
2018 Annual Report

30 JUNE 2018



INVICTUS
ENERGY LIMITED

INVICTUS ENERGY LIMITED
(FORMERLY INTERPOSE HOLDINGS LIMITED)

ABN 21 150 956 773

Corporate Directory

Directors

Mr Scott Macmillan Managing Director

Mr Barnaby Egerton-Warburton Non-Executive Director

Mr Gabriel Chiappini Non-Executive Director

Eric de Mori Non-Executive Director

Company Secretary

Mr Gabriel Chiappini

Registered Office

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West Perth WA 6005

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Share Register

Link Market Services Limited

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Perth WA 6000

Stock Exchange Listings

Australian Securities Exchange (ASX: IVZ)

Auditor

BDO Audit (WA) Pty Ltd

38 Station Street
Subiaco WA 6008

Solicitors

Price Sierakowski

Level 24, 44 St Georges Terrace
Perth WA 6000

Website

www.invictusenergy.com

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Managing Director's Letter

Dear Shareholders,

This year has been transformative for the Company, moving from a US onshore focus with a small interest in the Gallatin gas-condensate project, to acquiring the exciting and highly prospective Cabora Bassa Project in Zimbabwe with an 80% interest and operatorship.

We announced the acquisition of Invictus in April 2018 and received our in country approvals and concluded the transaction and shareholder approvals at our EGM in June 2018. The acquisition of this project will provide our shareholders with exposure to a world class conventional exploration prospect with material upside at low cost which will add value to the project and subsequently the company.

Gallatin Gas-Condensate Project

The Company (then Interpose Holdings Ltd) participated in the drilling of the Greenberry #1 well through its 7.5% working interest in the Gallatin gas-condensate project located Cherokee County, in the southern portion of the East Texas Basin. On December 10 2017 the Greenberry #1 well reached a total depth of 9,300 feet. The well was logged and evaluated and determined that both the lower and upper Petit formation sections were tight with low porosity. The Company subsequently elected not to participate further in the Gallatin gas-condensate project.

SG 4571: Zimbabwe Gas-Condensate Exploration Project

In April 2018 the Company announced that it had entered into a binding sale and purchase agreement to acquire 100% interest in Invictus Energy Resources Pty Ltd (Invictus) giving it an 80% interest and operatorship in the SG4571 Permit (Cabora Bassa Project) located in Zimbabwe.

The acquisition of Invictus and the interest in the Cabora Bassa Project, which contains the Mzarabani prospect, represents an opportunity to secure first mover advantage and a dominant acreage position covering potentially the largest, seismically defined, undrilled hydrocarbon structure onshore Africa.

The Cabora Bassa Project encompasses the Mzarabani Prospect, a TCF+ conventional gas-condensate target. The prospect is defined by a robust dataset acquired by Mobil in the early 1990s that includes seismic, gravity, aeromagnetic and geochemical data.

The Company successfully completed a heavily oversubscribed \$4.5 million capital raising lead by Ashanti Capital to fund the SG 4571 exploration program. The Directors of Invictus participated in the capital raise. The capital raise was completed and announced to the market on 25 June 2018.

The Company also received the Zimbabwe in-country approvals from the Reserve Bank of Zimbabwe Exchange Control Authority and Zimbabwe Investment Authority (ZIA) to subscribe for new shares representing 80% of Geo Associates (Private) Limited (Geo Associates) which holds 100% of SG 4571. The receipt of the Zimbabwe Investment Licence formalises the approval of the Company's entry into Zimbabwe as a foreign investor. Geo Associates and Invictus also received letters supporting the transaction and Cabora Bassa Project from the Ministry of Mines and Mining Development and the Ministry of Energy and Power Development which underlines the potential importance of this project to the Zimbabwean economy.

Managing Director's Letter

The new government in Zimbabwe has implemented substantial reforms to attract foreign investment into the country and has declared itself "open for business" once again.

The Company held an Extraordinary General Meeting (EGM) on 15 June 2018 to obtain shareholder approvals for the transaction, associated capital raise and issue of new securities. All the resolutions were approved. The results of the meeting were announced on 15 June 2018.

Subsequent to the company's shareholder meeting on 15 June 2018, the Company changed its name from Interpose Holdings Limited to Invictus Energy Limited. The Company also changed its ASX ticker code from IHS to IVZ on 21 June 2018.

The Company is embarking on its technical work program to re-evaluate the extensive legacy dataset acquired by Mobil utilising the latest seismic processing techniques which have significantly improved since the data was acquired over 25 years ago. This work program will provide us with a much clearer picture of the subsurface, the Mzarabani prospect and the greater Cabora Bassa Basin area. We believe that we can apply new and evolved exploration concepts that have been successful in this type of rift basin setting in East Africa and Australia.

Director and Management Appointments

Following the company's shareholder meeting on 15 June 2018, the company appointed Scott Macmillan as Managing Director, and Brent Barber as Country Manager.

Mr Macmillan is a Zimbabwean national and reservoir engineer with over 12 years experience in oil and gas. He was previously the Business Advisor in the Global New Ventures group for Woodside Petroleum, which focused on Africa exploration and the Senior Reservoir Engineer for AWE Ltd, responsible for the Waitisia Gas Field development in Western Australia. He also has extensive business experience in Zimbabwe.

Mr Barber is a geologist based in Zimbabwe, with over 40 years' experience in Zimbabwe and southern Africa. He was the former acting director of the Zimbabwean Geological Survey Office and he formerly led the exploration efforts by Mobil in the 1990s, as Mobil's Exploration Manager for Sub-Saharan Africa.

Outlook

The Company has an exciting year ahead as we progress our work program to de-risk and add value to the Cabora Bassa Project. The results of the technical work will provide substantial news flow in year ahead including an independent maiden prospective resource estimate as we progress the project and prepare to farm out.



Scott Macmillan
MANAGING DIRECTOR

26 September 2018

Directors' Report

Your Directors present their report together with the financial statements on Invictus Energy Limited (the 'Company') (formerly Interpose Holdings Limited) and the entities it controlled (the "consolidated entity") for the year ended 30 June 2018.

Review of Operations

Acquisition of Invictus Energy Resources Pty Ltd

As announced to the ASX on 18 April 2018, the Company acquired, subject to the satisfaction of certain conditions precedent including shareholder approval, an 80% interest in the Cabora Bassa Basin Gas Condensate project in Zimbabwe. The Company entered into a binding sale and purchase agreement to acquire an 80% interest and operatorship in the SG4571 Permit Cabora Bassa Project located in Zimbabwe via the acquisition of a 100% interest in Invictus Energy Resources Pty Ltd. All conditions precedent were satisfied and completion occurred on 15 June 2018.

The acquisition of the Cabora Bassa Project, which contains the Mzarabani prospect, represents an opportunity to secure first mover advantage and a dominant acreage position covering potentially the largest, seismically defined, undrilled hydrocarbon structure onshore Africa.

Key highlights of the transaction include:

- Acquisition of an 80% interest in 250,000 acres in the Cabora Bassa Basin, Zimbabwe
- Project contains potentially the largest undrilled structure onshore Africa – TCF plus potential
- Defined by robust dataset via US\$30m spend by Mobil in early 1990s, including seismic data
- Low cost, high impact work program to progress to drill-ready
- Analogue to recent large discoveries in other prolific rift basins in Uganda, Kenya and Perth Basin

On 15 June 2018, the Company's shareholders approved the transaction to acquire the Cabora Bassa Basin project and as part of the shareholder meeting, shareholders approved the issue of 150 million shares at \$0.03 each to raise \$4.5m. Funds raised will go towards exploration and development costs, acquisition costs and for working capital. Acquisition costs included a AU\$75,000 option fee and exercise cash payment, the issue of 72,783,000 shares to the vendor and a one off fee of US\$500,000 to the minority 20% shareholder in the Cabora Bassa Basin project.

