



FINANCIAL REPORT

For the half year ended 31 December 2019



CORPORATE DIRECTORY

AUTECO MINERALS LTD

ACN 110 336 733

ABN 96 110 336 733

EXECUTIVE CHAIRMAN

Ray Shorrocks

EXECUTIVE TECHNICAL DIRECTOR

Sam Brooks

NON-EXECUTIVE DIRECTORS

Steve Parsons

Michael Naylor

COMPANY SECRETARY

Nicholas Katris

REGISTERED OFFICE

Level 3, Suite 3

24 Outram Street

West Perth, WA 6005

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STOCK EXCHANGE LISTING

ASX Code: AUT

SHARE REGISTRAR

Computershare Investor Services Pty Limited

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PERTH WA 6000

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Investor Centre: www.investorcentre.com

AUDITOR

Grant Thornton Audit Pty Ltd

Central Park

Level 43, 152 – 158 St Georges Terrace

PERTH WA 6000



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DIRECTORS' REPORT

The directors present their report of Auteco Minerals Ltd for the half year ended 31 December 2019.

DIRECTORS

The Directors of the Company in office during the half year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Ray Shorrocks

(Executive Chairman appointed 28 January 2020)

Stephen Parsons

(Non-executive Director appointed 28 January 2020)

Michael Naylor

(Non-executive Director)

Samuel Brooks

(Executive Director)

Ian Gordon

(Non-executive Director resigned 28 January 2020)

PRINCIPAL ACTIVITIES

The principal activities of the company during the period consisted of mineral exploration and evaluation at the Limestone Well Project in Western Australia and the due diligence for the acquisition of the Pickle Crow Gold Project in Ontario, Canada.

OPERATING RESULTS

- Consolidated net loss after tax for the half year was \$460,445 (31 December 2018: loss of \$306,496).
- Cash and cash equivalents at 31 December 2019 totalled \$354,185 (30 June 2019: \$728,055).
- No dividends were declared or paid during the six months ended 31 December 2019 (2018: nil).

REVIEW OF OPERATIONS

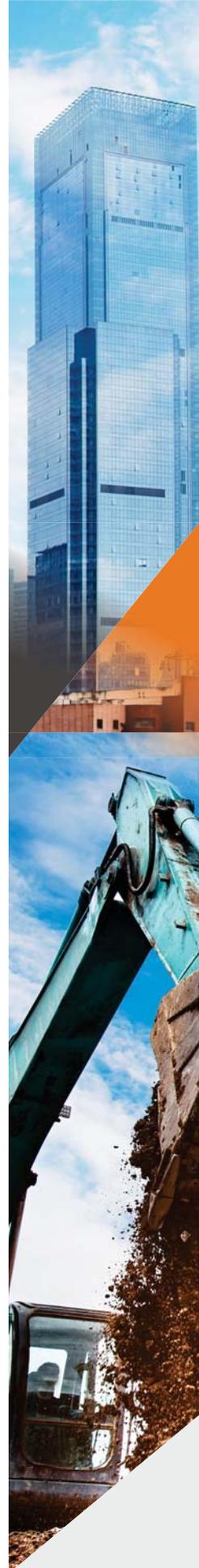
Limestone Well Project (Earning up to 80%)

During the half year, Auteco completed its maiden reconnaissance Reverse Circulation drilling campaign at the Limestone Well target. A total of six holes were completed for 1,163m of drilling across a strike length of 8km.

Results from the drilling were very successful with significant widths and grades of magnetite bearing vanadium-titanium mineralisation intercepted from the three holes completed from the western stratigraphic horizon. These three holes completed over the 8km of strike contained mineralisation from the start to the end of hole indicating the width of the mineralised zone exceeds the area tested by the drilling.

