



First Au Limited

ABN 65 000 332 918

Interim Financial Report

For the Half-Year Ended 30 June 2020

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 31 December 2019.

First Au Limited

ABN 65 000 332 918

Company Particulars

Directors:

Bryan Frost - Executive Chairman and Managing Director

Richard Revelins - Executive Director

Damon O'Meara - Non-Executive Director

Michael Quinert - Non-Executive Director

Company Secretary and Chief Financial Officer:

David McBain

Level 1, 123 Whitehorse Road, Balwyn, VIC, 3103

Telephone: (03) 9817 0700

Email: dmc bain@firstau.com

Auditors:

McLean Delmo Bentleys Audit Pty Ltd

Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

Share Registry:

Link Market Services Limited

Tower 4, 727 Collins Street, Docklands, VIC 3008

Telephone: (03) 9200 4555

Free call: 1300 554 474

Email: registrars@linkmarketservices.com.au

Stock Exchange:

Listed on the Australian Securities Exchange Limited ('ASX')

ASX Codes: FAU (shares) FAUO (listed options)

Registered Office:

At the offices of McBain McCartin & Co Business Services Pty Ltd

Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

Telephone: (03) 9817 0700

Fax: (03) 9817 0799

Email: info@firstau.com

Web: www.firstau.com

Principal Place of Business:

At the offices of McBain Corporate Solutions Pty Ltd

Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

Directors' Report

Your Directors present their financial report of First Au Limited for the half-year ended 30 June 2020.

Directors:

The names of the Directors in office at any time during or since the end of the half-year are:

Bryan Frost - Executive Chairman and Managing Director

Richard Revelins - Executive Director

Damon O'Meara - Non-Executive Director

Michael Quinert - Non-Executive Director

Principal Activities:

The principal activity of the Company is exploration for gold and base metals.

Results:

The consolidated entity reported a Net Loss for the half year of \$846,541 (30 June 2018 Net Loss \$1,453,886)

Review of Operations:

In response to the COVID-19 outbreak field activities and exploration drilling were delayed during the 6-month reporting period to 30 June 2020. Most mining and exploration companies were operating under uncertain or changed circumstances which impacted on the timing and execution of planned exploration programs.

On 4 March 2020 First Au announced, "RC Drilling at Gimlet Supports Continued Mineralisation with Depth". Drilling from 2 RC Drill holes returned results including 10m @ 3.1 g/t Au (from 195m) and 5m @ 3.6 g/t Au (from 150m). As a result of COVID-19, First Au delayed the next phase of its planned drilling program at Gimlet to properly assess prevailing conditions and secure drilling contractors.

Subsequent to the end of the reporting period, the Company announced on 24 August 2020 "Diamond Drilling Commences at Gimlet" The Company commenced a 3 to 4 diamond hole (700m to 800m) drilling program seeking additional extensions to the Gimlet gold discovery where First Au has already defined a JORC Inferred Resource of approximately 69,000 ounces of gold (refer ASX release dated 7 May, 2019).

During the reporting period, First Au announced that it had entered into an agreement to acquire an 80% interest in Victorian Goldfields Pty Ltd ("VicGold"), the owner of the Victorian Gold Project, centered on the Haunted Stream historical gold workings, including newly interpreted gold and porphyry copper targets. The VicGold geological team were first movers in this area and initiated a mineralized systems study that has provided a new conceptual model to be tested once the exploration lease applications are granted. The 2,250 km² tenement application area will, subject to grant, make First Au a significant player in the Eastern Goldfields region of Victoria.

Subsequent to the end of the reporting period, First Au announced that it had entered into an option agreement with Mines of Stirling Pty Ltd ("Stirling") to acquire an 85% (diluting to 80%) interest in granted exploration licence EL 5505 and prospecting licence application PL 007319, located 15 kms (30 minutes' drive) directly north of the Victorian Goldfields Project ("Snowstorm Project"). Snowstorm contains the same Ordovician-aged rocks as Haunted Stream, has historically yielded high grade results and exhibits correlation to the same gold targets as the Victorian Gold Project. Like Haunted Stream, Snowstorm offers near term, drill ready targets for First Au to pursue.

On 17 July 2020, the Company announced that it had successfully completed its due diligence investigations in respect to VicGold, a major condition precedent for completion of the acquisition.

On 11 June 2020, the Company announced that it had completed a share placement of 74,700,000 shares at a subscription price of \$ 0.01 (1 cent) per share which raised \$747,000, before allowing for costs associated with the issue. Subsequent to the end of the reporting period, the Company also announced that it had

completed a heavily oversubscribed Share Purchase Plan ("SPP"). The SPP was announced on 11 June 2020 to raise up to \$280,000 through the allotment of up to 28 million shares at a subscription price of \$ 0.01 (1 cent) per share. The SPP closed on 13 July 2020 having received application funds for a total of \$3,033,500, 11 times oversubscribed and resulting in a scale back of 89%.

VicGold Transaction Details:

On 3 June 2020, First Au announced that it had entered into a binding term sheet (**Term Sheet**) to acquire 80% of the issued share capital of VicGold which holds applications making up the Victorian Goldfields Project ("the Project"). The Project comprises 5 Exploration License Applications (EL 006975, EL 006976, EL 006977, EL 005422 and EL 006816) in East Gippsland, Victoria, located around the towns of Bruthen, Swifts Creek and Dargo (Figures 1 and 2). The Project presents an opportunity for First AU to establish a stake in the highly prospective Victorian goldfields. The Haunted Stream application area (EL 006816) shows potential for significant high-gold continuity, indicated from historic workings and rock chip sampling for over 8 Km strike length (Figure 3). Historic mine records dating back as far as the 1880's from Victorian Government show ore being extracted at above 1 ounce per tonne (e.g. Exhibition Mine reported production at over 5 oz Au per tonne) (refer ASX release dated 3 June 2020). The total application area of over ~ 2,250 km², would subject to grant, make First AU one of the significant leaseholders in Eastern Victoria.

The Haunted Stream area contains significant historic workings that have had limited to no drilling to effectively test their depth extents. In addition to the historic workings, there occur untested, prospective, saddle-reef style zones and numerous under-explored mafic intrusive dykes associated within the system presenting new and immediate high-grade Central Victoria-style orogenic targets, as well as Walhalla and Morning Star analogue exploration opportunities. The gold fertility of the tenement package is also further evident in the long history of alluvial mining in the area.