As part of the transaction the Company announced the appointment of Scott Macmillan as Managing Director. Mr Macmillan is an experienced Oil and Gas executive and was previously the Business Advisor in the Global New Ventures group for Woodside Petroleum, which focused on Africa exploration and the Senior Reservoir Engineer for AWE Ltd, responsible for the Waitsia Gas Field development in Western Australia. Mr Macmillan was the principal vendor of Invictus Energy and introduced the project to the Company.

As part of the forward work plan, the Company's major focus includes:

- 1** Re-evaluate legacy data
 - Aeromagnetic and gravity data integration
 - Geochemical data
 - 2D seismic data reprocessing and interpretation
- 2** Geological and Geophysical Studies
 - Basin modelling
 - Prospect generation and prospective resource determination
 - Independent CPR estimate of prospect
- 3** Farm out of Cabora Bassa Basin project

In August 2018, the Company announced an agreement to commence reprocessing legacy dataset for the Cabora Bassa Basin project. The work programme includes:

- data reprocessing
- technical analysis
- basin modelling and hydrocarbon generation and expulsion
- identification and development of additional prospects and leads
- prospective resource assessment
- farm out support

Directors' Report

Review of Operations (CONTINUED)

Board restructure

On 11 December 2017 Mr Eric de Mori was appointed as a Non- Executive Director and Mr Justin Barton resigned as a Director of the Company.

On 15 June 2018 Mr Scott Macmillan was appointed as Managing Director of the Company.

Change of Name

Effective 15 June 2018 and pursuant to the ordinary resolution passed by shareholders at the General Meeting held on 15 June 2018, the Company changed its name to "Invictus Energy Limited". On 15 June 2018 the Company began trading under the name of "Invictus Energy Limited" (ASX: IVZ) (formerly ASX: IHS).

Placement

As announced to the ASX on 25 June 2018 the Company completed a \$4.5 million (before costs) capital raise by way of issuing 150 million shares at 3 cents per share. The placement was approved by shareholders at the Company's shareholder meeting on 15 June 2018.

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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

Mr Scott Macmillan	Managing Director (Appointed 15 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 12 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 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) and a Non-Executive Director of iSignthis Limited (ASX:ISX). Former directorships held in the last 3 years: Global Geoscience (ASX: GSC).
Mr Gabriel Chiappini	Non-executive Director Mr Chiappini is a Chartered Accountant with over 20 years of experience as a finance and governance professional and is an experienced ASX director and has been active in the capital markets for 17 years. He has assisted in raising AUD\$450m and has provided investment and divestment guidance to a number of companies and has been involved with a number ASX IPO's and transactions in the last 12 years. He is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia). Mr Chiappini is currently a Director of Black Rock Mining (ASX:BKT) and Eneabba Gas Ltd (ASX:ENB). Former directorships held in the last 3 years: Fastbrick Robotics Ltd (ASX:FBR), Global Geoscience Ltd (ASX:GSC) and Scotgold Resources Ltd (ASX:SGZ).

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Directors and Company Secretary (CONTINUED)

Directors (CONTINUED)

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 and a Non-Executive Director of Adriatic Metals plc (ASX:ADT).
Mr Justin Barton	Non-executive Director (Resigned 11 December 2017) Mr Barton is a Chartered Accountant with over 19 years experience in accounting, international finance, M&A and the mining industry. He worked for over 13 years in the Big 4 Accounting firms in Australia and Europe and advised many of the World's leading mining, oil & gas companies and financial institutions, including Rio Tinto, Chevron, Macquarie, Merrill Lynch, Morgan Stanley and Deutsche Bank. Justin also worked for 4 years at Paladin Energy Limited as Group Tax and Finance Manager and advised on their plant construction and mining operations in Africa and their expansion into Canada. More recently, he has worked as the CFO and been a Board Member of a number of junior exploration companies. Mr Barton is currently a Board member of Metalicity Ltd (ASX:MCT). Former directorships held in the last 3 years: Eneabba Gas Ltd (ASX:ENB).

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
Scott Macmillan (appointed 15 June 2018)	1	1
Barnaby Egerton-Warburton	4	4
Gabriel Chiappini	4	4
Justin Barton (resigned 11 December 2017)	-	-
Eric de Mori (appointed 11 December 2017)	4	4

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. The Directors executed three (3) circular resolutions during the current year, arising out of matters discussed and considered in these informal meetings and communications to evidence the formal resolutions made by them in respect to such matters.

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.

Directors' Report

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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 2017 remuneration report received positive shareholder support at the Annual General Meeting with a vote of 100% in favour.

(a) Key management personnel

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

NAME	POSITION
Scott Macmillan (appointed 15 June 2018)	Managing Director
Barnaby Egerton-Warburton	Non-Executive Director
Gabriel Chiappini	Non-Executive Director & Company Secretary
Justin Barton (resigned 11 December 2017)	Non-Executive Director
Eric de Mori (appointed 11 December 2017)	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 commencing from 1 July 2018.

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.

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Remuneration Report (Audited) (CONTINUED)

(c) Executive remuneration policy and framework (CONTINUED)

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 25 October 2013.

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

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

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

ITEM	2018	2017	2016	2015
EPS loss – continuing operations (cents)	(0.67)	(0.44)	(2.34)	(4.40)
EPS gain (loss) – discontinuing operations (cents)	-	2.88	(0.51)	(0.39)
Net loss – continuing operations ('000)	(917,593)	(507,354)	(2,642,439)	(5,390,310)
Net gain (loss) – discontinuing operations ('000)	-	3,351,050	(716,362)	(518,226)
Share price	\$0.047	\$0.026	\$0.032	\$0.086

(e) 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.

Directors' Report

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Remuneration Report (Audited) (CONTINUED)

(f) Service agreements

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

Mr Scott Macmillan – *Managing Director*

- Commencement date: 15 June 2018
- Base salary at 15 June 2018 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 rights 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
- Director fee for FY18 was \$1,500 per month
- For FY19, the combined Non- Executive Director & Company Secretary fee is \$5,000 per month.
- The agreement is not subject to any termination notice period

Mr Justin Barton – *Non-Executive Director*

- Commencement date: 10 January 2017
- Director fee at 10 January 2017 was \$1,500 per month
- The agreement is not subject to any termination notice period
- This agreement terminated 11 December 2017 on resignation date

Mr Eric de Mori – *Non-Executive Director*

- Commencement date: 11 December 2017
- Director fee at 11 December 2017 is \$5,000 per month
- The agreement is not subject to any termination notice period

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

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Remuneration Report (Audited) (CONTINUED)

(g) Details of remuneration

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

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

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

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

2017	EMPLOYEE BENEFITS		SHARE-BASED PAYMENTS			TOTAL	PROPORTION OF REMUNERATION	
	SHORT-TERM	POST EMPLOYMENT	SHARES	PERFORMANCE RIGHTS	FIXED		PERFORMANCE LINKED	
	CASH SALARY AND FEES \$	SUPER-ANNUATION \$					LTI	
			\$	\$	\$	\$	%	%
Non-executive directors								
Marcus Gracey	8,000	-	128,000 ¹	-	-	136,000	6	-
Dorian Wrigley	-	-	-	-	-	-	-	-
Gabriel Chiappini	28,200	-	64,000 ²	-	-	92,200	31	-
Barnaby Egerton-Warburton	41,096	3,904	-	-	-	45,000	100	-
Justin Barton	9,000	-	-	-	-	9,000	100	-
Total non-executive directors	86,296	3,904	192,000	-	-	282,200	32	-
Executive directors								
Kerwin Rana	-	-	-	-	-	-	-	-
Total executive directors	-	-	-	-	-	-	-	-
Key management								
Richard Barker	25,500	-	-	-	-	25,500	100	-
Total key management	25,500	-	-	-	-	25,500	100	-
Total	111,796	3,904	192,000	-	-	307,700	38	-

Note 1: Issued 4,000,000 ordinary shares @ \$0.032 being the market value on the date of shareholder approval in lieu of cash payments for services provided during the year, until 10 January 2017, being Mr Gracey's date of resignation.

