.07	44,000,000	\$0.06	35,000,000

21. Share-Based Payments (CONTINUED)

a) Employee options over ordinary shares (CONTINUED)

Share options outstanding at the end of the year

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	NUMBER OF OPTIONS	
			2020	2019
25.6.2018	25.6.2021	6	35,000,000	35,000,000
31.7.2019	31.7.2022	6	3,000,000	-
31.7.2019	31.7.2022	9	3,000,000	-
31.7.2019	31.7.2022	12	3,000,000	-
			44,000,000	35,000,000

Weighted average remaining contractual life of options outstanding at 30 June 2020 is 1.21 years (30 June 2019: 1.98).

(b) Performance shares granted during the current year

No performance shares were granted to employees or consultants for services rendered during the June 2020 financial year (2019: nil).

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 mmboc 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

21. Share-Based Payments (CONTINUED)

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

Reconciliation of movement in Performance Shares

Class A	2020 NUMBER	2019 NUMBER
As at 1 July	-	25,255,701
Granted during the year	-	-
Vested and converted to ordinary shares ¹	-	(25,255,701)
Expired during the year	-	-
As at 30 June	-	-

Note 1: Refer to note 21 (d)

Class B	2020 NUMBER	2019 NUMBER
As at 1 July	31,587,822	31,587,822
Granted during the year	-	-
Exercised during the year	-	-
Expired during the year ²	(31,587,822)	-
As at 30 June	-	31,587,822

Note 2: 31,587,822 Class B Performance Shares expired on 20 June 2020.

Class C	2020 NUMBER	2019 NUMBER
As at 1 July	44,179,281	44,179,281
Granted during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
As at 30 June	44,179,281	44,179,281

(c) Expenses arising from share-based payment transactions

	2020 A\$	2019 A\$
Director options expense	121,247	-
Director shares issued	19,000	-
Total share-based payments expense recognised in income statement within Directors' and executives' fees	140,247	-
Capital issuance costs recognised in equity	-	-
Total share-based payments	140,247	-

21. Share-Based Payments *(CONTINUED)*

(d) Shares issued during the current year

The following shares were issued during the June 2020 financial year:

- 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 as part of a sign on incentive. The value of the shares was \$19,000 representing the share price at the date of grant and was recognised within Directors' and executives' fees within the Consolidated Statement of Financial Performance in 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 2019 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.

22. Events Occurring After Reporting Date

Mangwana Opportunities Fund

On 8 July 2020 the Company announced that the Company had entered into a binding share subscription agreement with the Mangwana Opportunities Fund. The share subscription agreement raised the equivalent of \$AUD0.44 million through the placement of 12,564,143 shares at a share price of ~\$0.035. The condition precedent to the completion of the placement was approval by the Reserve Bank of Zimbabwe Exchange Control which was granted subsequent to year end.

Zimbabwe Investment Licence Renewed

On 5 August 2020, the Company announced it had received approval of its application to renew the investment licence from the Zimbabwe Investment and Development Authority (ZIDA). ZIDA is the investment promotion body set up to promote and facilitate both foreign direct investment and local investment in Zimbabwe. The investment licence provides formal recognition of the Company as a foreign investor in the country and enables access to a range of fiscal benefits and incentives.

SG 4571 Tenure Extension

On 5 August 2020, the Company announced its 80% owned subsidiary and holder of Special Grant 4571, Geo Associates (Pvt) Ltd, had received notification that its application to extend the tenure of the SG 4571 licence for a further three years was granted, subject to Geo Associates appearing before the Mining Affairs Board to present an overview of the forward work programme. The presentation to the Mining Affairs Board by Geo Associates has been deferred due to COVID and the enforced lockdown in the country. As a result of the meeting being deferred, the Mining Affairs Board has requested a soft copy of the presentation and confirmed that the formal presentation will occur at a future date.

Environmental Impact Approval

On 10 August 2020 the Company announced that the Environmental Management Agency (EMA) had granted Geo Associates (Private) Limited permission to operate in accordance with Part XI of the Environmental Management Act, subject to certain specified terms and conditions that are normal for such an authority. The approval of the Environmental Management Plan concluded the permitting requirements enabling the Company to commence and undertake activities in the field including seismic acquisition and exploration drilling.

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.

Impact of COVID-19

The COVID-19 pandemic and the subsequent restrictions imposed by governments globally have caused disruption to many businesses and the associated economic activity. To date, the pandemic did not have a significant adverse effect on the Group's consolidated financial results.

The Group will continue to assess the impact of COVID-19 on existing projects and operations. The duration and spread of the pandemic and regulations imposed by governments continue to be closely monitored to determine any future impact on the Group. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

23. Capital and Other Commitments

Operating lease commitments

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-20 A\$	30-JUN-19 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
	-	368,716

Renewal application

Geo Associates (Pvt) Ltd is the holder of Special Grant 4571 (SG4571) and is required to pay a renewal fee of US\$100,000 during the 30 June 2021 financial year.

24. Contingencies

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 42 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 2020 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 2020.

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



Scott Macmillan
MANAGING DIRECTOR

25 September 2020

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 2020, 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 2020 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 (including Independence Standards) (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.

Capitalised exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of exploration and evaluation expenditure represents a significant asset of the Group and judgement is applied in considering whether facts and circumstances indicate that the exploration expenditure should be tested for impairment. As a result, the asset was required to be assessed for impairment indicators in accordance with AASB 6: Exploration for and Evaluation of Mineral Resources. In particular whether facts and circumstances indicate that the capitalised exploration and evaluation expenditure should be tested for impairment.</p> <p>Refer to note 12 of the financial report for a description of the accounting policy, the significant estimates and judgements and disclosures applied to exploration and evaluation assets.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of areas of interest held by the Group and assessing whether the Group had rights to tenure over those areas of interest by comparing the schedule to supporting documentation including tenement licenses; • Holding discussions with management with respect to the status of ongoing exploration programmes in the respective areas of interest and assessing the Group’s cash flow budget for the level of budgeted spend on exploration projects; • Considering whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any other facts or circumstance existed to indicate impairment testing was required; and • Assessing the adequacy of the related disclosures in note 12 to the financial report.