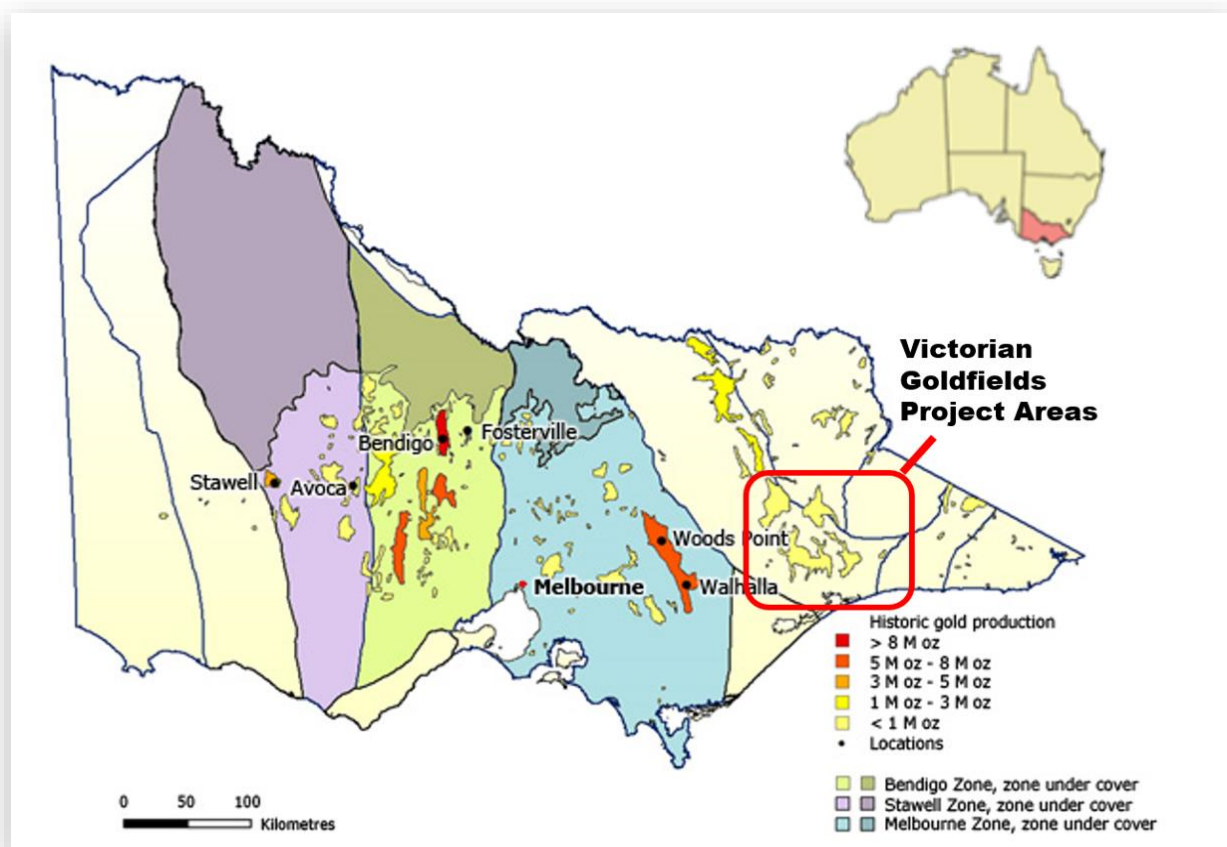


Figure 1. Location map of the Victorian Goldfields Project, Gippsland Victoria

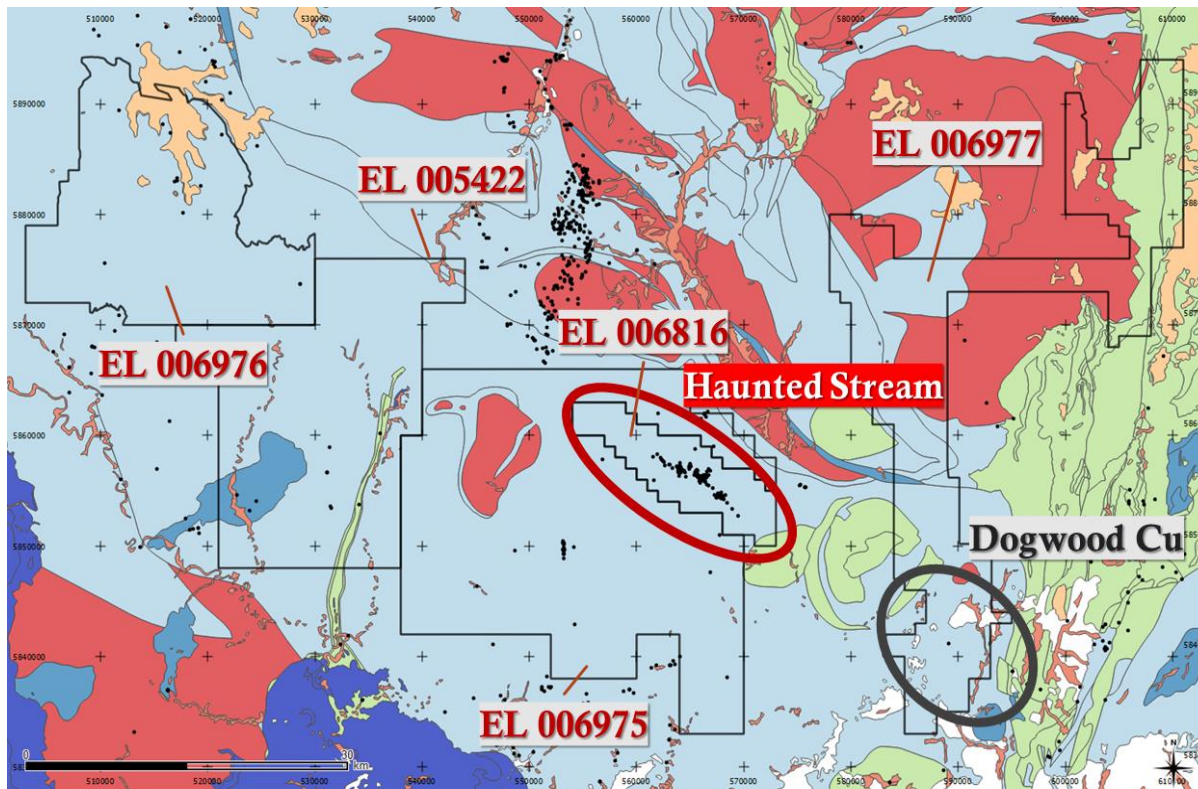


Figure 2. Outline of the tenement applications, showing main project focus of Haunted Stream Au and Dogwood Cu-Au Porphyry, East Gippsland. Black dots indicate historic gold workings (Coordinates in MGA94 zone 55)

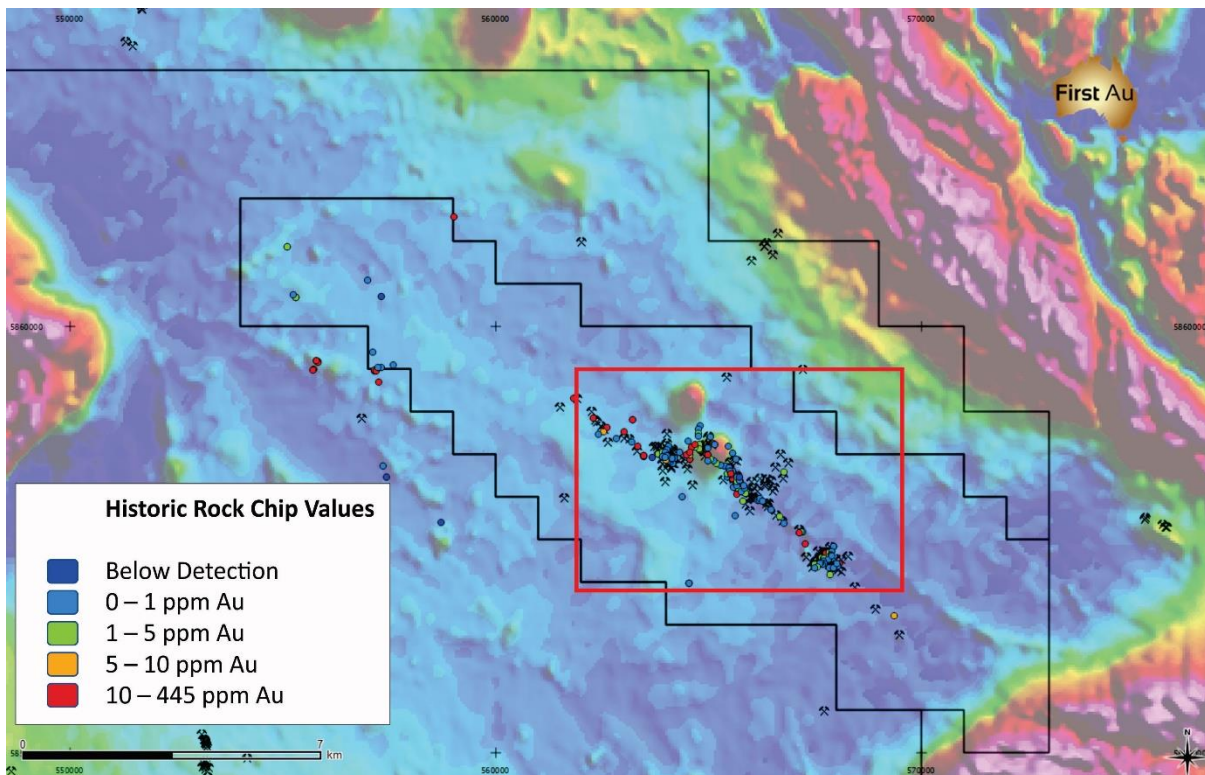


Figure 3. TMI magnetic image with Haunted Stream Tenement Application EL006816 showing rock chip data and historic workings. Note location of figure 4 (Coordinates in MGA94 zone 55)

About the VicGold Project:

The VicGold Project is in the southern extent of the Lachlan Fold Belt of Victoria's East Gippsland region (Figure 1). Previous exploration efforts on the Project area have targeted geophysical features or assumed a simple deposit style without a structural geological context.

