Invictus Gold Limited

(and Controlled Entities)
(ABN 34 145 891 907)

Half Year Report

31 December 2012

Contents

DIRECTOR'S REPORT

For the half year ended 31 December 2012

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2012.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Peter Unsworth	Non-Executive Chairman
Michael Jones	Managing Director
Rodney Fripp	Executive Director (resigned 14 Jan 2013)
Michael Busbridge	Technical Director
Richard Basham	Non-Executive Director (appointed 28 Sep 2012)

Review of Operations

Exploration expenditure (before impairment and re-imbursement) of $1,048,162 was capitalised in the half year to 31 December 2012. Director's reviewed carried forward exploration expenditure at 31 December and elected to write off $5,278,283. The balance of deferred exploration expenditure carried forward as at 31 December 2012 is $2,346,384.

The consolidated entity registered a net loss for the half year to 31 December 2012 of $5,416,467 (2011: $418,016).

The consolidated entity had cash assets of $2,189,540 at 31 December 2012 (30 June 2012: $403,463).

Subsequent Events

On the 8th March 2013 the Company signed an option agreement with Impact Minerals Limited (Impact) and Endeavour Minerals Pty Ltd (Endeavour). This option agreement contains an option for the Company to buy all the share capital of Endeavour Minerals Pty Ltd (Endeavour) and an agreement that the Company will sell project rights currently held by Endeavour to Impact. A summary of the option agreement is set out below:

For the purchase of all the shares of Endeavour the Company is obligated to:

- To pay a $110,000 fee in cash in exchange for an exclusive period;
- To pay $495,735.01 comprising $95,735.01 in cash and $200,000 of Company and $200,000 of Impact shares;
- To repay in cash Endeavour debts amounting to $349,264.99.

These outgoings are due to Endeavour as follows:

- A payment of a $110,000 option fee payable in cash within 2 business days of signing the binding term sheet (completed);
- A payment of $95,735.01 in cash to exercise the option before the 14th March 2013 (completed);
- Within 16 weeks of the exercise of the option the payment of $200,000 in Company shares.

For the sale of the project rights the Company and Impact have agreed:

- Impact has agreed to contribute $220,000 in cash and $200,000 in Impact shares to allow Invictus to gain all the shares of Endeavour;
- This results in a $420,000 debt owed by Invictus to Impact;
- As repayment of this debt Invictus has agreed to sell to Impact all the rights associated with two projects held by Endeavour.

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Bentleys, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors.

Dr Michael G Jones
Managing Director
Dated this 14th day of March 2012

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Invictus Gold Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 14th of March 2013

Invictus Gold Limited (ABN 34 145 891 907)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2012

	Consolidated 31 Dec 2012 $	Consolidated 31 Dec 2011 $
Revenue	**219,236**	**70,069**
Corporate and administrative expense	**(210,860)**	**(180,917)**
Consultancy expense	**(89,688)**	**(101,247)**
Share based payment expense	**(42,842)**	**(179,042)**
Depreciation expense	**(512)**	**-**
Employee benefits expense	**(13,518)**	**(26,879)**
Impairment of exploration expenditure	**(5,278,283)**	**-**
Loss before income tax expense	**(5,416,467)**	**(418,016)**
Income tax expense	**-**	**-**
Net loss for the period	**(5,416,467)**	**(418,016)**
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**(5,416,467)**	**(418,016)**
Net loss and total comprehensive income attributable to members	**(5,416,467)**	**(418,016)**
Basic loss per share	**(0.08)**	**(0.012)**

The accompanying notes form part of these financial statements

Invictus Gold Limited (ABN 34 145 891 907)

Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	Consolidated 31 Dec 2012 $	Consolidated 30 June 2012 $
Current Assets			
Cash and cash equivalents		2,189,540	403,463
Trade and other receivables		14,935	522
Total Current Assets		**2,204,475**	**403,985**
Non-Current Assets			
Property, Plant & Equipment		764	1,277
Exploration expenditure	3	2,346,384	6,576,505
Other non-current assets		71,467	16,645
Total Non-Current Assets		**2,418,615**	**6,594,427**
Total Assets		**4,623,090**	**6,998,412**
Current Liabilities			
Trade and other payables		267,591	147,864
Provisions		23,037	24,443
Total Current Liabilities		**290,628**	**172,307**
Total Liabilities		**290,628**	**172,307**
Net Assets		**4,332,462**	**6,826,105**
Equity			
Issued capital		9,599,481	6,719,499
Option reserve		1,627,524	1,584,682
Accumulated Losses		(6,894,543)	(1,478,076)
Total Equity		**4,332,462**	**6,826,105**

The accompanying notes form part of these financial statements

Invictus Gold Limited (ABN 34 145 891 907)

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2012

	Consolidated			
	Issued Capital	Option Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2011	6,718,299	1,368,816	(379,819)	7,707,296
Loss for the period	-	-	(418,016)	(418,016)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(418,016)	(418,016)
Transactions with owners				
Shares issued	-	-	-	-
Fair value of options issued	-	179,042	-	179,042
Balance at 31 December 2011	6,718,299	1,547,858	(797,835)	7,468,322