Note 2: Issued 2,000,000 ordinary shares @ \$0.032 being the market value on the date of shareholder approval in lieu of cash payments for services provided during the year.

Directors' Report

2 Remuneration Report (Audited) (CONTINUED)

(h) Share-based compensation

Performance shares

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

Ordinary shares

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

Options

The following table shows options granted to key management personnel during the financial year:

2018	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	VESTING CONDITIONS	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Directors						
Scott Macmillan	-	-	-	-	-	-
Barnaby Egerton-Warburton	8,000,000	15 June 18	25 June 21	On issue	6 cents	1.81 cents
Justin Barton	-	-	-	-	-	-
Eric de Mori	8,000,000	15 June 18	25 June 21	On issue	6 cents	1.81 cents
Gabriel Chiappini	4,000,000	15 June 18	25 June 21	On issue	6 cents	1.81 cents

No options for employee share-based payments were issued during the prior year.

(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.

2018	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED/ LAPSED	BALANCE AT THE END OF THE YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Scott Macmillan	-	-	-	-	-	-	-
Barnaby Egerton-Warburton	-	8,000,000	-	8,000,000	8,000,000	8,000,000	-
Justin Barton	-	-	-	-	-	-	-
Eric de Mori	-	8,000,000	-	8,000,000	8,000,000	8,000,000	-
Gabriel Chiappini	-	4,000,000	-	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.

2018	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED/ LAPSED	BALANCE AT THE END OF THE YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Scott Macmillan ¹	-	86,971,664	-	86,971,664	-	-	86,971,664

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. No other director holds performance shares.

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Remuneration Report (Audited) (CONTINUED)

(i) Equity instruments held by key management personnel (CONTINUED)

(iii) Share holdings

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

2018	BALANCE AT START OF THE YEAR	RECEIVED ON EXERCISE OF OPTIONS DURING THE YEAR	RECEIVED ON VESTING OF RIGHTS DURING THE YEAR	ISSUED IN LIEU OF CASH PAYMENTS DURING THE YEAR	OTHER CHANGES	BALANCE AT THE END OF THE YEAR
Directors						
Scott Macmillan ¹	-	-	-	-	50,382,217 ¹	50,382,217
Barnaby Egerton-Warburton	200,000	-	-	-	8,838,121	9,038,121
Justin Barton	-	-	-	-	-	-
Eric de Mori	-	-	-	-	8,020,000	8,020,000
Gabriel Chiappini	2,000,000	-	-	-	1,866,667	3,866,667

Note 1: shares acquired via the vending in of the Cabora Bassa Basin Gas project issued on 29 June 2018 and voluntarily escrowed for 12 months.

(j) Other transactions with key management personnel

During the period the Company paid \$42,000 to Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, for the provision of Non-Executive Director, accounting and company secretarial services, on normal commercial terms and conditions at market rates.

During the period the Company acquired an 80% interest in the Cabora Bassa Project from Mr Scott Macmillan, the Managing Director of the Invictus Group. The transaction and its key terms were approved by shareholders in general meeting on 15 June 2018. Consideration paid for the project was as follows:

	SCOTT MACMILLAN		UNRELATED PARTIES		TOTAL	
	NUMBER	A\$	NUMBER	A\$	NUMBER	A\$
Cash Payment	-	-	-	683,247	-	683,247
Shares	50,382,217	2,015,289	22,400,783	896,031	72,783,000	2,911,320
Performance shares ¹	86,971,664	-	14,051,140	-	101,022,804	-
Option and exercise fees	-	75,000	-	-	-	75,000
Production royalty	1% gross overriding royalty interest from any future production and sale of crude oil or natural gas from the Project area.					

Note 1: Refer to section 11 of the Directors' Report for key terms of the performance shares.

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.

As at 30 June 2018, no balances were outstanding and payable in respect to those transactions (2017: A\$0)

End of Audited Remuneration Report.

3

Principal Activities

The principal activities of the consolidated entity carried out during the financial year consisted of the completion of conditions precedent to acquire the Cabora Bassa Project and the continued participation in the funding of the Gallatin Gas Condensate Project, which has since been abandoned.

Directors' Report

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 2018 was \$917,593 (2017: \$507,354 loss).

No dividends have been paid or declared by the Company during the year ended 30 June 2018 (2017: nil).

5 Loss per Share

The basic loss per share for the consolidated entity for the year was 0.67 cents per share (2017: 0.44 cents per share).

6 Significant Changes in the State of Affairs

Board Changes

On 11 December 2017 Mr Justin Barton resigned and Mr Eric de Mori was appointed as a non-executive Director of the Company. On 15 June 2018 Mr Scott Macmillan was appointed as Managing Director.

Completion of acquisition of Invictus Energy Resources Pty Ltd

As announced to the ASX on 18 April 2018, the Company acquired, subject to the satisfaction of certain conditions precedent including shareholder approval, an 80% interest in the Cabora Bassa Basin Gas Condensate project in Zimbabwe. The Company entered into a binding sale and purchase agreement to acquire an 80% interest and operatorship in the SG4571 Permit Cabora Bassa Project located in Zimbabwe via the acquisition of a 100% interest in Invictus Energy Resources Pty Ltd.

On 15 June 2018, the Company's shareholders approved the transaction to acquire the Cabora Bassa Basin project and as part of the shareholder meeting, shareholders approved the issue of 150 million shares at \$0.03 each to raise \$4.5m. Funds raised will go towards exploration and development costs, acquisition costs and for working capital. Acquisition costs included a AU\$75,000 option fee and exercise cash payment, the issue of 72,783,000 shares to the vendor and a one off fee of US\$500,000 to the minority 20% shareholder in the Cabora Bassa Basin project.

On 15 June 2018 the Company changed its name to Invictus Energy Limited (formerly Interpose Holdings Limited).

7 Events Subsequent to Reporting Date

All matters or circumstances that 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 which have been disclosed publicly at the date of this report.

8 Likely Developments and Expected Results of Operations

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

9 Environmental Regulations

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

10 Directors' and Executives' Interests

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

	SHARES	PERFORMANCE SHARES	OPTIONS
Scott Macmillan	50,382,217	86,971,664	-
Gabriel Chiappini	3,866,666	-	4,000,000
Barnaby Egerton-Warburton	9,038,121	-	8,000,000
Eric de Mori	8,020,000	-	8,000,000
Total	71,807,004	86,971,664	20,000,000

11 Equity Instruments on Issue

As at the date of this report, there were 365,746,191 listed ordinary shares on issue.

As at the date of this report, there were 35,000,000 exercisable unlisted options with an exercise price of \$0.06 per option and an expiry of 25 June 2021 over ordinary shares on issue.

As at the date of this report, there were 101,022,804 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 performance shares are as follows:

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 mmmboe 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)).

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" (formerly "IHS").

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.

The board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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-18 A\$	30-JUN-17 A\$
Services provided by the Auditor – BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	40,000	48,906
Tax compliance services	-	-
Total services provided by the Auditor	40,000	48,906

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 2018.

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

26 September 2018

Auditors Independence Declaration



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Australia

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 2018, 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.