Gold exploration in the East Gippsland region has traditionally focused on Cassilis and other deposits around the Omeo area which are high sulphidation systems hosted in the Silurian-Devonian stratigraphy, whereas the focus here in the VicGold Project is low-sulphide orogenic gold deposits hosted in the Ordovician stratigraphy. VicGold identified the prospectivity of the region early in 2018 after academic studies presented by the Geological Survey of Victoria (GSV) cited new geological evidence which supported the porphyry copper exploration initiative for the Staveland Province, Western Victoria. This same study also presented a new interpretation for the origin of the eastern arm of Ordovician Turbidites in East Gippsland as an equivalent and extension of the highly mineralised Bendigo-Fosterville terrane (i.e. Orocline Model). In addition, academic research undertaken by the GSV included two new seismic traverses across the Alpine region in South Eastern Australia to provide deep insight into the subsurface geology and major tectonic-scale structures which further supported this model. VicGold used this knowledge to apply for prospective tenure. Subsequently, detailed field mapping by VicGold was conducted in conjunction with geophysics reprocessing and interpretation, which has led to the development of a new prospectivity map for the project areas, focusing primarily on orogenic turbidite-hosted gold deposits.

In the Haunted Stream area, this emerging geological insight provides an opportunity to examine overlooked and misunderstood mineralised systems that remain open down plunge of historical workings or in new target areas that have had little exploration. VicGold geologists have conducted a preliminary data compilation and research examining the high-grade gold mineralisation in the area.

Structure of VicGold Transaction:

The proposed acquisition by First AU of 80% of the issued share capital of VicGold is referred to as "the **Transaction**". The consideration for the acquisition will be an initial allotment of 20 million ordinary shares of First AU and up to a further 60 million shares of First AU subject to achievement of specific milestones. An amount of \$75,000 is also payable at completion. A summary of the updated transaction terms was provided in the announcement headed "Transaction Update" released to ASX on 10th August 2020. The Transaction was subject to several conditions precedent, the prime one being that the flagship Haunted Stream exploration licence application EL 006816 must be granted. Other conditions included the satisfactory completion of due diligence investigations and First Au raising approximately \$1 million of new capital. The Company announced on 17 July 2020 that it had successfully completed its due diligence investigations and on 15 July 2020 that it had completed the Share Purchase Plan ("SPP"). The SPP together with the placement that was completed on 11 June, 2020 raised \$1,207,000 in total and therefore satisfied this condition.

Mines of Stirling Transaction:

On 9 July 2020 First Au announced that it had entered into an option agreement with Mines of Stirling Pty Ltd ("Stirling" or "the Vendors") to acquire an 85% interest (diluting to 80.0%) in granted exploration license EL 5505 and prospecting license application PL 007319 ("Snowstorm Project") (refer Figure 4 below), located in East Gippsland, Victoria.

The Snowstorm Project is located approximately 15 kms (30 minutes' drive) directly north of the VicGold Haunted Stream Project. It has the same Ordovician-aged rocks as Haunted Stream, has historically yielded high-grade gold results and exhibiting similarities to the same gold targets as the Victorian Gold Project. The Snowstorm Project contains Ordovician sediments (same as Haunted Stream), free gold and sulphide lodes and is "structurally controlled" with walk up drill targets once mapping is completed. Numerous mafic dykes are observed in the area and importantly, occur immediately adjacent to mineralised quartz reefs.

The main targets identified to date include a series of fault hosted lodes occurring sub-parallel to bedding trending NW-SE. First AU has further identified a series of cross-structures that bear striking similarity to those

of Haunted Stream, supporting the hypothesis that this Snowstorm Project area is highly fertile for auriferous deposits and reflects similar structural controls to those observed at Haunted Stream.

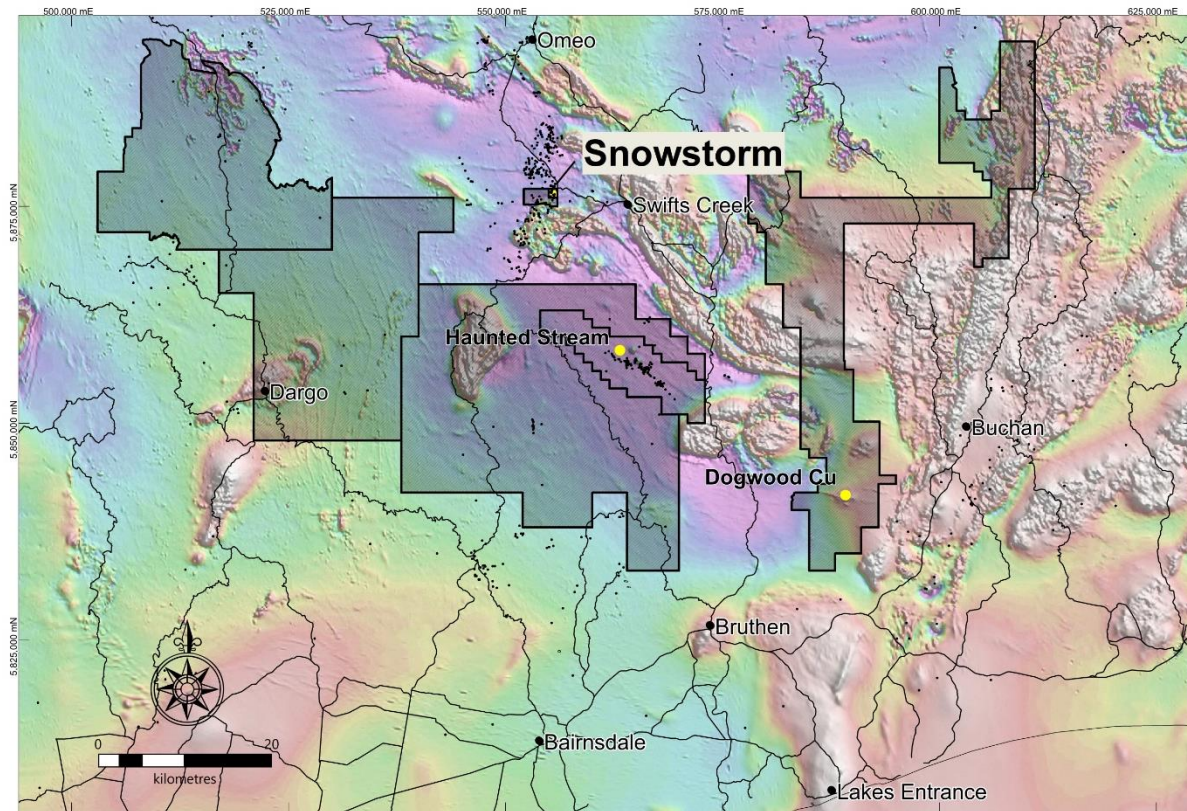


Figure 4. TMI magnetic image with the VicGold Tenement application area, including the new Snowstorm Project location. (Co-ords MGA94, Zone 55)

Under the agreement with Stirling, First Au has a two-year option secured, by the payment of \$20,000, upon satisfaction (or waiver) of the last of the conditions precedent and a further \$20,000 within 12 months of the satisfaction (or waiver) of the last condition precedent. First Au, at its sole election, can extend the option period for a further 12 months by the payment of an additional \$40,000. First Au is required to spend \$50,000 on exploration within the initial 12 months after completion and a further \$50,000 within the following 12 months. If First Au elects to extend the option period for a further 12 months, First Au would be required to spend an additional of \$50,000 on exploration. Upon completion, a 5.0% free carried interest in the tenements will be transferred to Ian Neilson or nominee(s) ("Neilson Interests") leaving First Au with an 80% interest. The Neilson Interest was granted in recognition of the work undertaken by him in respect to securing the Snowstorm Project for First Au and geological work performed in providing technical information for the Company.

