

31 January 2023

Quarterly Activities Report for the 3 Months Ended 31 December 2022

Highlights

- **Following changes to the Board of Directors, FAU has undertaken a review of its existing projects, with input from an independent geologist, and has reaffirmed its current priority of exploring its Victorian Gold Project**
- **FAU has entered into an agreement with Talisman Mining Limited (ASX:TLM) for TLM to acquire 100% of its Mabel Creek Project for \$300,000 with \$200,000 in cash consideration and \$100,000 in TLM shares**
- **Underground rehabilitation at Haunted Stream has been successful to establish safe underground drilling locations for a program to commence in the near future**
- **FAU has completed its final field inspection for its proposed underground bulk sampling, the Company now awaits regulatory approval, expected to be in the second half of 2023**
- **Assay results continue to demonstrate potential at Dogwood porphyry copper with intersects including 0.2m @ 0.324% Copper and 1.7% Zinc from 241.7m and 0.6m @ 0.24% Copper from 322.4m (hole ending in mineralisation). Drilling has established that the mineralisation footprint extends >2km**

Review of Operations

Corporate Update

On 18 November 2022, First Au Limited (**FAU or the Company**) announced changes to the Board of Directors, with Bryan Frost (previous Chairman & Managing Director) and Richard Revelins resigning from the Board of Directors. Ryan Skeen was appointed as a Director of the Company in addition to his role as CEO following these changes.

Following these changes, the restructured Board has undertaken a detailed review of the Company, both from a corporate perspective and project perspective, the review of the projects included input from an external independent geologist.

Following this review, the Board determined to strive to become a more disciplined and focused organisation with clearly defined priorities. The Company has significantly cut its corporate overheads, including a reduction in the number of corporate consultants and advisors, and will continue to review and cut costs where possible.

FAU is currently reviewing funding options in order to ensure the Company has a stable financial position. FAU will provide updates once it has funding plans in place.

The review of the Company projects, including input from an external independent geologist, has reaffirmed that FAU should continue to focus its exploration on its Victorian Gold project, which the Company believes is highly prospective and has strong potential to deliver substantial value. Although FAU has a large landholding in the region, over the next 12-months it will focus its attention on the Haunted Stream and Snowstorm prospects (see following sections for further details).

FAU has also begun the process of rationalising tenements and divesting projects that are not deemed as a priority, in order to bolster the Company's financial position and concentrate its resources on its priorities. The Board will focus on projects that have the potential to deliver upside primarily through exploration, which it believes it is best placed to do with its current expertise and skillset. If a project does not fit with this criteria, it would likely be considered for divestment in a manner that is best suited to delivering value. The Board will continue to review this approach, on an ongoing basis.

FAU will also continue to consider new projects and opportunities that it believes may be complimentary to its existing plans and priorities, aligned with its expertise and skillset and has the potential to deliver value to the Company.

Mabel Creek Project Sale

FAU has recently (see ASX announcement dated 30 January 2023) entered an agreement to sell the Mabel Creek Project to Talisman Mining Limited (ASX:TLM) for \$200,000 cash consideration and \$100,000 of TLM fully paid ordinary shares.

The Company determined that Mabel Creek was not a priority project and that divesting the project will allow FAU to focus its resources on other assets.

The Company will retain exposure to any potential upside in Mabel Creek through a shareholding in TLM, which forms part of the consideration.

Exploration Update – Victorian Gold Project

Haunted Stream

During the quarter, FAU continued to undertake underground rehabilitation works at Haunted Stream in preparation for a planned drill program to test, what the Company believes, is our most promising prospect within the Victorian Gold project.

The underground rehabilitation works are designed to provide safe access to the locations to drill its priority targets. The underground drilling will target the Ernestine-Hibernia trend (Figure 1). In addition to this, FAU is also planning surface diamond drilling to target the Rob Roy prospect (Figure 1).