A handwritten signature in blue ink, appearing to read 'Neil Smith', is written over a light blue circular stamp.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2018

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation *other than for the acts or omissions of financial services licensees*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 A\$	2017 A\$
Continuing operations			
Interest revenue		5,078	6,354
Corporate costs	6	(66,171)	(255,334)
Transaction due diligence		(84,806)	-
Professional fees	7	(157,138)	(116,519)
Directors' and executives' fees		(131,500)	(82,000)
Share-based payment expense	20	(362,037)	(192,000)
Impairment of exploration and evaluation expenditure	12	(105,299)	(61,971)
Reversal of prior period provisions		-	200,210
Loss on disposal of assets		-	(6,094)
Other		(15,720)	-
Loss from continuing operations before income tax		(917,593)	(507,354)
Income tax expense	8	-	-
Loss from continuing operations after income tax		(917,593)	(507,354)
Discontinued operations			
Gain on sale of subsidiaries		-	3,351,050
Gain/(loss) for the year from discontinued operations		-	3,351,050
Gain/(loss) for the period attributable to:			
Members of the parent entity		(917,430)	2,843,696
Non-controlling interest	16	(163)	-
Gain/(loss) for the year		(917,593)	2,843,696
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation – members of parent entity	15	3,649	(4,900)
Foreign currency translation – non-controlling interest		1	-
Total other comprehensive gain/(loss) for the year		3,650	(4,900)
Total comprehensive gain/(loss) for the year attributable to:			
Members of the parent entity		(913,781)	2,838,796
Non-controlling interest	16	(162)	-
		(913,943)	2,838,796
Loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share from continuing operations per share (cents)	9	(0.67)	(0.44)
Basic and diluted gain/(loss) per share from discontinued operations (cents)	9	Nil	(2.88)

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 2018

	NOTES	2018 A\$	2017 A\$
Assets			
Current assets			
Cash and cash equivalents	10	4,987,780	1,082,909
Trade and other receivables	11	38,876	4,032
Total current assets		5,026,656	1,086,941
Non-current assets			
Exploration and evaluation expenditure	12	4,583,423	56,004
Total non-current assets		4,583,423	56,004
Total assets		9,610,079	1,142,945
Liabilities			
Current liabilities			
Trade and other payables	13	1,023,350	32,118
Total current liabilities		1,023,350	32,118
Total liabilities		1,023,350	32,118
Net assets		8,586,729	1,110,827
Equity			
Share capital	14	25,085,561	18,154,702
Reserves	15	540,343	11,951
Accumulated loss		(17,956,405)	(17,055,826)
Total equity attributable to owners of Interpose Holdings Limited		7,669,499	1,110,827
Non-controlling interest	16	917,230	-
Total equity		8,586,729	1,110,827

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 2018

	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 2016	19,320,504	(742,543)	6,742,208	5,999,665	(26,624,879)	(1,304,710)	(858,210)	(2,162,920)
Loss for the year	-	-	-	-	2,843,696	2,843,696	-	2,843,696
Foreign currency translation	-	(4,900)	-	(4,900)	-	(4,900)	-	(4,900)
Total comprehensive loss for the year	-	(4,900)	-	(4,900)	2,843,696	2,838,796	-	2,838,796
Issue of shares – net of transaction costs	842,198	-	-	-	-	842,198	-	842,198
Share-based payments	192,000	-	-	-	-	192,000	-	192,000
Cancellation of shares	(2,200,000)	-	-	-	-	(2,200,000)	-	(2,200,000)
Derecognition on disposal of subsidiaries	-	742,543	-	742,543	-	742,543	858,210	1,600,753
Transfer to retained earnings	-	-	(6,725,357)	(6,725,357)	6,725,357	-	-	-
Total distributions to owners of Company recognised directly in equity	(1,165,802)	742,543	6,725,357	(5,982,814)	6,725,357	(423,259)	858,210	434,951
Balance at 30 June 2017	18,154,702	(4,900)	16,851	11,951	(17,055,826)	1,110,827	-	1,110,827
Loss for the year	-	-	-	-	(917,430)	(917,430)	(163)	(917,593)
Foreign currency translation	-	3,649	-	3,649	-	3,649	1	3,650
Total comprehensive loss for the year	-	3,649	-	3,649	(917,430)	(913,781)	(162)	(913,943)
Placement	4,500,000	-	-	-	-	4,500,000	-	4,500,000
Transaction costs	(880,461)	-	-	-	-	(880,461)	-	(880,461)
Issue of shares for services in relation to capital raising	400,000	-	-	-	-	400,000	-	400,000
Share-based payments	-	-	541,594	541,594	-	541,594	-	541,594
Issue of shares for as consideration for asset acquisition	2,911,320	-	-	-	-	2,911,320	-	2,911,320
Non-controlling interests	-	-	-	-	-	-	917,392	917,392
Transfer to retained earnings	-	-	(16,851)	(16,851)	16,851	-	-	-
Total distributions to owners of Company recognised directly in equity	6,930,859	-	524,743	524,743	16,851	7,472,453	917,392	8,389,845
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

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 2018

	NOTES	2018 A\$	2017 A\$
<i>Cash flows from operating activities</i>			
Interest received		5,078	6,354
Payments to suppliers and employees		(183,444)	(452,018)
Net cash used in operating activities	17	(178,366)	(445,664)
<i>Cash flows from investing activities</i>			
Exploration and evaluation payments		(119,805)	(117,979)
Proceeds from disposal of subsidiaries		-	802,371
Cash acquired on acquisition of subsidiaries		3,947	(237,033)
Net cash (used in)/from investing activities		(115,858)	447,359
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares/exercise of options net of issuance costs		4,500,000	842,198
Share issuance costs		(300,905)	-
Net cash from financing activities		4,199,095	842,198
Total cash movement for the year		3,904,871	843,893
Cash at the beginning of the year		1,082,909	8,675
Cash classified as held for sale at 1 July		-	230,341
Exchange rate adjustment		-	-
Total cash at the end of the year	9	4,987,780	1,082,909

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

Notes to the Consolidated Financial Statements

1 Disposal of Subsidiaries

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

1.1 Description

On the 18 April 2016 Interpose Holdings Ltd announced that the Company would be disposing of its African subsidiaries. The Disposal became unconditional and was completed on 28 July 2016 at which point the Company ceased to have any control and equity interests in African subsidiaries.

The African subsidiaries were sold in consideration for a total of AU\$8,349,449 comprising of:

- (a) a cash payment of \$802,371;
- (b) the buyback and cancellation of 55 million existing shares from the purchaser for nil consideration with a fair value of \$2,200,000 (\$0.04 per share being the share price on the date the transaction became unconditional) in the Company held by parties associated with the Purchaser; and
- (c) assignment of all of the Company's debt, totalling \$5,347,078, to the Purchaser.

The results of the African subsidiaries are presented in the consolidated financial statements as discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income and consolidated statement of cash flows distinguish discontinued operations from continuing operations. Comparative figures have been restated.

The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements. The subsidiaries were sold on 28 July 2016 and is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation is set out below.

1.2 Cash flows from discontinued operations

The cash flow information presented is for the period 1 July to 28 July 2016 and the comparatives is the year ended 30 June 2016.

	28 JULY 2016 A\$	30 JUNE 2016 A\$
Net cash flows from operating activities	-	(732,275)
Net cash flows from investing activities	(237,033)	-
Net cash flows from financing activities	-	(19,883)
	(237,033)	(752,158)

1

Disposal of Subsidiaries (CONTINUED)

1.3 Loss for the year from discontinued operations

The financial performance information presented is for the period 1 July to 28 July 2016 and the comparatives are the year ended 30 June 2016.