Conditions include EL 5505 being renewed for a further term of not less than 3 years and the PL 007319 being granted.

Should First Au elect to exercise the option, \$250,000 is payable to the Vendors in cash or shares, or a combination of cash and shares, at the election of First AU. The share price to be used is based on the 30-day VWAP at the time. The Vendors and Ian Neilson Interests will be free carried to a decision to mine stage. First Au has the option to acquire the remaining 20% interest collectively held by the Vendors and the Neilson Interests at decision to mine at fair market value.

Gimlet Gold Project (100% owned):

The First Au 100% owned Gimlet Project occurs 15 km NW of Kalgoorlie, Western Australia (Figure 5). The tenement (EL26/174 and application M26/849) occupies 9.6 km² in area and adjoins the tenements of Horizon Minerals Limited (ASX: HZR) in the south, containing the Teal, Jacques Find and Peyes gold deposits (289,000 oz Au). Drilling in 2018 and 2019 by First AU produced a 69,000 Oz Au Inferred Resource at Gimlet, announced to the ASX on the 7th May 2019.

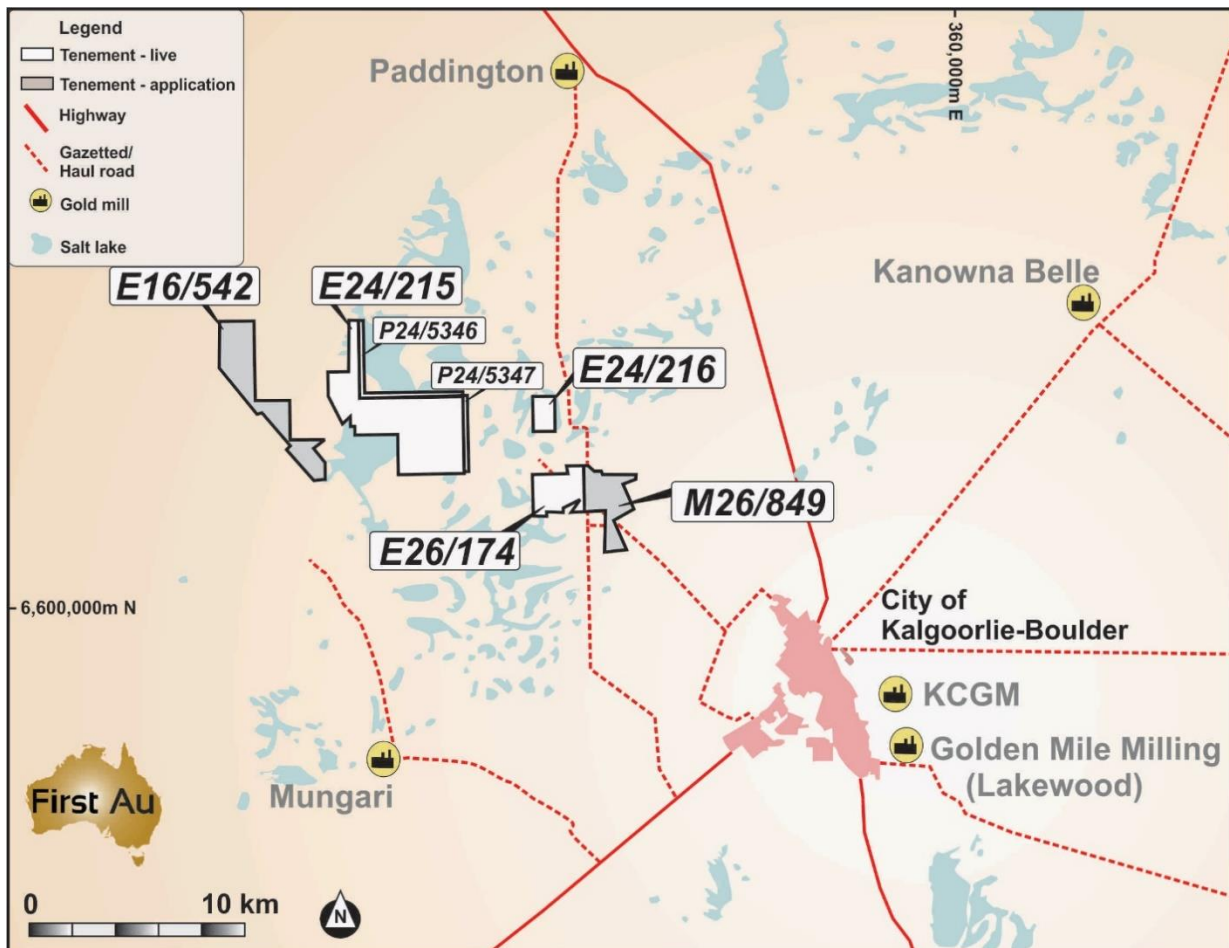


Figure 5. FAU project are near Kalgoorlie, including Gimlet. (Co-ords MGA94, Zone 51)

In addition, the Company entered an option agreement to explore the prospective White Flag tenement EL24/215, which lies ~4km WNW of the Gimlet tenement (refer to ASX release dated 9th July 2019). The company also has other exploration and prospecting licenses in the surrounding area (Figure 5). All these leases lie within close trucking distance of five gold mills within the Kalgoorlie area, with several offering the toll treatment of ore to third parties. The geology in the tenement is prospective for gold, dominated by metamorphosed felsic and intermediate volcanic rocks of Black Flag Group of the Kalgoorlie Terrane, Yilgarn Craton. This Archean geology is overlain by Cainozoic sediments, including some areas covered with salt lakes, which has previously inhibited the effectiveness of some of the historic exploration.

During the reporting period, the Company carried out an induced polarization (IP) and resistivity survey covering areas surrounding Gimlet and the Horan's Dam Prospect (Figure 6). IP has been successfully used in exploration within the Yilgarn area and was applied at the Teal Deposit (Horizon Minerals) and within the Binduli mineralised system (e.g. Janet Ivy Deposit) to the south of Gimlet. The objective of the survey was to map disseminated sulfides and alteration associated with gold mineralisation. Data recovered identified potential new target areas interpreted to be related to an alteration halo, around and along strike to Gimlet.

The IP survey is being integrated into to a new mineralisation study of the project area by First Au geological consultant Ian Neilson, who has had extensive experience in mineralisation studies within the Kalgoorlie region. The outcome of this study is to produce a series of new targets for further drilling over the next 12 months. A first phase of this work was used to assist with the recent diamond drilling program which commence on 24 August, to test down plunge to the current mineralised envelope, as well as providing core material for alteration and structural mapping to integrate into this new study.