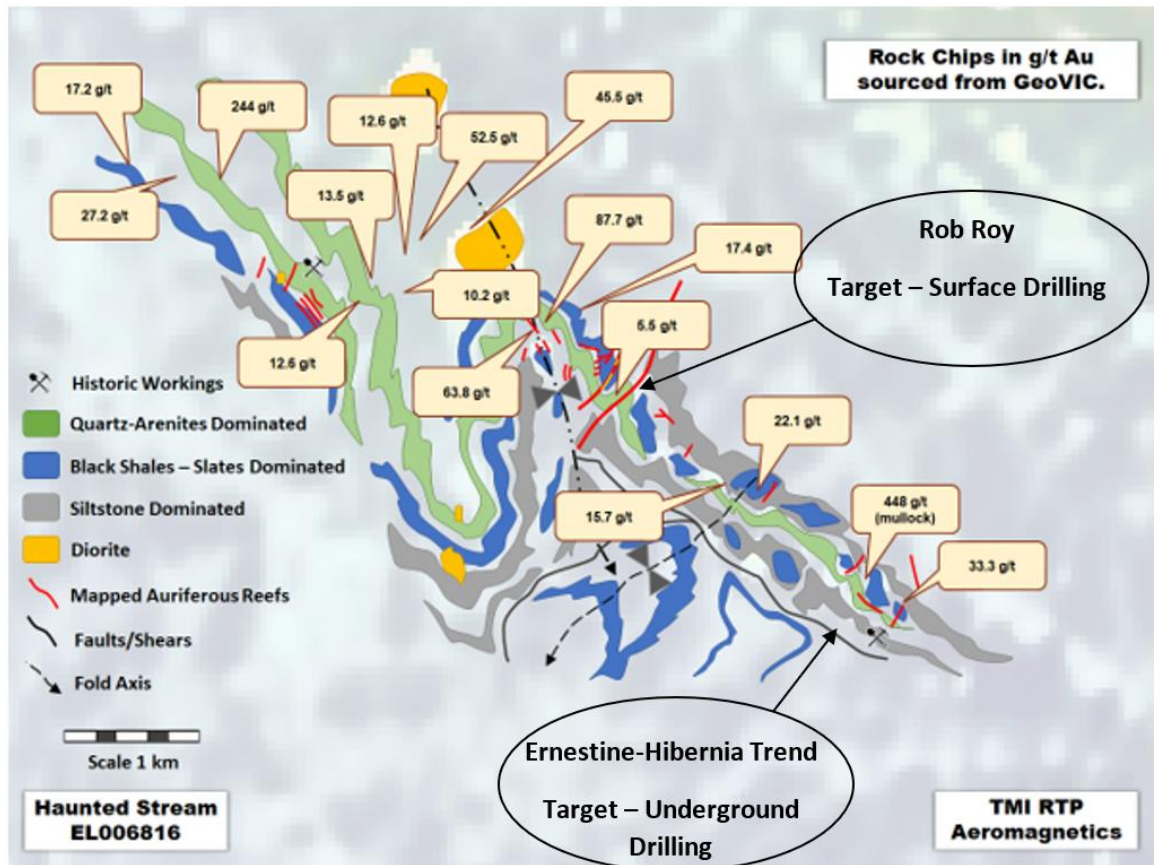


Figure 1: Historic rock chip samples highlighting high-grade mineralisation¹ and proposed diamond drilling targets.

FAU will provide further updates with details and timing for the commencement of drilling once it has firm plans in place.

Snowstorm

At Snowstorm, during the quarter FAU continued to undertake required preliminary steps for its proposed bulk sampling program. The final requirement to make its submission to Earth Resources and Regulation (ERR) was a native vegetation assessment, this has now been completed and FAU will now move forward with its submission. FAU does not have a definitive timeline for approval, but anticipates that it will be in the second half of 2023. At this stage, there are no further works proposed at Snowstorm until it receives feedback on the application for the bulk sample program.

The two drill programs that have been completed to date at Snowstorm have demonstrated economic potential. However, with the narrow vein gold systems drilling alone does not necessarily provide a true representation of grade due to challenges in establishing continuity of mineralisation. Drilling of narrow vein gold systems does provide an indication of the location of veins and geological structure, which, along with results received so far, gives confidence in progressing to an underground bulk sampling program as the next stage of exploration.

Underground bulk sampling will allow FAU to undertake more detailed mapping of the system which will allow for better understanding of the grade and geological continuity of mineralisation. The main aim of the program is to further establish the potential economics of the system and provide the Company with detailed data and information. An additional benefit of the proposed program is that it will establish greater underground access for potential future exploration drilling if warranted.