	Consolidated			
Balance at 1 July 2012	6,719,499	1,584,682	(1,478,076)	6,826,105
Loss for the period	-	-	(5,416,467)	(5,416,467)
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(5,416,467)**	**(5,416,467)**
Transactions with owners				
Shares issued	2,879,982	-	-	2,879,982
Fair value of options issued	-	42,842	-	42,842
Balance at 31 December 2012	**9,599,481**	**1,627,524**	**(6,894,543)**	**4,332,462**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flow

For the half year ended 31 December 2012

	Consolidated 31 Dec 2012 $	Consolidated 31 Dec 2011 $
Cash flows from operating activities		
Payments to suppliers and employees	**(402,855)**	(242,469)
Interest received	**219,236**	67,688
Payments for exploration activities	**(910,286)**	(1,002,504)
Net cash used in operating activities	**(1,093,905)**	(1,177,285)
Cash flows from investing activities	**-**	-
Net cash used in investing activities	**-**	-
Cash flows from financing activities	**-**	-
Proceeds from issue of shares	**2,879,982**	-
Placement funds received in advance	**-**	-
Net cash provided by financing activities	**2,879,982**	-
Net increase/(decrease) in cash held	**1,786,077**	(1,177,285)
Cash and cash equivalents at the start of the period	**403,463**	2,668,522
Cash and cash equivalents at the end of the period	**2,189,540**	1,491,237

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: interim financial reporting.

This interim report is intended to provide users with an update on the latest annual financial statements of Invictus Gold Limited and its controlled entities (the consolidated entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2012, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the consolidated entity for the purposes of preparation of these interim financial statements.

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Consolidated Entity include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Consolidated Entity's presentation of, or disclosure in, its half-year financial statements.

Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively and the application of the amendments to AASB 101 do not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Going concern

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

The Consolidated Group incurred a loss of $5,416,467 (2011: $418,016) for the half year ended 31 December 2012 and net cash outflows from operating activities of $1,093,905 (2011: $1,177,285).

As at 31 December 2012, the Consolidated Group has a working capital of $1,913,847 (as at 30 June 2012: $231,678).

The ability of the Consolidated Group to continue as a going concern is principally dependent upon the ability of the Consolidated Group to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Group to continue as a going concern

The directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Group's history of raising capital to date, the directors are confident of the Consolidated Group's ability to raise additional funds as and when they are required.

Should the Consolidated Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Group be unable to continue as a going concern and meet its debts as and when they fall due.

NOTE 2: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 3: EXPLORATION EXPENDITURE

	Consolidated 31 Dec 2012	Consolidated 30 June 2012
	$	$
Exploration expenditure capitalised:		
Costs at beginning of the period	6,576,505	5,105,154
Exploration expenditure for the period	1,048,162	1,880,278
Impairment	(5,278,283)	(408,926)
Costs carried forward	2,346,384	6,576,505

NOTE 4: OPERATING SEGMENTS

(i) Consolidated 31 December 2012

	AUSTRALIA	TURKEY	CORPORATE / TREASURY	CONSOLIDATED
REVENUE	**$**	**$**	**$**	**$**
Interest revenue	-	-	10,426	10,426
Other Income	-	-	208,810	208,810
Total Segment revenue	-	-	219,236	219,236
Reconciliation of segment revenue to group revenue				
Intersegment elimination				-
Total group revenue	-	-	-	219,236
Segment net loss before tax	(5,245,568)	(24,464)	(146,435)	(5,416,467)

	AUSTRALIA	TURKEY	CORPORATE / TREASURY	CONSOLIDATED
ASSETS	**$**	**$**	**$**	**$**
Segment Assets	1,977,546	445,635	2,199,908	4,623,090
Reconciliation of segment assets				
Intersegment elimination				-
Total group assets	-	-	-	4,623,090
Segment assets movement for the period:	(4,560,958)	445,635	1,740,002	(2,375,321)

	AUSTRALIA	TURKEY	CORPORATE / TREASURY	CONSOLIDATED
Liabilities	**$**	**$**	**$**	**$**
Segment liabilities	-	-	290,628	290,628
Reconciliation of segment liabilities				
Intersegment elimination				-
Total group assets	-	-	-	290,628

(ii) Consolidated 31 December 2011

	AUSTRALIA	TURKEY	CORPORATE / TREASURY	CONSOLIDATED
REVENUE	**$**	**$**	**$**	**$**
Interest revenue	-	-	70,069	70,069
Other Income	-	-	-	-
Total Segment revenue	-	-	70,069	70,069
Reconciliation of segment revenue to group revenue				
Intersegment elimination				-
Total group revenue	-	-	-	70,069
Segment net loss before tax	-	-	(418,016)	(418,016)

Consolidated 30 June 2012

	AUSTRALIA	TURKEY	CORPORATE / TREASUARY	CONSOLIDATED
ASSETS	**$**	**$**	**$**	**$**
Segment Assets	6,538,647	-	459,765	6,998,412
Reconciliation of segment revenue to group revenue				
Intersegment elimination				-
Total group assets	-	-	-	6,998,412
Segment assets movement for the period:	1,438,870	-	(2,366,268)	(927,398)

	AUSTRALIA	TURKEY	CORPORATE / TREASUARY	CONSOLIDATED
LIABILITIES	**$**	**$**	**$**	**$**
Segment Liabilities	518	-	171,789	172,307
Reconciliation of segment liabilities				
Intersegment elimination				-
Total group liabilities	-	-	-	172,307

The board reviews financial information on the same basis as presented in the financial statements and has therefore determined the operating segment on this basis.