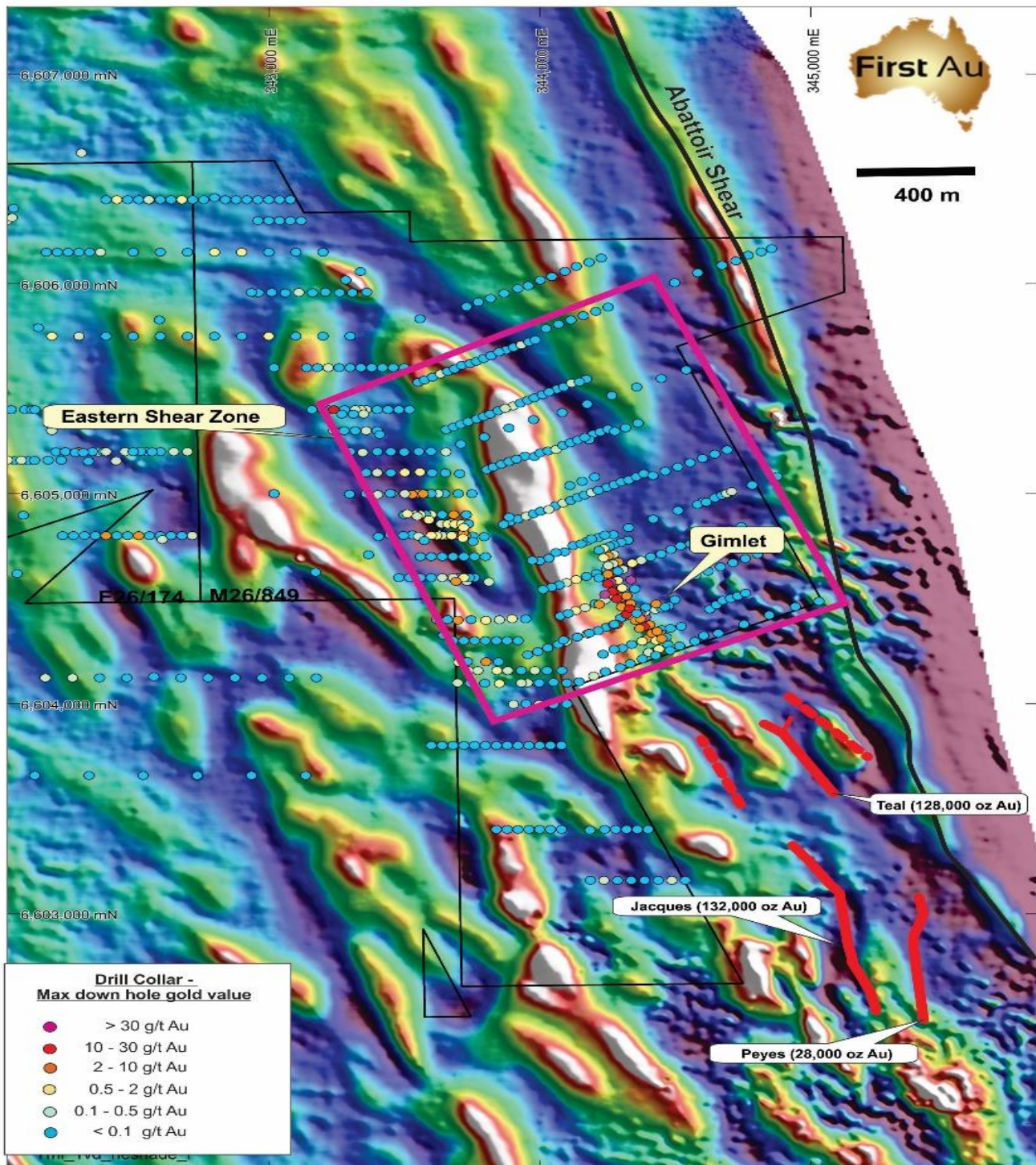


Figure 6. TMI magnetic image, showing area of IP survey at Gimlet. (Co-ords MGA94, Zone 51)

East Pilbara Projects:

First Au's East Pilbara projects comprise the Talga and the Tambina gold and/or base metals projects. All tenements are in good standing. No field work was conducted during the reporting period with activities restricted to reporting, data compilation and assessment.

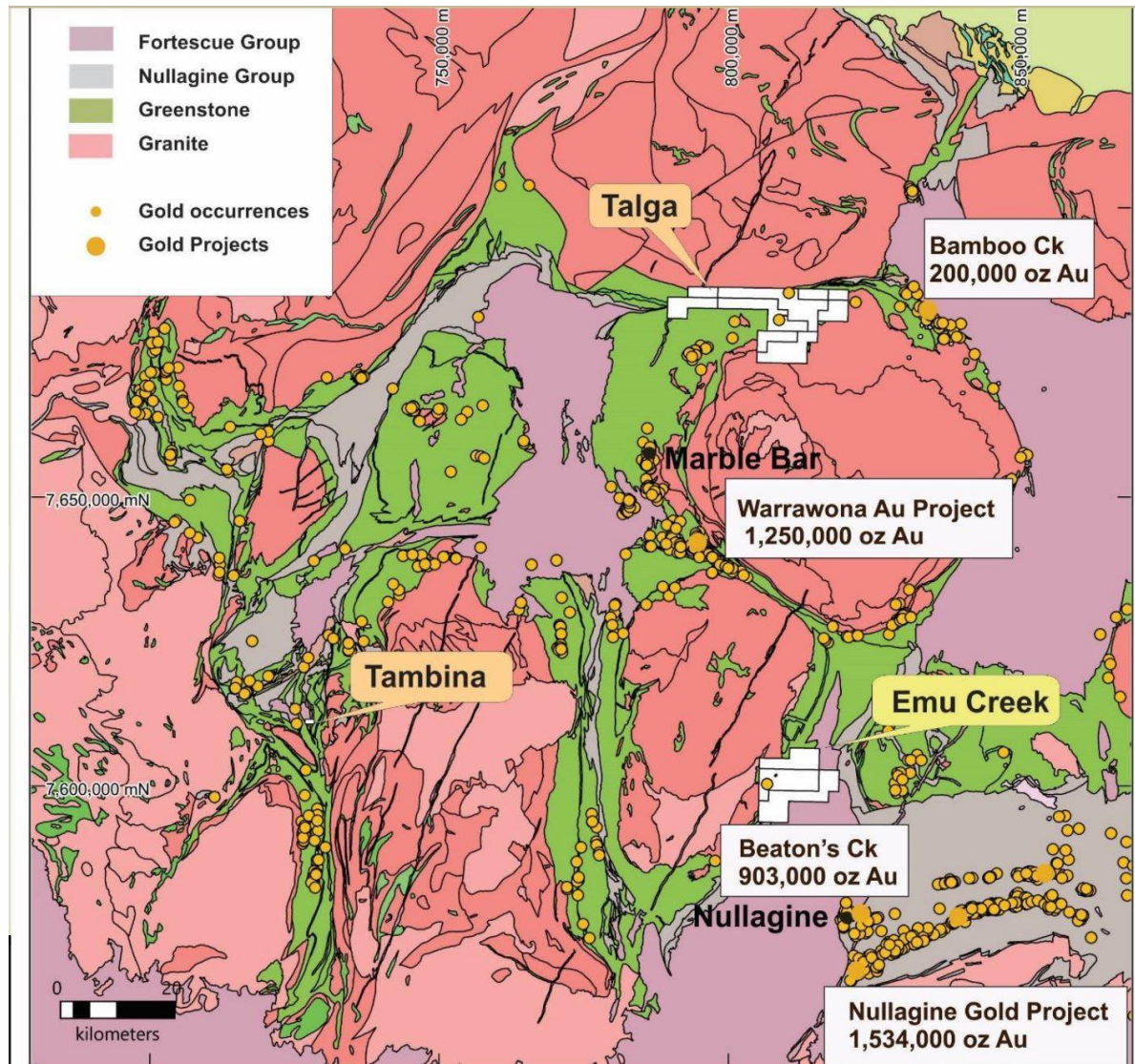


Figure 7. Regional Geology Map

Talga Project (100% owned):

The Talga tenements cover 208 km² and are located 35 kms northwest of Marble Bar, within the Pilbara region of Western Australia. The project is along strike from the Bamboo Creek Mining Centre (mined 779,305t @ 8.19 g/t Au from 1897 to 1995). Talga is prospective for Archean shear-hosted gold with the primary target being the Razorback Ridge prospect and geochemical/structural targets in the surrounding area. Other targets within the tenement package include VMS-style Cu-Au mineralisation identified along an east-west structural trend with associated gossanous exposures in the north of the project (which includes the Cord prospect) and lithium pegmatites identified in the southern portion of the project.