The results are consistent with the abutting Neometals Ltd Barrambie vanadium-titanium deposit mineralisation with the three holes that intercepted the prospective stratigraphy returning the following results (refer ASX announcement 14 October 2019):

- 20m @ 0.48% V₂O₅ & 6.5% TiO₂ from 12m and a second zone of 72m @ 0.46% V₂O₅ & 8.6% TiO₂ from 52 m (including: 16m @ 0.70% V₂O₅) in hole LWRC003.
- 12m @ 0.72% V₂O₅ & 8.5% TiO₂ from 12m a second zone of 24m @ 0.50% V₂O₅ & 6.2% TiO₂ from 48m and a third zone to end of hole of 56m @ 0.46% V₂O₅ & 6.1% TiO₂ from 164 m in hole LWRC005.
- 20m @ 0.50% V₂O₅ & 6.5% TiO₂ from 64m and a second zone of 116m @ 0.36% V₂O₅ & 11.0% TiO₂ from 104m to end of hole in LWRC006.
- Includes high-grade TiO₂ of 52m @ 17.3 % TiO₂ from 168 to end of hole.





JOINT VENTURE

Auteco elected to continue funding its Joint Venture for the Limestone Well Project with Mithril Resources (ASX: MTH) and can earn up to an 80% interest in Mithril's Limestone Well tenements (Exploration Licences 20/846 and 51/1069) by completing exploration expenditure of \$2.5 million over 5 years.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

BOARD CHANGES

The Company announced on 28 January 2020 that it had made two appointments to the Board.

RAY SHORROCKS – EXECUTIVE CHAIRMAN

Mr Shorrocks has over 27 years' experience in corporate finance and has advised a diverse range of mining companies during his career at one of Australia's largest investment banking and full service stockbroking and financial services firms. He has been instrumental in managing and structuring equity

capital raisings as well as having advised extensively in the area of mergers and acquisitions.

STEVE PARSONS – NON-EXECUTIVE DIRECTOR

Mr Parsons has over 20 years' experience in the mining industry with a proven track record of mineral discoveries, corporate growth, international investor relations and creating shareholder wealth. Mr Parsons has an honours degree in Geology.

IAN GORDON – resigned on 28 January 2020 as Non-Executive Director.

ACQUISITION OF PICKLE CROW GOLD PROJECT

On the 28 January 2020, Auteco announced it has entered into a binding term sheet with First Mining Gold Corp to acquire up to 80% of the Pickle Crow high-grade gold project. For full details refer to the aforementioned ASX announcement.

The Pickle Crow Gold Project is located in Ontario, Canada and is one of Canada's highest-grade historical gold mines that produced 1.5 Moz @ 16 g/t gold, mined from 1935 – 1966.¹

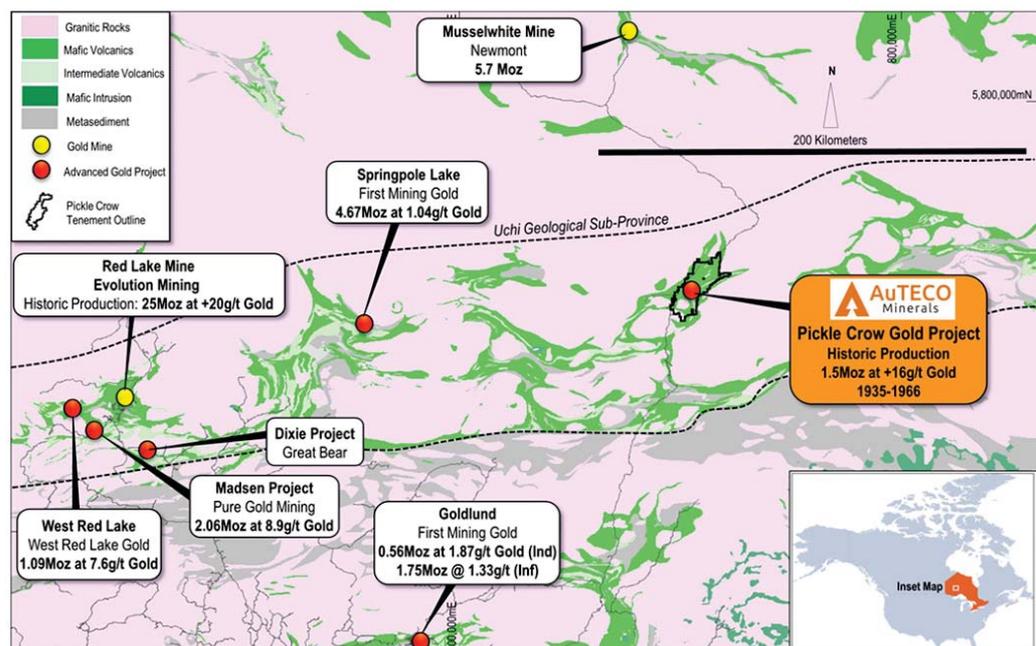


Figure 1 Pickle Crow Gold project located in a tier one jurisdiction with large, high-grade gold mines.