NOTE 5: ISSUED CAPITAL

	31 December 2012	30 June 2012
108,018,018 fully paid ordinary shares with no par value	10,081,682	7,201,201
Share issue costs	(482,201)	(481,702)
	9,599,481	6,719,499

	31 December 2012 No.	30 June 2012 No.	31 December 2012 $	30 June 2012 $
a.Ordinary shares				
At the beginning of reporting period	36,006,006	36,000,006	7,201,201	7,200,001
Shares issued during the year				
- Shares issued for options exercised	-	6,000	-	1,200
- Shares issued pursuant to Entitlement Issue	72,012,012	-	2,880,481	-
At the end of the reporting period	108,018,018	36,006,006	10,081,682	7,201,201

NOTE 6: SHARE BASED PAYMENTS

i. During the period share options were granted to employees to take up ordinary shares at the following exercise prices. The options hold no voting or dividend rights, are not, without the approval of the Board of Directors, transferrable and are exercisable on or before the expiry date as se out below. All options were granted to key management personnel.

Grant date	Vest date	Expiry date	Exercise price	Number
20.12.2012	30.11.2013	30.11.2015	$0.10	3,250,000
20.12.2012	30.11.2014	30.11.2016	$0.15	3,250,000

ii. A summary of the movements of all company options issued is as follows:

	2012	
	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2012	27,500,000	24c
Granted	6,500,000	12.5c
Options outstanding as at 31 December 2012	34,000,000	21c

As at the date of exercise, the weighted average of share price of options exercised during the year was nil.

The weighted average remaining contractual life of options outstanding at year end was 2.73 years. The weighted average exercise price of outstanding options at the end of the reporting period was 8 cents. The fair value of options granted to employees is deemed to represent the value of employee services received over the vesting period. The weighted average fair value of options granted during the year was 14 cents. These values were calculated using the Black Scholes option pricing model applying the following inputs:

The model inputs for options granted during the period ended 31 December 2012 are set out below.

Grant Date	Vesting Date	Expiry Date	Exercise Price	Options	Share Price at Grant	Risk Rate	Consideration
20.12.12	30.11.13	30.11.15	$0.10	3,250,00	$0.04	3.17%	nil
20.12.12	30.11.14	30.11.16	$0.15	3,250,00	$0.04	3.31%	nil

The level of volatility anticipated for the purposes of the model was 82.10% for all options, The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Dividends were assumed to be NIL.

NOTE 7: SUBSEQUENT EVENTS

On the 8th March 2013 the Company signed an option agreement with Impact Minerals Limited (Impact) and Endeavour Minerals Pty Ltd (Endeavour). This option agreement contains an option for the Company to buy all the share capital of Endeavour Minerals Pty Ltd (Endeavour) and an agreement that the Company will sell project rights currently held by Endeavour to Impact. A summary of the option agreement is set out below:

For the purchase of all the shares of Endeavour the Company is obligated to:

- To pay a $110,000 fee in cash in exchange for an exclusive period;
- To pay $495,735.01 comprising $95,735.01 in cash and $200,000 of Company and $200,000 of Impact shares;
- To repay in cash Endeavour debts amounting to $349,264.99.

These outgoings are due to Endeavour as follows:

- A payment of a $110,000 option fee payable in cash within 2 business days of signing the binding term sheet (completed);
- A payment of $198,916.83 in cash to exercise the option before the 14th March 2013 (completed);
- Within 16 weeks of the exercise of the option the payment of $200,000 in Company shares and $200,000 in Impact shares and the repayment in cash of Endeavour debts amounting to $246,083.17.

For the sale of the project rights the Company and Impact have agreed:

- Impact has agreed to contribute $220,000 in cash and $200,000 in Impact shares to allow Invictus to gain all the shares of Endeavour;
- This results in a $420,000 debt owed by Invictus to Impact;
- As repayment of this debt Invictus has agreed to sell to Impact all the rights associated with two projects held by Endeavour.

Invictus Gold Limited (ABN 34 145 891 907)

Director's Declaration

For the half year ended 31 December 2012

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 4 to 12
   a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2012; and
   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

Michael Jones

Dr Michael G Jones
Managing Director

Dated this 14th day of March 2013

Bentleys
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Bentleys Audit & Corporate (WA) Pty Ltd

Level 1, 12 Kings Park Road
West Perth WA 6005
Australia

PO Box 44
West Perth WA 6872
Australia

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

Independent Auditor's Review Report

To the Members of Invictus Gold Limited

We have reviewed the accompanying half-year financial report of Invictus Gold Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Invictus Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Invictus Gold Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Consolidated Entity incurred a loss for the period ending 31 December 2012 of $5,416,467. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 14th of March 2013