Tambina Project (Earning up to 80%):

On 13 March, 2019 the Company announced a Joint Venture and Farm-In Agreement ("JV") with West Wits Mining Limited (ASX: WWI) whereby First Au could earn up to an 80% interest in the JV by subscribing to a share placement of 20 million shares in WWI at 0.9 cents per share (\$180,000), a cash payment of \$60,000 and by spending \$500,000 on exploration over 3 years.

During 2019 First Au conducted an initial field assessment. 41 rock samples from 9 existing trenches were submitted for gold assay. Two channel samples collected from some of the pyrite rich conglomerate (oxidized buckshot pyrite) returned the highest assays of 1m @ 6.0 g/t AU from Trench 1 and 0.3m @ 5.16 g/t Au from Trench 6. Exploration to date has delineated a prospective zone 2 to 3 metres in width with a combined strike length of approximately 1,000 metres (refer ASX release 31 July 2019, *Quarterly Activities Report*).

Competent Persons Statement:

The information in this announcement that relates to Exploration Results is based on information compiled by Dr Gavin England, Competent Person who is a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geosciences. Dr England is a consultant to First Au Limited. Dr England has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr England consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Half Yearly Report that relates to Exploration Results is extracted from the following reports which are all available at www.asx.com.au.

- 6th April, 2018, Prospectus-Independent Geological Report
- 7th May, 2019, Maiden JORC Resource at Gimlet, Dr Gavin England, Competent Person
- 4th March, 2020, RC Drilling at Gimlet Supports Continued Mineralisation with Depth
- 22nd May 2020, IP Survey Begins at Gimlet-FAU Applies for New Tenement
- 3rd June, 2020, First Au to Acquire Victorian Gold Exploration Project
- 9th July, 2020, First Au to Expand Victorian Gold Interests
- 24th August 2020, Diamond Drilling Commences at Gimlet

Significant Changes in the State of Affairs:

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity during the half year under review not otherwise disclosed in this Interim Financial Report.

Events Subsequent to the End of the Reporting Period:

The COVID-19 pandemic has created unprecedented uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Company at the reporting date. As responses from government continue to evolve the Directors recognise that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Group, its operations, future results and financial position.

No matters or circumstances have arisen since the end of the financial reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except as noted in the following:

Victorian Gold Project: The Company in its Notice of Meeting lodged with ASX on 10 August 2020 is seeking shareholder approval for the issue of consideration shares and milestone shares to be issued upon completion of agreed performance milestones pursuant to the proposed acquisition of 80% of the issued capital of Victorian Goldfields Pty Ltd ('VicGold'). Also refer ASX announcements dated 17 July 2020 'First Au completes due diligence on Victorian Gold Project' and 10 August 2020 'Transaction Update' and Notice of Meeting for full details of the terms of the proposed acquisition.

Victorian State lockdown due to Covid-19 is currently preventing exploration and may impede the progression of the regulatory approval process for the VicGold acquisition. This may impact the Company's exploration plans in Victoria.

Share Purchase Plan (SPP): The Company announced to ASX on 15 July 2020 that the SPP had been oversubscribed and that applications were received for more than the targeted \$280,000. The applications were scaled back under the offer based on the number of SPP shares each eligible shareholder applied for under the SPP offer.

Deferred Consideration Shares: The Company announced to ASX on 25 August 2020 that it had issued 13 million fully paid ordinary shares (Deferred Consideration Shares). These deferred consideration shares were issued following satisfaction of a milestone from the JORC resource identified at the Gimlet Gold Project. Further details are set out in prior announcements of the Company including 10 January 2018 and 7 May 2019.

Auditor's Independence Declaration:

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 for the half-year ended 30 June 2020 is set out in this Interim Financial Report.

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



Bryan Frost
Executive Chairman and Managing Director

Dated: 4 September 2020

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FIRST AU LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2020 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd.

MCLEAN DELMO BENTLEYS AUDIT PTY LTD



ROD HUTTON
Partner

Hawthorn
04 September 2020

First Au Limited

ABN 65 000 332 918

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Half-Year Ended 30 June 2020**

		Half-year Ended	Half-year Ended
		30 June	30 June
	Note	2020	2019
		\$	\$
Revenue			
Interest received		214	12,218
Expenses:			
Exploration Expenses		(531,555)	(1,084,607)
Administration expenses		(315,200)	(381,497)
Loss before income tax expense		<u>(846,541)</u>	<u>(1,453,886)</u>
Income tax expense		-	-
Net loss for the period		<u>(846,541)</u>	<u>(1,453,886)</u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Gain (Loss) on fair value of listed investment measured through other comprehensive income		259,460	(60,000)
Total Comprehensive Loss for the period		<u>(587,081)</u>	<u>(1,513,886)</u>
Loss per share			
Basic (loss) per share (cents)	8	(0.028)	(0.056)
Diluted (loss) per share (cents)	8	(0.014)	(0.030)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2019 Annual Report.

First Au Limited

ABN 65 000 332 918

Consolidated Statement of Financial Position**As at 30 June 2020**

	Note	30 June 2020 \$	31 Dec 2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		961,098	1,043,522
Other receivables	2	37,054	62,823
Other Financial Assets	3	439,460	180,000
TOTAL CURRENT ASSETS		1,437,612	1,286,345
NON-CURRENT ASSETS			
Exploration and Evaluation	4	1,510,299	1,510,299
TOTAL NON-CURRENT ASSETS		1,510,299	1,510,299
TOTAL ASSETS		2,947,911	2,796,644
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		90,400	70,852
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		90,400	70,852
NET ASSETS		2,857,511	2,725,792
EQUITY			
Issued capital	5	11,424,289	10,705,489
Reserves	6	331,960	72,500
Accumulated losses		(8,898,738)	(8,052,197)
TOTAL EQUITY		2,857,511	2,725,792

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the 31 December 2019 Annual Report.

First Au Limited

ABN 65 000 332 918

Consolidated Statement of Changes in Equity For the Half-Year Ended 30 June 2020

	Share Capital	Share Based Payment Reserve	Financial Assets Reserve	Accum- ulated Losses	Total
	\$	\$		\$	\$
Balance at 1 January 2019	9,816,106	72,500	-	(5,273,480)	4,615,126
Net loss for the period	-	-	-	(1,453,886)	(1,453,886)
Other Comprehensive Income for the period Fair value movement in listed investment	-	-	(60,000)	-	(60,000)
Mining consultancy fees converted to shares: 1 million shares at fair value \$0.02 each including attaching options exercisable at \$0.06 on or before 15 December 2020	20,000	-	-	-	20,000
Balance at 30 June 2019	9,836,106	72,500	(60,000)	(6,727,366)	3,121,240
Balance at 1 January 2020	10,705,489	72,500	-	(8,052,197)	2,725,792
Net loss for the period	-	-	-	(846,541)	(846,541)
Other Comprehensive Income for the period Fair value movement in listed investment	-	-	259,460	-	259,460
Capital received from Investors. Share placement 11 June 2020	747,000	-	-	-	747,000
Less Commission paid for share placement	(28,200)	-	-	-	(28,200)
Balance at 30 June 2020	11,424,289	72,500	259,460	(8,898,738)	2,857,511

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2019 Annual Report.