DIRECTORS' REPORT

TRANSACTION SUMMARY

- Auteco has completed its due diligence in respect of the Patented Claims and has proceeded to enter into a binding term sheet to acquire up to 80% of the Pickle Crow Gold Project from First Mining. The key acquisition terms are as follows:
- A payment of C\$50,000 has been made to First Mining on execution of the binding term sheet.
- Subject to the execution of a formal agreement (**Formal Agreement**) within 45 days (or such longer period as agreed), the consideration for the earn-in is as follows:
 - Upon signing the Formal Agreement:
 - A further C\$50,000 cash
 - 25,000,000 Shares in the capital of Auteco at a deemed issue price of A\$0.008 per share (subject to shareholder approval)
 - **Stage 1 Earn-In (51%):**
 - Auteco spending C\$5,000,000 over three years comprising:
 - Spending C\$750,000 within a 12-month period (**'Expenditure Payment 1'**);
 - Spending C\$4,250,000 within a 24-month period after Expenditure Payment 1 is satisfied; and
 - Subject to shareholder approval by Auteco, issuing to First Mining 100,000,000 Shares in Auteco. (together **'Stage 1 Earn in'**)
 - **Stage 2 Earn-In (a further 19%):**
 - Auteco expending exploration expenditure in the 24-month period commencing on the date that Auteco satisfies the Stage 1 Earn-in of C\$5,000,000 (**'Expenditure Payment 3'**); and
 - Within 90 days of completing **Expenditure Payment 3**, making a cash payment to First Mining in the amount of C\$1,000,000 (**'Expenditure Payment 4'**), (together the **'Stage 2 Earn In'**).
 - Buy In (a further 10% to total 80%): Auteco may buy a further 10% interest by paying C\$3,000,000 to First Mining; and
 - A 2% Net Smelter Return granted after the **Stage 2 Earn-In**. Auteco may purchase 1% of the Royalty back for C\$2,500,000.

The earn-in under the Formal Agreement is proposed to be via an unincorporated joint venture unless the parties agree otherwise based on a review of applicable tax, accounting, corporate and regulatory issues.

Investors are cautioned that the proposed earn-in remains conditional on:

- (a) the Formal Agreement (including representations and warranties) being executed within 45 days (or such longer period as agreed); and
- (b) receipt of all necessary third party and regulatory consents or approvals required in connection with the earn-in.





TENEMENT ACQUISITION AT PICKLE CROW

Exploration was given major boost on 17 February 2020 when the Company announced it had increased a large strategic tenement holding near the Pickle Crow Project, increasing its stake by ~130km² and now covers more than 30km of underexplored strike on the prolific Core-Mine Gold Trend and Patricia Gold Trend (see Figure 2).

PLACEMENT

As announced on 28 January 2020 Auteco had raised \$1.2 million through a

placement of 150,000,000 fully paid ordinary shares at an issue price of \$0.008 to sophisticated and professional investors.

The funds will be used to advance exploration at Pickle Crow Gold Project and for general working capital purposes.

Except as disclosed above, there have been no events subsequent to balance date that would affect the amounts reported in the consolidated financial statements as at and for the half year ended 31 December 2019.

