Auteco Minerals Limited
and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2018

CORPORATE DIRECTORY

Auteco Minerals Limited
ACN 110 336 733
ABN 96 110 336 733
Incorporated in SA

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Auditor
Grant Thornton
Chartered Accountants
Level 3
170 Frome Street
Adelaide SA 5000

Auteco Minerals Limited and Controlled Entities

Directors' Report

The directors present their report together with the half-year financial report of Auteco Minerals Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2018 and the auditor's independent review report thereon.

Directors

The names of the directors of the Company during the half-year and until the date of this report are:

Samuel Brooks *(Executive Director appointed 30 November 2018)*
Michael Naylor *(Non-executive Director appointed 30 November 2018)*
Ian J Gordon *(Non-executive Director)*
Glenn S Davis *(Non-Executive Chairman, resigned 30 November 2018)*
Paul C Payne *(Non-Executive Director, resigned 18 January 2019)*

Principal activities

The consolidated entity's principal activity is mineral exploration.

Review and results of operations

The net loss after income tax for the half-year was $306,496 (December 2017 loss of $358,780).

Board changes completed with Mr Sam Brooks joining the Company as an Executive Director. Mr Michael Naylor joined the Company as a Non-Executive Director. During November, the Company completed a placement of $360,000 to sophisticated investors including new directors.

Limestone Well Project

During the half year, Auteco agreed terms to Farm-in to two tenements at Limestone Well located 90km south east of Meekatharra, WA and held by Mithril Resources Limited. The Tenements are prospective for Titanium/vanadium deposits, similar to the Barrambie Titanium/Vanadium Project immediately to the south and the Gabanintha Vanadium Project 45km to the north west. Auteco can earn a 60% interest by expenditure of $1.5m over three years. If Mithril elects not to contribute at 40%, Auteco may then earn a further 20% by expenditure of a further $1m over a further two years.

During the reporting period, the Company also completed orientation soil sampling and ground magnetics over the Limestone Well tenement in order to confirm drill targets for Vanadium / Titanium on the Limestone well project. The results of the sampling confirm that the western high mag stratigraphy at Limestone Well is anomalous in vanadium and titanium and represents an excellent target for vanadium / titanium mineralisation.

The results of the sampling and ground magnetics will be reviewed by management. A limited drill program is planned to test the potential for the Limestone Well property to host an economic vanadium resource in Q1/Q2 2019.

Moolyella Lithium Minerals Project

The Moolyella Project is located approximately 20km east of Marble Bar and consists of one Exploration Licence covering 90 km2, giving a substantial holding in the emerging hard rock lithium region. The area has had limited exploration for lithium with the only work completed being rock chip sampling of outcropping pegmatites and some soil samples.

After a field visit to Moolyella project in the Pilbara, the Company advised the tenement holder of E45/4462 that it would not extend the option beyond the 31st of December 2018.

Auditors independence declaration

Section 307C of the Corporations Act 2001 requires the Company’s auditors, Grant Thornton, to provide the directors of Auteco Minerals Limited with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on the following page and forms part of this Directors’ Report.

Dated this 12 day of March 2019

Signed in accordance with a resolution of the Board of Directors:

Samuel Brooks
Director

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Auditor's Independence Declaration

To the Directors of Auteco Minerals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Auteco Minerals Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 12th March 2019

Auteco Minerals Limited and Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

		Consolidated	
	Note	Dec 2018	Dec 2017
		$	$
Other revenues from ordinary activities	4	2,803	3,517
Gain on disposal of asset		-	17,240
Total other revenue		2,803	20,757
Administrative expenses		74,123	68,826
Consultancy expenses		77,151	84,586
Depreciation		784	1,241
Occupancy expenses		6,253	4,525
Employment expenses		111,959	147,582
Impairment of assets		39,029	60,554
Loss on sale of asset		-	-
Loss before income tax expense		(306,496)	(346,557)
Income tax (expense)		-	(12,223)
Loss for the period		(306,496)	(358,780)
Loss attributed to members of the parent entity		(306,496)	(358,780)
Items that maybe reclassified to profit or loss		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		(306,496)	(358,780)
Basic earnings per share (cents)		(0.04)	(0.07)
Diluted earnings per share (cents)		(0.04)	(0.07)

The accompanying notes form part of these financial statements.