First Au Limited

ABN 65 000 332 918

Consolidated Statement of Cash Flows For the Half-Year Ended 30 June 2020

	Half-year Ended 30 June 2020 \$	Half-year Ended 30 June 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers	(888,295)	(1,473,609)
Interest received	214	12,218
GST received from ATO	86,857	134,133
Net cash used in operating activities	<u>(801,224)</u>	<u>(1,327,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of shares in West Wits Mining Ltd (ASX: WWI)	-	(180,000)
Investment in Joint Venture with Tambina Gold Pty Ltd	-	(60,000)
Net cash used in investing activities	<u>-</u>	<u>(240,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from Share Placement	747,000	-
Commission paid for share placement	(28,200)	-
Repayment of borrowings	-	(15,654)
Net cash used in financing activities	<u>718,800</u>	<u>(15,654)</u>
Net increase in cash and cash equivalents	(82,424)	(1,582,912)
Cash and cash equivalents at beginning of period	1,043,522	3,218,930
Cash and cash equivalents at end of period	<u>961,098</u>	<u>1,636,018</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2019 Annual Report.

First Au Limited

ABN 65 000 332 918

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 30 June 2020

1 Summary of Significant Accounting Policies:

Basis of Preparation:

These general purpose interim financial statements for the half-year reporting period ended 30 June 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest consolidated financial statements of First Au Limited ("The Company"). It is recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2019, together with any public announcements subsequent to that date.

These interim financial statements were authorised for issue on the same date as the Directors Declaration.

Accounting Policies:

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 Company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

(a) Principles of Consolidation:

The consolidated financial statements incorporate all of the assets, liabilities and results of First Au Ltd (parent entity) and its subsidiary entities, Lions Share Gold Ltd and LGH Nominees Pty Ltd. Subsidiaries are entities the Parent controls. The Parent controls an entity when it 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 over the entity. Details of subsidiary companies are provided in Note 13.

The assets, liabilities and results of the subsidiary companies are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entity are fully eliminated on consolidation. Accounting policies of subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Exploration and Development Expenditure:

- Mining tenements (exploration licence) were acquired in consideration for shares and options during the capital raising process. The cost of acquiring these mining tenements has been capitalised as an asset. Cost of mining tenements acquired such as Tambina Gold project have been capitalised.
- All other expenditure on exploration and evaluation is expensed as incurred.

The capital cost of the mining tenements have been recognised as an asset based on:

- Exploration and evaluation activities in the area of interest (except Gimlet Project) have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resource. Active and significant operations in, or in relation to, the area of interests are continuing. Gimlet Project near Kalgoorlie in Western Australia has an identified JORC resource and there is an application pending for a mining licence. Further details are set out in the prior announcements of the Company including on 10 January 2018 and on 7 May 2019.

Exploration and evaluation assets are measured at cost.

(c) Financial Asset Measured at Fair Value Through Other Comprehensive Income:

Shares in listed investment are measured at fair value through Other Comprehensive Income.

Fair value measurement is based on Level 1 fair value hierarchy on market value of shares at reporting date.

First Au Limited

ABN 65 000 332 918

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (Cont'd)

(d) Going Concern:

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a net loss after tax for the half year ended 30 June 2020 of \$846,541 and a net cash outflow from operating, investing and financing activities of \$82,424. Net assets of the Company at 30 June 2020 were \$2,857,511.

In preparing the financial statements the Directors note that the ability of the Company to continue as a going concern is dependent upon:

- the containment of operating expenses at a level that is commensurate with the Company's level of operations;
- ability to raise sufficient capital and equity;
- enhancement of the value of retained assets;
- continued exploration and evaluation mining tenements; and
- disposal of any surplus exploration and evaluation tenements at a fair value that generates adequate cash flow to the Company.

As the Company is undertaking an exploration program, the Company may undertake a further capital raising to fund operating and exploration expenditure. Refer to Note 14: Events subsequent to the end of the reporting period for further information in relation to capital raising.

If the Company was unable to raise additional capital, it would be able to defer or reduce its budgeted exploration expenditure such that the Company would remain a going concern for at least the period up to 12 months from the date of signing the financial report.

Covid-19 is continuing to have a significant impact on the world and Australian economy. The Directors' have considered this impact based on information available at the time of this report. The Directors' are not aware that Covid-19 will have a material impact on its exploration operations.

Exploration has slowed as mobilisation of teams has been difficult due to closure of State borders. FAU has organised local teams within Western Australian to undertake drilling at its Gimlet Gold Project. Refer Announcement 24 August 2020.

Regulatory processes in Victoria have slowed. This has affected the processing of applications therefore slowing issuing exploration applications and ability to expand the tenement portfolio.

The uncertainty caused by the pandemic is generating more interest and investment in to the gold sector as evidenced by the rise in the gold price and the increase in capital raisings in the gold focussed small 'cap' sector. The pandemic is having a potentially positive impact on the assets and access to capital has improved.

On the basis of these factors, the Directors believe that the going concern basis of preparation of the financial statements is appropriate.

Half-year Ended	Year Ended
30 June	31 Dec
2020	2019
\$	\$

2 Other Receivables:

Other receivables is represented by GST receivable and prepayments.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. Other receivables are within initial trade terms.

37,054	62,823
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Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 30 June 2020

	Half-year Ended 30 June 2020 \$	Year Ended 31 Dec 2019 \$
3 Other Financial Assets		
Shares held for trading in listed investments at fair value measured through other comprehensive income	439,460	180,000
Shares in listed investments at fair value 31 December 2019	180,000	-
Plus increase to fair value at 30 June 2020	259,460	-
Shares in listed investments at fair value 30 June 2020	439,460	-

Fair value measurement is based on Level 1 fair value hierarchy on market value of shares at reporting date.

Other Financial Assets have been reclassified from Non-Current Assets to Current Assets. The intention of the Company has changed and listed investments are now held for trading. Subsequent to 30 June 2020, the Company has sold and settled a substantial portion of the shares held in West Wits Mining Limited (ASX: WWI) representing 55% of the shares held at 30 June 2020.

4 Exploration and Evaluation:

20% share in WWI Tambina Gold project (refer Note 12)	60,000	60,000
Acquisition of Mining Tenements: Fully paid ordinary shares and options issued as consideration		
• Vendor shares: 32.5 million shares issued at \$0.04	1,300,000	1,300,000
• Vendor options issued for acquisition of mining tenements: 3.5 million options exercisable at \$0.06 each on or before 1 March 2021 at fair value of \$0.005 each	17,500	17,500
Stamp duty on mining tenement acquisitions	132,799	132,799
Total cost of mining tenement acquisitions	1,510,299	1,510,299

Mining tenements are granted in order to maintain certain standards against which native title and environmental factors are measured. This ensures that the effects of exploration on the environment will be ecologically sound and that there are no conflicts with traditional owners of the land involved.

One type of mining tenement is an exploration permit. This permit is granted for a period of time for the purpose of exploring a specific area of land. It is intended to assist the explorer in assessing the presence, quantity and quality of minerals on the land. Methods which are allowed to be enforced under this tenement include but are not limited to sampling, testing, drilling, surveys and prospecting. This may lead to a mineral development licence.

5 Issued Capital and Options:

	Parent Entity Share Capital \$	Parent Entity Number of shares	Parent Entity Number of Options
Balance at 1 January 2020	10,705,489	298,824,667	287,196,603
Capital received from Investors. Share placement 11 June 2020	747,000	74,700,000	-
Less Commission paid for capital raise:	(28,200)	-	-
Balance at 30 June 2020	11,424,289	373,524,667	287,196,603

The Company's Securities re-commenced quotation on the ASX following the Company's re-compliance with Chapters 1 and 2 of the Listing Rules. The Quotation date was 15 June 2018. Also refer to the Prospectus issued 6 April 2018 for further information in relation to the Company's securities.

First Au Limited

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Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 30 June 2020

5 Issued Capital and Options (Cont'd):

Options to acquire a share: Each Option gives the option holder the right to subscribe for one share upon the exercise of the option.

Each option has an exercise price of \$0.06 and expires at 5.00pm on the date that is either 30 months after quotation date or expires on or before 1 March 2021, as noted in the table above. Options include 3.5 million Unquoted Options exercisable at \$0.06 each on or before 1 March 2021.