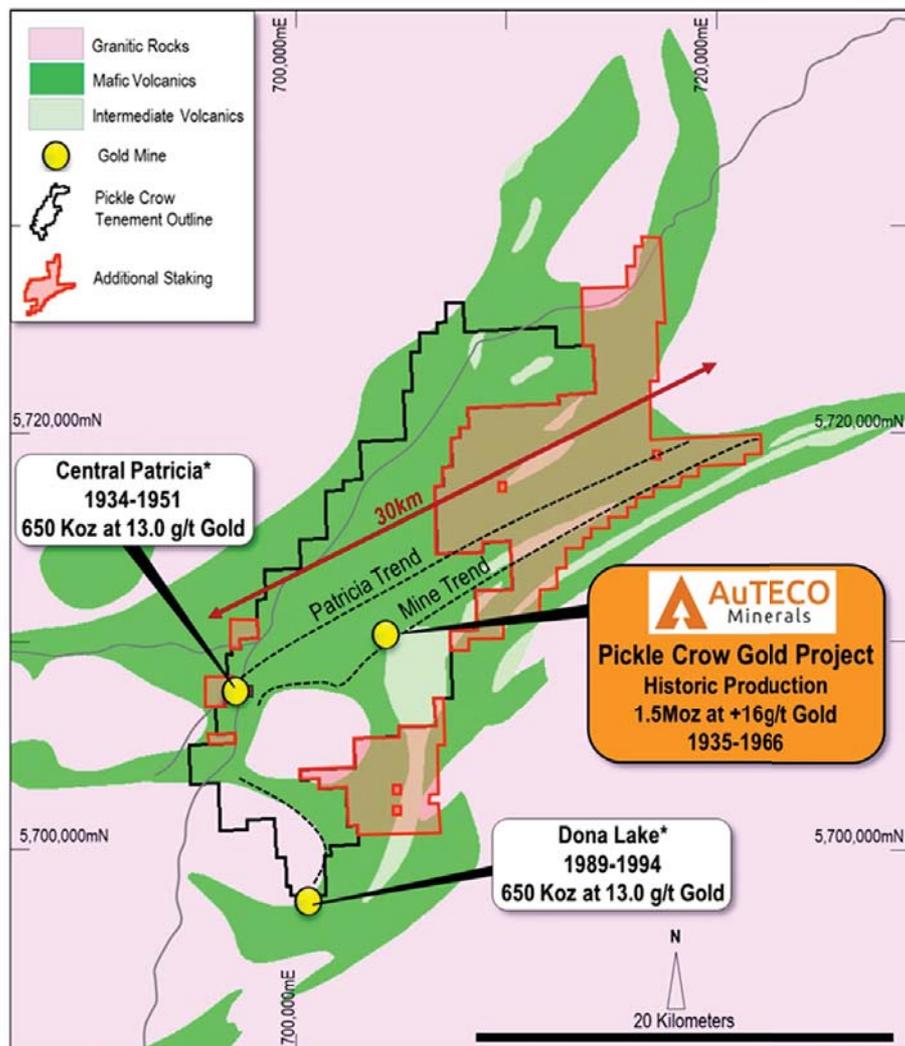


Figure 2: Pickle Crow landholding with new ground shown in red.

DIRECTORS' REPORT

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 07, and forms part of this report.

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



Ray Shorrocks

Executive Chairman

Dated on 09 March 2020

NOTES

¹ Acquisition of Pickle Crow High-Grade Gold Project announced 28 January 2020 - <https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&id=02195637>

DISCLAIMER

This report has been prepared by Auteco Minerals Ltd (the Company) based on information from its own and third-party sources and is not a disclosure document. No party other than the Company has authorised or caused the issue, lodgement, submission, despatch or provision of this half year report, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this half year report. Except for any liability that cannot be excluded by law, the Company and its related bodies corporate, directors, employees, servants, advisers and agents (Affiliates) disclaim and accept no responsibility or liability for any expenses, losses, damages or costs incurred by you relating in any way to this half year report including, without limitation, the information contained in or provided in connection with it, any errors or omissions from it however caused, lack of accuracy, completeness, currency or reliability or you or any other person placing any reliance on this half year report, its accuracy, completeness, currency or reliability. This half year report is not a prospectus, disclosure document or other offering document under Australian law or under any other law. It is provided for information purposes and is not an invitation nor offer of shares or recommendation for subscription, purchase or sale in any jurisdiction. This half year report does not purport to contain all the information that a prospective investor may require in connection with any potential investment in the Company. Each recipient must make its own independent assessment of the Company before acquiring any shares in the Company (Shares).