Loss for the year from discontinued operations

	2017 A\$	2016 A\$
Discontinued operations		
Interest revenue	-	6,980
Other revenue	-	4,634
Exploration expenses	-	(627,253)
Corporate cost	-	(109,188)
Finance costs	-	8,465
Loss from discontinued operations before income tax	-	(716,362)
Income tax expense	-	-
Loss from discontinued operations after income tax	-	(716,362)
Weighted average number of ordinary shares (basic)	-	138,680,894
Basic loss per share (cents)	-	(0.51)

1.4 Details of the sale of subsidiary

	2016 A\$
Consideration received or receivable:	
- Cash	802,371
- Buy back and cancellation of 55,000,000 shares	2,200,000
- Assignment of debt	5,347,078
Total disposal consideration	8,349,449
Carrying amount of net assets sold	(3,496,376)
Gain on sale before income tax and reclassification of foreign currency translation reserve and non- controlling interest	4,853,073
Reclassification of foreign currency translation reserve	(643,813)
Reclassification of non- controlling interest	(858,210)
Gain on sale after income tax	3,351,050

Notes to the Consolidated Financial Statements

1

Disposal of Subsidiaries (CONTINUED)

1.5 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:

	30 JUNE 2017 A\$	28 JULY 2016 A\$	30 JUNE 2016 A\$
Cash and cash equivalents	-	237,033	230,341
Exploration and evaluation expenditure	-	3,409,477	3,313,205
	-	3,646,510	3,543,546
Trade and other payables	-	(150,134)	(145,891)
	-	(150,134)	(145,891)
Net Assets	-	3,496,376	3,397,655

2

Asset Acquisition

Acquisition of an 80% interest in Geo Associates (Pvt) Ltd

On 15th June 2018, Invictus Energy Ltd completed the acquisition of a 100% interest in Invictus Energy Resources Pty Ltd. On the same day, Invictus Energy Zimbabwe (Pvt) Ltd, a 100% subsidiary within the Invictus Energy Group, was issued 400 shares or 80% of the shares on issue, in Geo Associates (Pvt) Ltd which holds 100% of the Special Grant 4571, an onshore oil and gas exploration permit.

The acquisition was completed as follows:

PURCHASE CONSIDERATION:	A\$
Cash payment - Option fee	75,000
Cash payment - Consideration	683,247
Equity consideration (72,783,000 shares at \$0.04)	2,911,320
Total	3,669,567
NET ASSETS ACQUIRED:	A\$
Net assets acquired (IERA)	2,597
Net assets acquired (GA)	938
Exploration and evaluation assets	4,583,423
Net identifiable assets acquired	4,586,958
Less: Non-controlling interest	(917,392)
Total	3,669,566
DEFERRED CONSIDERATION 1:	NUMBER ISSUED:
Class A Performance Shares	25,255,701
Class B Performance Shares	31,587,822
Class C Performance Shares	44,179,281

A 1% gross overriding royalty interest from any future production and sale of crude oil or natural gas from the project area.

Note 1: 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. Refer to note 14 for the material terms of the performance shares.

2

Asset Acquisition (CONTINUED)

Asset acquisition accounting policy

The Consolidated Entity has determined that the acquisition of a controlling interest in Geo Associates (Pvt) Ltd and a 100% interest in Invictus Energy Resources Pty Ltd are not deemed business acquisitions. The transactions have been accounted for as asset acquisitions. In assessing the requirements of AASB 3 Business Combinations, the Consolidated Entity has determined that the assets acquired do not constitute a business. The principal asset acquired was Special Grant 4571 giving the Group the right to explore the in the Cabora Bassa area of interest in Zimbabwe.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

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:

	30-JUN-18 A\$	30-JUN-17 A\$
Financial assets		
Cash and cash equivalents	4,987,780	1,082,909
Trade and other receivables	38,876	4,032
Total financial assets	5,026,656	1,086,941
Financial liabilities		
Trade and other payables	(1,023,350)	(32,118)
Total financial liabilities	(1,023,350)	(32,118)
Net financial instruments	4,003,306	1,054,823

Notes to the Consolidated Financial Statements

3 Financial Risk Management (CONTINUED)

(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. 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:

	30-JUN-18 A\$	30-JUN-17 A\$
Cash and cash equivalents	132	-
Trade and other receivables	-	-
Trade and other payables	(683,247)	(879)
Borrowings	-	-
Total exposure to foreign currency risk	(683,115)	(879)

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

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

30-JUN-17	FOREIGN EXCHANGE RISK				
	CARRYING AMOUNT A\$	-10%		10%	
		PROFIT A\$	EQUITY A\$	PROFIT A\$	EQUITY A\$
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Financial liabilities					
Trade and other payables	(879)	(88)	-	88	-
Borrowings	-	-	-	-	-
Net exposure to foreign currency risk	(879)	(88)	-	88	-

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

3

Financial Risk Management (CONTINUED)

(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-18	LESS THEN 6 MONTHS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT OF LIABILITIES
Borrowings	-	-	-
Trade and other payables	683,247	683,247	683,247
Finance lease obligation	-	-	-
Total exposure to liquidity risk	683,247	683,247	683,247
30-JUN-17	LESS THEN 6 MONTHS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT OF LIABILITIES
Borrowings	-	-	-
Trade and other payables	879	879	879
Finance lease obligation	-	-	-
Total exposure to liquidity risk	879	879	879

(c) 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-18	WEIGHTED AVERAGE INTEREST RATE	30-JUN-17
Floating interest rate:				
Cash available at call	0.50%	4,987,780	1.60%	1,082,909
Fixed interest rate:				
Term deposits	n/a	-	n/a	-
Borrowings	n/a	-	n/a	-
Total exposure to interest rate risk		4,987,780		1,082,909

The Group's sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below:

	CARRYING AMOUNT A\$	INTEREST RATE RISK			
		-10 BPSW		+10 BPS	
		PROFIT A\$	EQUITY A\$	PROFIT A\$	EQUITY A\$
30-Jun-18					
Cash and cash equivalents	4,987,780	(2,494)	2,494	2,494	(2,494)
30-Jun-17					
Cash and cash equivalents	1,082,909	(1,083)	-	1,083	-

Interest rate volatility was chosen to reflect expected short-term fluctuations in market interest rates.

Notes to the Consolidated Financial Statements

3 Financial Risk Management (CONTINUED)

(d) 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.

(e) 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 by an internal valuation using a Black-Scholes option pricing model.

(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.

(d) Asset Acquisition

The Consolidated Entity has determined that the acquisition of controlling interests in Geo Associates is not deemed business acquisitions. The transactions have been accounted for as an asset acquisition. In assessing the requirements of AASB 3 Business Combinations, the Consolidated Entity has determined that the assets acquired do not constitute a business.

The principal assets acquired consist of the right to explore the Cabora Bassa area of interest in Zimbabwe.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

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 2018	EXPLORATION A\$	CORPORATE A\$	CONSOLIDATED A\$	
Total segment revenue	-	5,078	5,078	
Profit (loss) before income tax	-	(917,592)	(917,592)	
Segment Assets				
Exploration and evaluation property	4,583,423	-	4,583,423	
Cash and cash equivalents	132	4,987,647	4,987,779	
Other	-	38,876	38,876	
Total Segment Assets	4,583,555	5,026,523	9,610,079	
Segment Liabilities				
Trade and other payable	1,021	1,022,329	1,023,350	
Total Segment Liabilities	1,021	1,022,329	1,023,350	
FOR THE YEAR ENDED 30 JUNE 2017				
	EXPLORATION A\$	CORPORATE A\$	HELD FOR SALE A\$	CONSOLIDATED A\$
Total segment revenue	-	6,354	-	6,354
Gain on sale of subsidiaries	-	-	3,351,050	3,351,050
Profit (loss) before income tax	-	(507,354)	3,351,050	2,843,696
Segment Assets				
Exploration and evaluation property	56,004	-	-	56,004
Cash and cash equivalents	-	1,082,909	-	1,082,909
Other	-	4,032	-	4,032
Total Segment Assets	56,004	1,086,941	-	1,142,945
Segment Liabilities				
Trade and other payable	-	32,118	-	32,118
Other	-	-	-	-
Total Segment Liabilities	-	32,118	-	32,118

Notes to the Consolidated Financial Statements

6 Corporate Costs

	2018 A\$	2017 A\$
D&O Insurance	16,345	-
Rent	3,000	29,170
ASX Fees	24,140	-
ASIC Fees	1,596	-
Share registry Fees	21,090	-
Corporate compliance and communication	-	226,164
Total corporate costs	66,171	255,334

7 Auditor Remuneration

	2018 A\$	2017 A\$
Services provided by the Auditor – BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	40,000	48,906
Tax compliance services	-	-
Total services provided by the Auditor	40,000	48,906
Other professional fees		
Company Secretarial	24,000	(52,245)
Accounting fees	42,173	-
Legal Fees	1,505	-
Corporate Advisory	49,460	-
Other fees	-	119,858
Total other professional fees	117,138	67,613
Total professional fees	157,138	116,519

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.