Deferred consideration shares:

The Vendors were issued with 13,000,000 Deferred Consideration Shares which are dependent upon announcing a Joint Ore Reserves Committee ('JORC') compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold from any of the interests in Tenements to be acquired (Milestone). Also refer Note 12: Events subsequent to the end of the reporting period.

Escrowed or Restricted Securities

Restricted securities where the escrow period expired were quoted on 15 June 2020: 32,074,583 Fully Paid Ordinary Shares and 1,583,333 Quoted Options (\$0.06 exercise price, expiry date of 15 December 2020). Escrow on 13,500,000 unlisted options (exercise price of \$0.06, expiry date of 1 March 2021) also expired on 14 June 2020. These shares and options are included in the balance of shares and options at 30 June 2020.

6 Reserves:

Share Based Payment Reserve
Financial Assets Reserve

Half-year Ended 30 June 2020 \$	Year Ended 31 Dec 2019 \$
72,500	72,500
259,460	-
<u>331,960</u>	<u>72,500</u>

Share Based Payment Reserve: Equity-settled share based compensation benefits are provided to Directors and Shareholders and represent awards of shares or options in consideration for the rendering of services or purchase of assets.

Financial Assets Reserve: Represents change in the fair value of shares in listed investment measured through Other Comprehensive Income.

7 Capital Management:

The Directors control the capital to ensure that the Company can fund its operations and continue as a going concern. There are no externally imposed capital requirements.

The Directors effectively manage the Company's capital by assessing financial risks and adjusting its capital structure in response to changes in these risks and to changes in the market. The strategy adopted by the Board to manage risk and control the capital of the Company since the prior year has been to raise additional capital for the purposes of moving the Company to an exploration Company for gold and base metals.

8 Loss Per Share:

	Half-year Ended 30 June 2020 \$	Half-year Ended 30 June 2019 \$
Basic (loss) per share (cents)	(0.028)	(0.056)
Diluted (loss) per share (cents)	(0.014)	(0.030)
Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic and diluted EPS	Shares & Options	Shares & Options
• weighted average ordinary shares	306,753,717	261,255,393
• weighted average ordinary shares and options	593,950,320	492,332,723
Total number of issued shares	373,524,667	261,724,667
Total number of options issued	287,196,603	231,546,603

First Au Limited

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Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 30 June 2020

9 Operating Segments:

Segment Information: The Company operates in one business and geographical segment, which is exploration and mining activities in Western Australia.

10 Contingent Liabilities:

The Company is not aware of any material contingent liabilities, with the exception of the milestone share proposal in relation to the Joint Venture Agreement dated 12 March 2019 with West Wits Mining Limited (ASX: WWI).

FAU assumes part of the obligations of WWI to issue shares to the original holders of all the shares in Tambina Gold Pty Ltd ('Tambina') subject to the satisfaction of certain milestones under the Joint Venture Agreement on the following terms:

- If FAU decided to continue funding Tambina and satisfied the first milestone being aggregate expenditure of \$300,000, FAU would only have a 35% interest and the liability would be 35% of 15 million WWI Shares at market value. Based on 30 June 2020 market value, cost would approximate \$110,000;
- If FAU decided to continue funding Tambina and satisfied the second milestone being the delineation of an inferred Mineral Resource (as defined by The Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves) of at least 50,000 ounces of gold on the Project at a cut-off grade of not less than 2 grams per tonne, FAU's liability would be based on its percentage interest in the joint venture at that time. By way of example, if on the satisfaction of this milestone and FAU held a 50% interest in the joint venture, FAU's liability would be 50% of 15 million WWI Shares at market value. Based on 30 June 2020 market value, cost would approximate \$158,000; and
- If FAU withdrew from Tambina, FAU would forfeit the current 20% joint venture interest and have no further liability.

11 Capital & Other Commitments:

The Company holds various mining tenements in Western Australia. Due to the nature of the Company's operations in exploring areas of interest within the Mining Tenements held by the Company, it is difficult to forecast the nature or amount of future expenditure. It is a condition of the licence that the Company incur the following minimum level of expenditure in order to retain present interests in Mining Tenements. These amount do not include any lease fees.

Expenditure commitments on Mining Tenements can be reduced by selective relinquishment, compulsory reduction by Department of Mines, Industry, Regulation and Safety of Western Australia or by renegotiation of expenditure commitments.

	Half-year Ended 30 June 2020 \$	Year Ended 31 Dec 2019 \$
The approximate minimum level of expenditure requirements on the Company Tenements:		
Within one year	318,680	262,000
One year or later and no later than five years	2,835,480	2,529,000

12 Investment in Joint Ventures:

On 13 March 2019, FAU announced to ASX that it has entered into a Joint Venture Agreement (JV Agreement) with West Wits Mining Limited (ASX: WWI) in respect to WWI's Tambina Gold Project in the East Pilbara region of Western Australia. Refer to Note 10 for details of the Joint Venture Agreement.

13 Interests in Subsidiary Companies:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			30 June 2020	31 Dec 2019
Lions Share Gold Ltd	19 February 2019	Melbourne	100%	100%
LGH Nominees Pty Ltd	27 August 2019	Melbourne	100%	100%

These Companies did not trade during the period to 30 June 2020.

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 30 June 2020

14 Events subsequent to the End of the Reporting Period:

The COVID-19 pandemic has created unprecedented uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the company at the reporting date. As responses from government continue to evolve the directors recognise that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Group, its operations, future results and financial position.

No matters or circumstances have arisen since the end of the financial reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except as noted in the following:

Victorian Gold Project:

The Company in its Notice of Meeting lodged with ASX on 10 August 2020 is seeking shareholder approval for the issue of consideration shares and milestone shares to be issued upon completion of agreed performance milestones pursuant to the proposed acquisition of 80% of the issued capital of Victorian Goldfields Pty Ltd ('VicGold'). Also refer ASX announcements dated 17 July 2020 'First Au completes due diligence on Victorian Gold Project' and 10 August 2020 'Transaction Update' and Notice of Meeting for full details of the terms of the proposed acquisition.

Victorian State lockdown due to Covid-19 is currently preventing exploration and may impede the progression of the regulatory approval process for the VicGold acquisition. This may impact the Company's exploration plans in Victoria.

Share Purchase Plan (SPP):

The Company announced to ASX on 15 July 2020 that the SPP had been oversubscribed and that applications were received for more than the targeted \$280,000. The applications were scaled back under the offer based on the number of SPP shares each eligible shareholder applied for under the SPP offer.

Deferred Consideration Shares:

The Company announced to ASX on 25 August 2020 that it had issued 13 million fully paid ordinary shares (Deferred Consideration Shares). These deferred consideration shares were issued following satisfaction of a milestone from the JORC resource identified at the Gimlet Gold Project. Further details are set out in prior announcements of the Company including 10 January 2018 and 7 May 2019.

ASX Announcements:

Reference should be made to other announcements by the Company on ASX after the reporting period as these may affect the state of affairs of the Company in future financial years.

First Au Limited

ABN 65 000 332 918

Directors' Declaration

In accordance with a resolution of the Directors of First Au Limited, the Directors of the Company declare that:

1. The financial statements and notes set out on pages 13 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date.
2. 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.

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



Bryan Frost
Executive Chairman and Managing Director

Dated: 4 September 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST AU LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of First Au Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as 30 June 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 First Au 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of First Au Limited would be in the same terms if provided to the directors as at the time of this auditor's review report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FIRST AU LIMITED (CONTINUED)**

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 First Au Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the First Au Limited's financial position as at 30 June 2020 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*.

McLean Delmo Bentleys Auditor Pty Ltd.

MCLEAN DELMO BENTLEYS AUDIT PTY LTD



ROD HUTTON
Partner

Dated at Hawthorn on this 4th day of September 2020