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 2019, 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 AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 9 March 2020



FINANCIAL STATEMENTS

For the half year ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 \$	31 December 2018 \$
OTHER INCOME		130	58
Accounting and audit		(14,317)	(10,655)
Consultants and contractors		(100,967)	(77,151)
Depreciation and amortisation		(468)	(784)
Director's fees		(27,000)	(25,180)
Employee benefits expenses		(29,189)	(86,778)
Exploration and evaluation costs		(2,930)	-
Impairment of exploration and evaluation assets		-	(39,029)
Listing and compliance		(35,865)	(35,975)
Office rental & outgoings		(5,052)	(6,253)
Other expenses		(38,663)	(27,494)
Provision for payroll tax		(208,854)	-
		(463,175)	(309,241)
INTEREST INCOME		2,730	2,745
Loss before income tax		(460,445)	(306,496)
Income tax expense		-	-
Loss after income tax for the period		(460,445)	(306,496)
Other comprehensive loss		-	-
Comprehensive loss for the period attributable to:			
Equity holders of the Company		(460,445)	(306,496)
Total comprehensive income for the period, net of tax		(460,445)	(306,496)
Loss per share attributable to equity holders of the Company:		Cents	Cents
Basic and diluted loss per share		(0.05)	(0.04)

The above statement should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
Current assets			
Cash and cash equivalents		354,185	728,055
Trade and other receivables		28,348	14,821
Other assets		-	11,875
Total current assets		382,533	754,751
Non-current assets			
Plant and equipment		2,919	3,353
Exploration and evaluation assets	6	196,026	44,638
Total non-current assets		198,945	47,991
Total assets		581,478	802,742
LIABILITIES			
Current liabilities			
Trade and other payables		82,052	52,399
Provisions	7	210,202	674
Total current liabilities		292,254	53,073
Total liabilities		292,254	53,073
Net assets		289,224	749,669
EQUITY			
Share capital		24,978,682	24,978,682
Reserves		512,346	512,346
Accumulated losses		(25,201,804)	(24,741,359)
Total equity		289,224	749,669

The above statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Share capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2018	24,126,692	85,565	(23,850,587)	361,670
Loss for the period	-	-	(306,496)	(306,496)
Other comprehensive income	-	-	-	-
Total other comprehensive loss for the period	-	-	(306,496)	(306,496)
Transactions with owners in their capacity as owners:				
Transfer of lapsed options issued to employees	-	(42,165)	42,165	-
Shares issued during the period	360,000	-	-	360,000
Share issuance expense	(3,448)	-	-	(3,448)
Balance at 31 December 2018	24,483,244	43,400	(24,114,918)	411,726
Balance at 1 July 2019	24,978,682	512,346	(24,741,359)	749,669
Loss for the period	-	-	(460,445)	(460,445)
Other comprehensive income	-	-	-	-
Total other comprehensive loss for the period	-	-	(460,445)	(460,445)
Balance at 31 December 2019	(24,978,682)	(512,346)	(25,201,804)	(289,224)

The above statement should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	31 December 2019 \$	31 December 2018 \$
OPERATING ACTIVITIES		
Payments to suppliers and employees	(227,795)	(334,392)
Payments for exploration and evaluation expensed	(2,930)	-
Interest received	2,730	2,803
Net cash used in operating activities	(227,995)	(331,589)
INVESTING ACTIVITIES		
Payments for plant and equipment	-	(1,053)
Payments for exploration and evaluation capitalised	(151,388)	(25,318)
Other (security bond refunded)	5,513	-
Net cash used in investing activities	(145,875)	(26,371)
FINANCING ACTIVITIES		
Proceeds from issue of shares	-	360,000
Capital raising costs for issue of shares	-	(6,469)
Net cash provided by financing activities	-	353,531
Net decrease in cash and cash equivalents	(373,870)	(4,429)
Cash and cash equivalents at the beginning of the period	728,055	375,416
Cash and cash equivalents at the end of the period	354,185	370,987

The above statement should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Auteco Minerals Ltd and its subsidiaries (collectively referred to as the “Group”).

Auteco Minerals Ltd the (“Company”) is a for profit company, limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group’s principal activity for the six months ended 31 December 2019 consisted of exploration and evaluation of titanium and vanadium in Western Australia at the Limestone Well Project.