Auteco Minerals Limited and Controlled Entities

Consolidated Statement of Financial Position

As at 31 December 2018

		Consolidated	
	Note	Dec 2018	Jun 2018
		$	$
Current assets			
Cash and cash equivalents	7	370,987	375,416
Trade and other receivables		30,276	29,980
Other assets		25,692	11,126
Total current assets		426,955	416,522
Non-current assets			
Plant and equipment		9,704	9,596
Exploration and evaluation expenditure	8	52,067	55,289
Total non-current assets		61,771	64,885
Total assets		488,726	481,407
Current liabilities			
Trade and other payables		77,000	113,681
Short term provisions		-	6,056
Total current liabilities		77,000	119,737
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		77,000	119,737
Net assets		411,726	361,670
Equity			
Issued capital	12	24,483,244	24,126,692
Reserves		43,400	85,565
Retained losses		(24,114,918)	(23,850,587)
Total equity		411,726	361,670

The accompanying notes form part of these financial statements

Auteco Minerals Limited and Controlled Entities

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	Issued capital	Reserves	Retained losses	Total
	$	$	$	$
Balance at 1 July 2017	23,084,761	42,165	(22,446,020)	680,906
Transactions with owners in their capacity as owners:				
Fair value of options issued to employees	-	43,400	-	43,400
Shares issued during the period	552,675	-	-	552,675
Cost associated with shares issued during the period	(29,409)	-	-	(29,409)
	523,266	43,400	-	566,666
(Loss) attributable to members of the parent company	-	-	(358,780)	(358,780)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(358,780)	(358,780)
Balance as at 31 December 2017	23,608,027	85,565	(22,804,800)	888,792
Balance at 1 July 2018	24,126,692	85,565	(23,850,587)	361,670
Transactions with owners in their capacity as owners:				
Fair value of options issued to employees	-	-	-	-
Transfer of lapsed options issued to employees		(42,165)	42,165	-
Shares issued during the period	360,000	-	-	360,000
Cost associated with shares issued during the period	(3,448)	-	-	(3,448)
	356,552	(42,165)	42,165	356,552
(Loss) attributable to members of the parent company	-	-	(306,496)	(306,496)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(306,496)	(306,496)
Balance as at 31 December 2018	24,483,244	43,400	(24,114,918)	411,726

The accompanying notes form part of these financial statements.

Auteco Minerals Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	Consolidated	
	Dec 2018	Dec 2017
	$	$
Cash flows from operating activities		
Cash payments in the course of operations	(334,392)	(392,865)
Income tax paid	-	(1,068)
Interest received	2,803	3,517
Net cash (used in) operating activities	(331,589)	(390,416)
Cash flows from investing activities		
Proceeds from plant and equipment	-	28,047
Payments for plant and equipment	(1,053)	(2,713)
Payments for mining tenements and exploration	(25,318)	(376,102)
Proceeds from sale of mining tenements	-	22,000
Net cash (used in) investing activities	(26,371)	(328,768)
Cash flows from financing activities		
Proceeds from issue of shares	360,000	552,675
Payments associated with the issue of shares	(6,469)	(53,855)
Net cash provided by financing activities	353,531	498,820
Net (decrease) in cash held	(4,429)	(220,364)
Cash at the beginning of the half-year	375,416	501,053
Cash at the end of the half-year	370,987	280,689

The accompanying notes form part of these financial statements.

1 *Basis of preparation of interim report*

Auteco Minerals Limited (Auteco or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2018 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the consolidated entity for the year ended 30 June 2018 is available upon request from the Company's registered office at Ground Floor, 70 Hindmarsh Square Adelaide or at www.autecominerals.com.au.

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Auteco during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

2 *Significant accounting policies*

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the interim period ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

New standards adopted as at 1 July 2018

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018. Given the entity is a Junior Explorer and does not have any revenue streams the introduction of the new standard does not have a impact on the timing or amount of revenue recognized by the group during the period and therefore has been applied using the modified approach and no prior period restatements were required.

Revenue arises mainly from interest.

Significant accounting policies (continued)

AASB 15 ***Revenue from Contracts with Customers***

Given the entity currently does not generate any revenue, other than interest. The Directors will consider the implications of the 5 step model of AASB 15 in determining the relevant revenue recognition policy when revenue generating activities occur at the entity.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139's 'Financial Instruments: Recognition and Measurement' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Group has adopted AASB 9 as at 1 July 2018, and the group's management has assessed the classification and measurement of the Group's financial assets and no change has been required.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Currently the Group only holds financial assets at amortised cost.

Significant accounting policies (continued)

AASB 9 ***Financial Instruments***

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments as well as bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

AASB 9's new forward looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

3 Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Company.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Key judgements- exploration and evaluation expenditure

The entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

These financial statements were authorised for issue by the board of directors on 12 March 2019.