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

	2018 A\$	2017 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 2018 and 30 June 2017 is as follows:		
Accounting profit (loss) before income tax	(917,593)	2,843,696
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017: 30%) adjusted for:	(275,278)	853,109
Non-deductible expenses	716	25,994
NANE related expenditure	5,005	293
Impairment overseas subsidiary	31,590	-
Temporary differences and losses not recognised	129,356	125,920
Share based payments expense	108,611	-
Non-assessable income on sale of subsidiaries	-	(1,005,316)
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:		
Trade and other payables	78,000	-
Australian tax losses	1,862,051	1,671,995
Capital loss	57,956	53,910
Capital raising costs	21,294	1,254
	2,019,301	1,727,159
Offset against deferred tax liabilities recognised	-	-
Deferred tax assets not brought to account	2,019,301	1,727,159

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.

Notes to the Consolidated Financial Statements

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 \$917,593 (2017: loss of \$507,354) and a weighted average number of ordinary shares outstanding during the current financial year of 136,625,377 (2017: 116,424,054) shares calculated as follows:

	2018 A\$	2017 A\$
Loss for the year – continuing operations	(917,593)	(507,354)
Gain/(loss) for the year – discontinuing operations	-	3,351,050
Weighted average number of ordinary shares (basic)	136,625,377	116,424,054
Effect of options on issue	-	-
Weighted average number of ordinary shares (diluted)	136,625,377	116,424,054
Basic loss per share (cents) – continuing operations	(0.67)	(0.44)
Basic gain per share (cents) – discontinuing operations	-	2.88

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.

	2018 A\$	2017 A\$
Cash and cash equivalents consist of:		
Cash on hand	4,987,780	1,082,909
Total cash and cash equivalents	4,987,780	1,082,909

Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 3.

11 Trade and Other Receivables

	2018 A\$	2017 A\$
GST and VAT receivables	32,132	4,032
Other receivables	6,744	-
Total trade and other receivables	38,876	4,032

Risk exposure

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

12 Exploration and Evaluation Expenditure

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

12 Exploration and Evaluation Expenditure (CONTINUED)

As at 30 June 2018, the carrying value of the capitalised exploration and evaluation properties of the consolidated entity was \$4,583,423 (2017: \$56,004); 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	2018 A\$	2017 A\$
Project carrying value at 1 July	-	-
Acquisition costs	4,583,423	-
Impairment	-	-
Effect of translation to presentation currency	-	-
Project carrying value at 30 June	4,583,423	-
TEXAS PROJECT	2018 A\$	2017 A\$
Project carrying value at 1 July	56,004	-
Costs incurred during the year	44,805	117,975
Impairment	(105,299)	(61,971)
Effect of translation to presentation currency	4,490	-
Project carrying value at 30 June	-	56,004
Total Exploration and Evaluation Expenditure	4,583,423	56,004

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.

	2018 A\$	2017 A\$
Trade creditors	750,706	4,724
Other payables	1,394	1,394
Accrued expenses	271,250	26,000
Total trade and other payables	1,023,350	32,118

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

14

Share Capital

Ordinary shares are classified as equity.

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

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

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

	2018 A\$	2017 A\$
Shares on issue	27,816,989	20,005,669
Issuance cost	(2,731,428)	(1,850,967)
Total share capital	25,085,561	18,154,702

Reconciliation of movement in issued capital

	NUMBER OF SHARES	A\$
Balance as at 1 July 2017	132,963,191	18,154,702
Issue of shares – Placement ¹	150,000,000	4,500,000
Share issuance costs ²	-	(880,461)
Issue of shares – Asset acquisition ¹	72,783,000	2,911,320
Issue of shares – Facilitation shares ¹	-	400,000
Balance as at 30 June 2018	355,746,191	25,085,561
Balance as at 1 July 2016	139,592,127	19,320,504
Cancellation of shares ³	(55,000,000)	(2,200,000)
Issue of shares – Rights issue and short fall ⁴	42,371,064	842,198
Issue of shares – Director remuneration	6,000,000	192,000
Balance as at 30 June 2017	132,963,191	18,154,702

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.

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

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

² Share issuance costs are comprised of the following:

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

³ As part of the terms of sale of the African subsidiaries, the Company bought back and cancelled 55,000,000 existing shares from the purchaser for nil consideration with a fair value of AU\$2,200,000 (\$0.04 per share being the share price on the date the transaction became unconditional) in the Company held by parties associated with the Purchaser.

⁴ As announced 23 September 2016 the company carried out a non-renounceable rights issue, to issue 1 new fully paid ordinary share for every 2 fully paid ordinary shares held on the record date at \$0.02. The rights issue was to issue up to a total of 42,296,064 new shares and raise up to \$845,921 (subject to no options being exercised). The rights issue offer document was released 23 September 2016 and the offer closed 19 October 2016. No brokerage was paid on the funds raised. Post close of the non-renounceable rights issue a total of 19,129,402 entitlement shares and all 23,241,662 shortfall shares were issued. All of the \$845,921 gross proceeds were received during the year. Issuance costs incurred were \$4,114.

Notes to the Consolidated Financial Statements

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Share Capital (CONTINUED)

Options over ordinary shares

The fair value of an option is measured using a Black-Scholes model. 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.

At 30 June 2018, the Company had 35,000,000 unlisted options over ordinary shares on issue (2017: nil).

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			
Total unlisted options as at 1 July 2016	22,000,000			
Options lapsed during the year				
SNYO5 – Incentive options	(4,000,000)	19-Jan-14	19-Jan-17	20
SNYOIP1 – Ibhubesi performance options	(5,000,000)	4-Nov-13	4-Nov-16	25
SNYOIP2 – Ibhubesi performance options	(5,000,000)	4-Nov-13	4-Nov-16	30
SNYONV2 – Incentive options	(5,000,000)	7-Oct-13	7-Oct-16	30
SNYO5 – Incentive options	(3,000,000)	1-Oct-13	1-Oct-16	50
Total unlisted options as at 30 June 2017	-			

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. The following performance shares were approved by shareholders in general meeting held on the 15 June 2018 and were issued as part of 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 mmboe with respect to the Cabora Bassa Project.
Class B	31,587,822	22-Jun-2018	20-Jun-20	A farmout which includes a commitment to drill a well to a minimum planned depth of 3,000 metres with respect to the Cabora Bassa Project.
Class C	44,179,281	22-Jun-2018	20-Dec-21	Drilling of an exploration well upon the Cabora Bassa Project that results in the maiden booking of Contingent Resources or Reserves (as those terms are defined in the Guidelines for Application of the Petroleum Resources Management System (2011 Edition).

No performance shares were granted or on issue at 30 June 2017.

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.

15

RESERVES

	2018 A\$	2017 A\$
Share-based payments reserve	541,594	16,851
Foreign currency translation reserve	(1,251)	(4,900)
Total reserves	540,343	11,951
RECONCILIATION OF MOVEMENT IN RESERVES		
Share-based payments reserve		
Balance as at 1 July	16,851	6,742,208
Options issued - Directors remuneration	362,037	-
Options issued - Share issuance costs	179,557	-
Transferred to retained earnings upon expiry of options	(16,851)	(6,725,357)
Balance as at 30 June	541,594	16,851
Foreign currency translation reserve		
Balance as at 1 July	(4,900)	(742,543)
Effect of translation of foreign currency operation to Group presentation currency	3,649	93,830
De- recognition on disposal of subsidiaries	-	643,813
Balance as at 30 June	(1,251)	(4,900)
Total reserves balance as at 30 June	540,343	11,951

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.

Notes to the Consolidated Financial Statements

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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") (formerly Interpose Holdings Limited) as at 30 June 2018 and the results of all subsidiaries for the year then ended. Invictus Energy Limited (formerly Interpose Holdings 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 recognised directly in equity attributable to the parent.