The half year financial report was approved by the Board of Directors on 09 March 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial report for the year ended 30 June 2019, and any public announcements made by the Company during the half year ended 31 December 2019 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

b) Significant accounting policies

The accounting policies applied in these financial statements are consistent with those applied by the Group in the 30 June 2019 consolidated financial statements, except as disclosed in note 2(c).

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2019 interim reporting period and have not been applied in these financial statements.

c) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standard:

- AASB 16 Leases

AASB 16 ‘Leases’ replaces AASB117 ‘Leases’ along with three interpretations (IFRIC 4 ‘Determining an Arrangement contains a Lease’, SIC 15 ‘Operating Leases-Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions Invoicing the Legal Form of a Lease’).



AASB 16 removes the distinction between operating and finance leases for lessees. Instead, all leases other than short term and low value asset leases are recognised on the balance sheet as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. For leases recognised as operating leases under AASB 117, the lease expense will be replaced by the amortisation of the right of use asset and interest expense on the lease liability.

The Group has assessed the impact of this standard in the current period. The Group currently maintains a short-term lease, of which includes a month-to-month arrangement with no formal agreement in place (relating to the head office). The Group has considered there to be no impact under AASB 16 as this does not fall into the definition of a lease under AASB 16.

d) Going Concern

The Group incurred a net loss during the half year ended 31 December 2019 of \$460,445 (31 December 2018 \$306,496) and had cash outflows from operating and investing activities of \$373,870 (31 December 2018 \$357,960).

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this to be appropriate given:

- The ability to vary the Group's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities; and
- The Group's access to capital markets.

If the Group is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

4. CONTINGENT LIABILITIES

The Company has recognised the contingent liabilities at 30 June 2019, as a provision, refer to note 7.

5. COMMITMENTS

There have been no material changes to commitments disclosed in the 30 June 2019 annual report.

6. EXPLORATION AND EVALUATION ASSETS

	31 December 2019 \$	30 June 2019 \$
Exploration and evaluation expenditure carried forward:		
Carrying amount at the beginning of the period	44,638	55,289
Capitalised expenditure at cost	151,388	52,983
Impairment	-	(63,634)
Carrying amount at end of period	196,026	44,638

The carrying amount at 31 December 2019 is in relation to Limestone Well Project a farm-in and joint venture agreement with Mithril Resources to earn up to 80 per cent of Mithril's Limestone Well tenements 20/846 and 51/1069 in Western Australia.

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest.



7. PROVISIONS

	31 December 2019 \$	30 June 2019 \$
Current – Provisions		
Employee leave benefits	1,348	674
Payroll tax ¹	208,854	-
Total provision at 31 December 2019	210,202	674

¹In July 2016, the Company and Groundhog Services Partnership received re-assessments for payroll tax totalling \$208,854 for the periods 1 July 2010 to 30 June 2015. Subsequent discussions have been held with Revenue South Australia to resolve this ongoing matter.

At the date of these financial statements, Revenue South Australia has indicated that it intends to seek repayment of the payroll tax. If the assessment is satisfactorily resolved, the provision will be adjusted in the subsequent reporting periods accordingly.

8. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

As at 31 December 2019, the Group operates in one segment being Exploration and Evaluation of Minerals in Australia.

9. EVENTS AFTER BALANCE DATE

Other than detailed below, there has not arisen in the interval between 31 December 2019 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.

Board Changes

The Company announced on 28 January 2020 that it had made two appointments to the Board.

CONDENSED NOTES

TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Ray Shorrocks – Executive Chairman

Mr Shorrocks has over 27 years' experience in corporate finance and has advised a diverse range of mining companies during his career at one of Australia's largest investment banking and full service stockbroking and financial services firms. He has been instrumental in managing and structuring equity capital raisings as well as having advised extensively in the area of mergers and acquisitions.

Steve Parsons – Non-Executive Director

Mr Parsons has over 20 years' experience in the mining industry with a proven track record of mineral discoveries, corporate growth, international investor relations and creating shareholder wealth. Mr Parsons has an honours degree in Geology.

Ian Gordon – resigned on 28 January 2020 as Non-Executive Director.