	Dec 2018 $	Dec 2017 $

4 *Other revenues from ordinary activities*

Included in other revenues from ordinary activities:		
Interest: other parties	2,803	3,517
	2,803	3,517

5 *Contingent liabilities*

There have been no material changes to the aggregate of contingent liabilities since 30 June 2018.

6 *Commitments*

There have been no material changes to commitments disclosed in the 30 June 2018 annual report.

7 *Cash and cash equivalents*

	Dec 2018 $	Jun 2018 $
Cash at bank and at call	370,987	375,416
	370,987	375,416

8 Exploration and evaluation expenditure

	Dec 2018 $	Jun 2018 $
Movement:		
Carrying amount at beginning of period	55,289	381,368
Additional costs capitalised during the period	35,807	603,613
Sale of interest	-	(40,000)
Impairment	(39,029)	(889,692)
Carrying amount at end of period	52,067	55,289
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	7,778	39,179
Exploration and evaluation phase		
- Joint Venture	44,289	16,110
	52,067	55,289

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

9 *Controlled entities*

Entities forming part of the Auteco Minerals Limited consolidated group are as follows:

	Country of incorporation	Percentage owned (%)	
		Dec 2018	Jun 2018
Parent entity:			
Auteco Minerals Limited	Australia		
Subsidiaries of Auteco Minerals Limited:			
Monax Alliance Pty Ltd	Australia	100%	100%

10 *Investments in associates*

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest %		Carrying amount of investment	
Unlisted				Dec 2018	Jun 2018	Dec 2018	Jun 2018
Groundhog Partnership	Administration services	n/a	n/a	50	50	-	-

11 *Operating segments*

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and have concluded, due to the Group being solely focussed on exploration activity, at this time that there are no separately identifiable segments.

12 Issued capital

	Dec 2018 $	Jun 2018 $
Issued and paid-up share capital		
902,464,650 (June 2018: 722,464,650) ordinary shares, fully paid	24,483,244	24,126,692
Ordinary shares		
Balance at the beginning of the period	**24,126,692**	**23,084,761**
Shares issued during the year		
- 8,416,657 shares issued under share purchase plan	-	50,500
- 111,594,345shares issued under placement	-	502,175
- 4,690,486 Shares issued to Westralian Diamond Drillers Pty Ltd for drilling services undertaken at the Western Queen Project	-	32,833
- 82,000,000 Share issued under placement	-	328,000
- 57,802,444 shares issued under placement	-	184,968
- 180,000,000 shares issued under placement	360,000	-
Less transaction costs arising from issue of shares net of tax	(3,448)	(56,545)
Balance at end of period	**24,483,244**	**24,126,692**

As at 31 December 2018, there were 10,000,000 (June 2018: 11,200,000) unissued shares for which the following options and right were outstanding.

- 10,000,000 unlisted options exercisable at $0.015 by 30 June 2020

13 Events subsequent to reporting date

Other than detailed below, there has not arisen in the interval between 31 December 2018 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

During February 2019, the Company announced a share placement to sophisticated shareholders to raise $500,000 (before costs) for Limestone Well Vanadium Project and new project opportunities in both Australia and internationally. The placement is subject to shareholder approval at an Extraordinary General Meeting on 29 March 2019.

14 Going Concern

The financial report has been prepared on the basis of going concern.

The Consolidated Entity incurred a net loss of $306,496. For the half-year ended 31 December 2018 there was a net cash outflow of $357,960 from operations and investing activities. The Consolidated Entity's planned expenditure exceeds its current cash held and the Group continues to be reliant on the completion of a capital raising for continued operations and the provision of working capital. These conditions identified above and discussed below give rise to a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

If the additional capital is not obtained, the going concern basis may not be appropriate with the result that the company and consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business in amounts different from those stated in the financial report.

Directors' declaration

The Directors of the Company declare that:

(a) the half-year financial statements and notes, set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;

(b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated 12 March 2019

This declaration is made in accordance with a resolution of the directors:

Samuel Brooks
Director

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Independent Auditor's Review Report

To the Members of Auteco Minerals Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Auteco Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and 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 description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Auteco Minerals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 14 in the financial report, which indicates that the Group incurred a net loss of $306,496 during the half year ended 31 December 2018 and operations were funded by a cash outlay of $357,690 from operating and investing activities. As stated in Note 14, these events or conditions, along with other matters as set forth in Note 14, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and 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 half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 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 Auteco Minerals 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.*

Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

Bronwyn Wundersitz

Partner – Audit & Assurance

Adelaide, 12th March 2019