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 2020, 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 (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2020.

In our opinion, the Remuneration Report of Invictus Energy Limited, for the year ended 30 June 2020, 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

A handwritten signature in black ink, appearing to read 'Neil Smith'. The signature is written in a cursive style with a large, looped 'N' and 'S'.

Neil Smith

Director

Perth, 25 September 2020

Other Additional ASX Information

Range of shares at 17 September 2020

RANGE	TOTAL HOLDERS	SHARES	% OF SHARE CAPITAL
100,001 and Over	396	446,290,860	47.94
10,001 to 100,000	338	14,992,228	40.92
5,001 to 10,000	45	422,536	5.45
1,001 to 5,000	15	47,431	1.82
1 to 1,000	32	5,294	3.87
Total	826	461,758,349	100.00

Unmarketable Parcels

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$ 500.00 parcel at \$0.049 per unit	10,205	92	475,261

Top 20 Shareholders as at 23 September 2020

RANK	ENTITY	# SHARES	%IC
1	BAYETHE INVESTMENTS PTY LTD	71,375,133	15.46
2	BNP PARIBAS NOMINEES PTY LTD	13,947,540	3.02
3	MANGWANA OPPORTUNITIES (PRIVATE) LIMITED	12,564,143	2.72
4	ALEXANDER HOLDINGS (WA) PTY LTD	12,000,000	2.60
5	CITICORP NOMINEES PTY LIMITED	11,137,384	2.41
6	NIGHTFALL PTY LTD	10,800,000	2.34
7	MR DAVID JAMES WALL	9,000,000	1.95
8	GLAMOUR DIVISION PTY LTD	8,510,000	1.84
9	MR JASON ALEXANDER BOND & MS JENNIFER KATE LANGDON	8,000,000	1.73
10	MR KAH CHAN	7,700,000	1.67
11	ASHANTI INVESTMENT FUND PTY LTD	7,000,000	1.52
12	ASHBURTON RESOURCES PTY LTD	6,436,194	1.39
13	MR THOMAS JAMES LOH	5,900,000	1.28
14	WHISTLER STREET PTY LTD	5,480,000	1.19
15	MRS HILARY SOMERVILLE STATHAM & MR THOMAS CHARLES STATHAM	5,000,000	1.08
16	INVESTMENT HOLDINGS PTY LTD	4,625,000	1.00
17	RACCOLTO INVESTMENTS PTY LTD	4,523,471	0.98
18	HENDRIE SUPER FUND PTY LTD	4,400,000	0.95
19	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,117,800	0.89
20	DIDCAL PTY LTD	4,000,000	0.87
	Top 20 Total	216,516,665	46.89

Substantial Shareholders at 23 September 2020

	SHARES	% OF SHARES
BAYETHE INVESTMENTS PTY LTD	71,375,133	15.46%

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%

Gross Unrisked Estimated Prospective Resources

SG 4571		Gross Unrisked Estimated Prospective Resources#							
		GAS (BCF) – 100% GROSS				CONDENSATE (MMBBL) – 100% GROSS			
PROSPECT	STRATIGRAPHIC LEVEL	LOW	BEST	HIGH	MEAN	LOW	BEST	HIGH	MEAN
CABORA BASSA PROJECT									
Mzarabani	Dande	51	230	950	411	-	-	-	-
	Forest	301	1,215	3,359	1,584	-	-	-	-
	Pebbly Arkose	271	1,037	2,973	1,404	7	38	136	60
	Upper Angwa	721	2,902	9,657	4,414	18	107	434	187
	Lower Angwa	95	317	775	391	0	2	6	3
	Total*	1,439	5,701	17,714	8,204	26	147	576	249
Msasa	Pebbly Arkose	49	93	156	99	1	4	8	4
	Upper Angwa	107	198	327	210	2	8	17	9
	Lower Angwa	71	351	1,738	743	2	13	74	31
		Total*	228	642	2,221	1,052	5	24	99
SG 4571 Licence	Total* Gross (100%)	1,666	6,343	19,935	9,256	31	171	676	294
SG 4571 Licence	Total* Net IVZ (80%)	1,333	5,074	15,948	7,405	25	137	541	235

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons. Prospective Resource assessments in this release were estimated using probabilistic methods in accordance with SPE-PRMS standards.

Hydrocarbon Resource Estimates – The Prospective Resource estimates for Invictus' SG 4571 permit presented in this report are prepared as at 26 June 2019. The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2018, approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods. The Prospective Resource estimates are unrisked and have not been adjusted for both an associated chance of discovery and a chance of development.

No New Information or Change in Assumptions – Since the date of completion of this hydrocarbon resource study (26 June 2019), the Company is not aware of any new information and that all material assumptions and technical parameters underpinning prospective resource estimate continue to apply and have not materially changed

Competent Person Statement Information – In this report information relating to hydrocarbon resource estimates has been compiled by Getech Group plc. under the supervision of Mr Scott Macmillan, the Invictus Energy Ltd Managing Director. Mr Macmillan has over 13 years' experience in the oil and gas industry in exploration, field development planning, reserves and resources assessment, reservoir simulation, commercial valuations and business development and is a member of the Society of Petroleum Engineers. Mr Macmillan consents to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears.



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