Acquisition of Pickle Crow Gold Project

On the 28 January 2020, Auteco announced it has entered into a binding term sheet with First Mining Gold Corp to acquire up to 80% of the Pickle Crow high-grade gold project. For full details refer to the aforementioned ASX announcement.

The Pickle Crow Gold Project is located in Ontario, Canada and is one of Canada's highest-grade historical gold mines that produced 1.5 Moz @ 16 g/t gold, mined from 1935 – 1966.

TRANSACTION SUMMARY

Auteco has completed its due diligence in respect of the Patented Claims and has proceeded to enter into a binding term sheet to acquire up to 80% of the Pickle Crow Gold Project from First Mining. The key acquisition terms are as follows:

- A payment of C\$50,000 has been made to First Mining on execution of the binding term sheet.
- Subject to the execution of a formal agreement (Formal Agreement) within 45 days (or such longer period as agreed), the consideration for the earn-in is as follows:
 - Upon signing the Formal Agreement:
 - A further C\$50,000 cash
 - 25,000,000 Shares in the capital of Auteco at a deemed issue price of A\$0.008 per share (subject to shareholder approval)
 - **Stage 1** Earn-In (51%):
 - Auteco spending C\$5,000,000 over three years comprising:
 - Spending C\$750,000 within a 12-month period ('Expenditure Payment 1');



- Spending C\$4,250,000 within a 24-month period after Expenditure Payment 1 is satisfied; and
- Subject to shareholder approval by Auteco, issuing to First Mining 100,000,000 Shares in Auteco. (together 'Stage 1 Earn in')
- **Stage 2 Earn-In** (a further 19%):
 - Auteco expending exploration expenditure in the 24-month period commencing on the date that Auteco satisfies the Stage 1 Earn-in of C\$5,000,000 ('Expenditure Payment 3'); and
 - Within 90 days of completing Expenditure Payment 3, making a cash payment to First Mining in the amount of C\$1,000,000 ('Expenditure Payment 4'), (together the 'Stage 2 Earn In').
- Buy In (a further 10% to total 80%): Auteco may buy a further 10% interest by paying C\$3,000,000 to First Mining; and
- A 2% Net Smelter Return granted after the Stage 2 Earn-In. Auteco may purchase 1% of the Royalty back for C\$2,500,000.

The earn-in under the Formal Agreement is proposed to be via an unincorporated joint venture unless the parties agree otherwise based on a review of applicable tax, accounting, corporate and regulatory issues.

Investors are cautioned that the proposed earn-in remains conditional on:

- (a) The Formal Agreement (including representations and warranties) being executed within 45 days (or such longer period as agreed); and
- (b) Receipt of all necessary third party and regulatory consents or approvals required in connection with the earn-in.

TENEMENT ACQUISITION AT PICKLE CROW

Exploration was given a major boost on 17 February 2020 when the Company announced it had increased a large strategic tenement holding near the Pickle Crow Project, increasing its stake by ~130km² taking it to more than 320km², project.

PLACEMENT

As announced on 28 January 2020 Auteco had raised \$1.2 million through a placement of 150,000,000 fully paid ordinary shares at an issue price of \$0.008 to sophisticated and professional investors.

The funds will be used to advance exploration at Pickle Crow Gold Project and for general working capital purposes.

DIRECTORS’ DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

In the opinion of the Directors:

- (a)** The interim financial statements and notes of Auteco Minerals Ltd set out on pages 08 to 18 are in accordance with the Corporations Act 2001, including:
- (i)** Giving a true and fair view of the consolidated entity’s financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
 - (ii)** Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
- (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.

This declaration has been made after receiving the declaration made to the directors for the half year ended 31 December 2019 in accordance with the 4th Edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations.

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



Raymond Shorrocks

Executive Chairman

Dated on 09 March 2020

Independent Auditor's 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 condensed consolidated statement of financial position as at 31 December 2019, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 2019, 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 2(d) in the financial report, which indicates that the Group incurred a net loss of \$460,445 during the half year ended 31 December 2019 and, as of that date, the Group's operating cash outflows amount to \$227,995. As stated in Note 2(d), these events or conditions, along with other matters as set forth in Note 2(d), 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 2019 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 AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 9 March 2020