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

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

(a) Subsidiaries

The consolidated entity's principal subsidiaries at 30 June 2018 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	
		2018	2017	2018	2017
IHS Texas LLC	USA	100%	100%	-	-
Invictus Energy Resources Pty Limited	Australia	100%	-	-	-
Invictus Energy Mauritius Limited	Mauritius	100%	-	-	-
Invictus Energy Resources Zimbabwe (Pvt) Ltd	Zimbabwe	100%	-	-	-
Geo Associates (Pvt) Ltd	Zimbabwe	80%	-	20%	-

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Interests in Other Entities (CONTINUED)**(b) Non-controlling interests**

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

	GEO ASSOCIATES (PVT) LTD	
	2018 A\$	2017 A\$
Summarised statement of financial position		
Current assets	132	-
Current liabilities	-	-
Current net assets	132	-
Non-current assets ¹	4,583,423	-
Non-current liabilities	-	-
Non-current net assets	4,583,423	-
Net assets	4,583,555	-
Accumulated NCI	917,230	-
 <i>1 Represents capitalised exploration costs. Refer to note 12 for further details.</i>		
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	-	-
Loss for the period	(813)	-
Other comprehensive income	7	-
Total comprehensive income	(806)	-
Loss allocated to NCI	(163)	-
FCTR allocated to NCI	1	-
Summarised cash flows		
Cash flows from/ (used in) operating activities	(807)	-
Cash flows from/ (used in) investing activities	-	-
Cash flows from/ (used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(807)	-

(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

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Reconciliation of Gain/(Loss) after Income Tax to Net Cash Outflow used

	NOTES	2018 A\$	2017 A\$
Gain/(loss) after taxation		(917,430)	2,843,696
Add/(less) non-cash items:			
Share-based payments expense		362,037	192,000
Impairment of exploration and evaluation expenditure	12	105,299	61,971
Write off of accrued interest on intercompany loan (post disposal of subsidiary)		-	65,719
Gain on sale of subsidiaries	1	-	(3,351,050)
Loss on disposal of property, plant and equipment		-	6,094
Finance fees - financing cash flows		-	-
Changes in working capital:			
Increase in trade and other receivables		(28,100)	(4,032)
Increase in trade and other payables		299,828	(260,062)
Net cash outflow from operating activities		(178,366)	(445,664)
Non-cash investing and financing activities:			
Issue of ordinary shares as consideration for asset acquisition		2,911,320	-
Issue of ordinary shares as consideration for share issuance costs		400,000	-
Issue of options as consideration for share issuance costs		179,556	-
		3,490,876	-

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Parent Entity

	2018 A\$	2017 A\$
Current assets	5,024,046	1,086,941
Non-current assets	-	-
Total assets	5,024,046	1,086,941
Current liabilities	1,024,372	31,241
Total liabilities	1,024,372	31,241
Net assets	3,999,674	1,055,700
Contributed equity	25,085,561	18,154,702
Share-based payment reserve	541,594	-
Foreign currency translation reserve	-	-
Accumulated losses	(21,627,481)	(17,099,002)
Total equity	3,999,674	1,055,700
Loss for the year	4,528,479	12,910,583
Total comprehensive loss for the year	4,528,479	12,910,583

18 Parent Entity (CONTINUED)

Commitments

There were no commitments at 30 June 2018 (2017: \$ nil).

Contingencies

There were no contingent assets or liabilities of the parent as at 30 June 2018 (30 June 2017: \$ nil).

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

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

19 Related Party Transactions

(a) Parent entities

The ultimate parent entity within the Group is Invictus Energy Limited (formerly Interpose Holdings Limited) incorporated in Australia.

(b) Subsidiaries

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

(c) Loans to/from related parties

The following table sets out the loans to or from related parties at the current and previous reporting date:

LOAN TO	LOAN FROM	2018 A\$	2017 A\$
Invictus Energy Mauritius Ltd	Invictus Energy Resources Pty Ltd	134	-
IHS Texas LLC	Invictus Energy Ltd	171,131	-
Invictus Energy Mauritius Ltd	Invictus Energy Resources Zimbabwe (Pvt) Ltd	135	-
Invictus Energy Resources Pty Ltd	Invictus Energy Ltd	683,247	-

(d) Other related party transactions

During the period the Company paid \$42,000 to Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, for the provision of accounting and company secretarial services, on normal commercial terms and conditions and at market rates.

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

(e) Key management personnel

The following persons were Directors and key management personnel of Invictus Energy Limited (formerly Interpose Holdings Limited) during the financial year:

(i)	Managing Director	Mr Scott Macmillan (appointed 15 June 2018)
(iii)	Non-executive Directors	Mr Barnaby Egerton-Warburton Mr G Chiappini Mr Justin Barton (resigned 11 December 2017) Mr Eric de Mori (appointed 11 December 2017)
(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.

Notes to the Consolidated Financial Statements

19 Related Party Transactions (CONTINUED)

(f) Key management personnel compensation

The key management personnel compensation was as follows:

	2018 A\$	2017 A\$
Short-term employee benefits	125,319	111,796
Post-employment benefits	6,181	3,904
Share-based payment	362,037	192,000
Total key management personnel compensation	493,537	307,700

Detailed remuneration disclosures are provided in the remuneration report on pages 06 to 11.

20 Share-based Payments

(a) Employee options over ordinary shares

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

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

Each option is convertible into one ordinary share.

Share options granted during the current year

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

CLASS	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	VESTING CONDITIONS	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Director options	20,000,000	15 June 2018	25 June 2021	Date of issue	6 cents	1.81 cents
Facilitation options	15,000,000	15 June 2018	25 June 2021	Date of issue	6 cents	1.81 cents

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

- Spot price: The spot price of the Company's shares was \$0.04 per share at the close of trade on 15 June 2018, the closing price immediately prior to Valuation Date.
- Expected future volatility: The share price volatility of the Company at 83.62% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three-year bond yielded 2.11% on 15 June 2018 as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

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

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

20 Share-based Payments (CONTINUED)

(a) Employee options over ordinary shares (CONTINUED)

Reconciliation of movement in share options

	2018		2017	
	AVERAGE EXERCISE PRICE PER OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER OPTION	NUMBER OF OPTIONS
As at 1 July	-	-	35.57	22,000,000
Granted during the year	\$0.06	35,000,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	(35.57)	(22,000,000)
As at 30 June	\$0.06	35,000,000	-	-
Vested and exercisable at 30 June	\$0.06	35,000,000	-	-

Share options outstanding at the end of the year

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	NUMBER OF OPTIONS	
			2018	2017
25.6.2018	25.6.2021	6	35,000,000	-
			35,000,000	-

Weighted average remaining contractual life of options outstanding at 30 June 2018 is 2.98 years (30 June 2017: nil).

(b) Performance shares granted during the current year

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

TRANCHE	NUMBER	ISSUE DATE	EXPIRY DATE	VESTING CONDITION
Class A	25,255,701	22-Jun-2018	20-Mar-19	An independent prospective resource certification of greater than 1.5TCF Gas or 250 mmmboe 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

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Share-based Payments (CONTINUED)

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

Reconciliation of movement in Performance Shares

CLASS A	2018 NUMBER	2017 NUMBER
As at 1 July	-	-
Granted during the year	25,255,701	-
Exercised during the year	-	-
Expired during the year	-	-
As at 30 June	25,255,701	-
CLASS B	2018 NUMBER	2017 NUMBER
As at 1 July	-	-
Granted during the year	31,587,822	-
Exercised during the year	-	-
Expired during the year	-	-
As at 30 June	31,587,822	-
CLASS C	2018 NUMBER	2017 NUMBER
As at 1 July	-	-
Granted during the year	44,179,281	-
Exercised during the year	-	-
Expired during the year	-	-
As at 30 June	44,179,281	-

(c) Expenses arising from share-based payment transactions

	2018 A\$	2017 A\$
Director options expense	362,037	-
Total share-based payments expense recognised in income statement	362,037	-
Capital issuance costs recognised in equity	179,557	-
Total share-based payments	541,594	-

(d) Shares issued during the current year

During the year, 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 and was recognised in equity as a share issuance cost.

During the prior year 6,000,000 ordinary shares in the Company were issued to Directors to settle Director fees. The fair value of the shares was \$192,000 and was recognised in the statement of profit and loss as a share-based payment.

21 Events occurring after Reporting Date

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

22 Capital and Other Commitments

There were no commitments for the Group at 30 June 2018 (30 June 2017: nil).

23 Contingencies

Ground Rental Excess

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

The current annual lease fees are US\$10 (ten United States Dollars) per hectare therefore the fees could total US\$1,000,000.

Geo Associates (Pvt) Ltd has entered into an agreement with One- Gas Resources (Pvt) (One- Gas) Ltd, a 20% shareholder of the Geo Associates (Pvt) Ltd where by One- Gas shall pay its share of ground rental charged in proportion to its shareholding in Geo Associates (Pvt) Ltd for every US\$100,000 or part thereof over and above a rate of US\$1 per hectare charged by the minister.

By way of example, if the ground rental remains as \$10 per hectare and is demanded by the minister, the calculation of the ground rental excess would be as follows:

Rental invoice US\$1,000,000 (@US\$10 per hectare)

Rental threshold US\$100,000 (@US\$1 per hectare)

Ground rental excess US\$900,000

One- Gas liability = US\$180,000 of 20% for every US\$100,000 over the rental threshold.

At the date of this report no demand to pay ground rental fees has been received, or is expected to be received, from the Minister. The commercial and regulatory practice in Zimbabwe for the application of the annual rental fee, is that it is only applied post the application and grant of an exploitation licence. The Company does not believe the annual rental fees will be applied during the initial term.

24 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 2017 have not had an impact on the financials.

(ii) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

Notes to the Consolidated Financial Statements

24 Summary of Accounting Policies (CONTINUED)

A. Basis of preparation (CONTINUED)

(iii) 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 2018 of \$917,593 (2017: Net gain of \$2,843,696) and experienced net cash outflows from operating activities of \$178,366 (2017: \$445,664). At 30 June 2018, the Group had working capital of \$4,003,306 (2017: \$1,054,823).

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.

(iv) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. 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.

(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

24 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 a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Invictus Energy Limited (formerly Interpose Holdings 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.

25 New and Amended Standards not yet adopted by The Group

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2018, and no change to the Group's accounting policy is required:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments (Effective 1 January 2018)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

25

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

Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.

The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.

The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

Available for sale financial assets will either be designated as fair value through other comprehensive income (when held for strategic investment reasons) or accounted for as financial assets through profit or loss.

The new standard is not expected to significantly impact the recognition and measurement of financial instrument as the Company does not have significant financial instruments.

AASB 15 Revenue from Contracts with Customers (Effective 1 January 2018)

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue - Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied).

The new standard is not expected to significantly impact the recognition and measurement of revenue from contracts as the Company does not have significant revenue from contracts at this time.

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions (Effective 1 January 2018)

This Standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Notes to the Consolidated Financial Statements

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

AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments (Effective 1 January 2018)

The amendments clarify certain requirements in:

- AASB 1 First-time Adoption of Australian Accounting Standards - deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AASB 12 Disclosure of Interests in Other Entities - clarification of scope
- AASB 128 Investments in Associates and Joint Ventures - measuring an associate or joint venture at fair value
- AASB 140 Investment Property - change in use.

AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration (Effective 1 January 2018)

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

AASB 16 Leases (Effective 1 January 2019)

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

AASB Interpretation 23 and relevant amending standards, Uncertainty over Income Tax Treatments (Effective 1 January 2019)

The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

Director's Declaration

In the Directors' opinion:

- a) the accompanying financial statements set out on pages 16 to 48 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 2018 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 2018.

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



Scott Macmillan
MANAGING DIRECTOR

26 September 2018

Independent Audit Report



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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 2018, 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 Invictus Energy Limited, 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 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

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

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Accounting for Exploration and Evaluation Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2018 the carrying value of the capitalised exploration and evaluation asset as disclosed in Note 12.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none">• Whether the conditions for capitalisation are satisfied;• Which elements of exploration and evaluation expenditures qualify for recognition; and• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;• Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;• Considering whether any facts or circumstances existed to suggest impairment testing was required; and• We also assessed the adequacy of the related disclosures in Note 12 to the financial report.

Independent Audit Report



Accounting for Acquisition of Invictus Energy Resources Pty Ltd

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>On 15 June 2018 the Group obtained an 80% interest and ownership in the SG4571 Permit by acquiring a 100% interest in Invictus Energy Resources Pty Ltd for purchase consideration of \$3,669,567.</p> <p>The Group treated the transaction as an asset acquisition, rather than a business acquisition.</p> <p>Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset or business acquisition;• Reviewing the sale and purchase agreement to understand key terms and conditions;• Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation;• Evaluating management's assessment of the fair value of net assets and liabilities acquired;• Agreeing that no goodwill was recognised and that costs associated with the acquisition were capitalised in order to be in line with the correct accounting policy for asset acquisitions; and• We have also assessed the adequacy of the related disclosures in Note 2 to the financial report.



Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, 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:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 06 to 11 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Invictus Energy Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Independent Audit Report



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

BDO
A handwritten signature in blue ink, appearing to read 'Neil Smith', written over the printed name.

Neil Smith

Director

Perth, 26 September 2018

Other Additional ASX Information

Top 20 Shareholders AS AT 26 SEPTEMBER 2018

	NAME	SHARES	% SHARES
1	BAYETHE INVESTMENTS PTY LTD	50,382,217	13.78
2	NIGHTFALL PTY LTD	12,000,000	3.28
3	ASHANTI INVESTMENT FUND PTY LTD	11,746,647	3.21
4	SALT MINERALS INVESTMENTS LIMITED	10,371,761	2.84
5	MR DAVID JAMES WALL	8,500,000	2.32
6	GLAMOUR DIVISION PTY LTD	8,020,000	2.19
7	BRENT BARBER	7,278,300	1.99
8	FLUE HOLDINGS PTY LTD	5,472,583	1.50
9	INVESTMENT HOLDINGS PTY LTD	4,625,000	1.26
10	MR GABRIEL CHIAPPINI & MRS ROSA CHIAPPINI	3,866,666	1.06
11	HOLDREY PTY LTD	3,750,000	1.03
12	MR KAH CHAN	3,596,200	0.98
13	MICHELE HEATHER MACMILLAN	3,500,000	0.96
14	KYLE BRYCE MACMILLAN	3,500,000	0.96
15	JEMMA MICHELE MACMILLAN	3,500,000	0.96
16	PHEAKES PTY LTD	3,500,000	0.96
17	MATCH CORP PTY LTD	3,183,082	0.87
18	GIANT SKY ASIA PACIFIC LIMITED	3,000,000	0.82
19	BXW VENTURES PTY LTD	2,958,121	0.81
20	PAUL CRONIN	2,957,036	0.81
Top 20 holders of ORDINARY FULLY PAID SHARES		164,106,899	44.86

Substantial Shareholders AS AT 26 SEPTEMBER 2018

	SHARES	% OF SHARES
BAYETHE INVESTMENTS PTY LTD	50,382,217	13.78%

Range Of Shares AS AT 26 SEPTEMBER 2018

RANGE	TOTAL HOLDERS	SHARES	% OF SHARE CAPITAL
100,001 and Over	335	353,960,709	96.78
10,001 to 100,000	235	11,320,259	3.10
5,001 to 10,000	42	397,571	0.11
1,001 to 5,000	20	62,158	0.02
1 to 1,000	23	5,494	0.00
Total	655	365,746,191	100.00

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	-	80.0%



INVICTUS
ENERGY LIMITED