FAU will be targeting a shear zone where it has drilled a number of holes and where an existing historical adit is located (Figure 2).

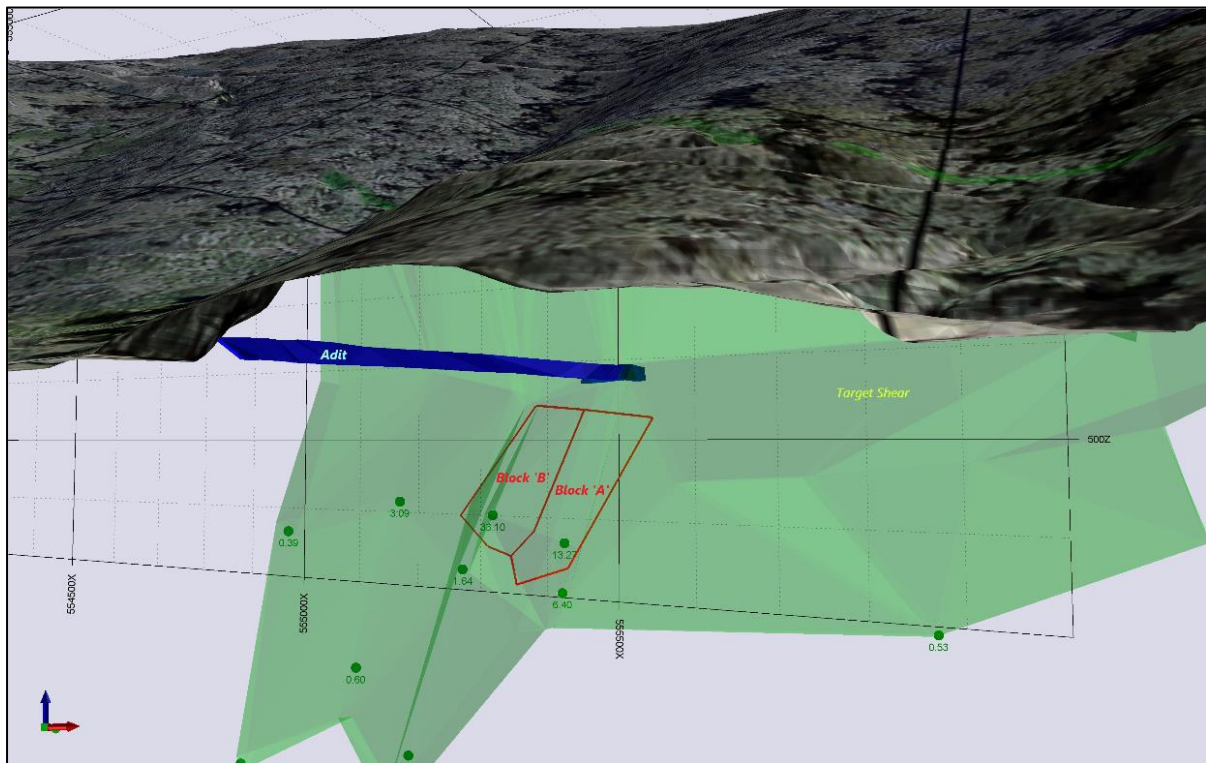


Figure 2: Preliminary polygonal 3D mineralised zones (red outlines) at Snowstorm underneath existing adit (blue).

Dogwood Copper Porphyry

On 8 December 2022, FAU announced further assay results from diamond drilling at the Dogwood Porphyry Copper project. These results continued to demonstrate that the project has potential, with the deepest hole of the program producing the multiple mineralised intersections²:

- DGWDDH004: 0.2m @ 0.32% Cu and 1.7% Zn from 241.7m
- DGWDDH004: 0.1m @ 0.14% Cu from 322.3m
- DGWDDH004: 0.6m @ 0.24% Cu from 322.4m (ending in mineralisation, Figure 3 & 4)

These assay results follow previously announced initial assay which highlighted extensive zones of copper and gold mineralisation with Cu grade of > 0.8% and Au of 5.62 g/t³.

The exploration drilling program focussed on establishing the extent of Cu and Au mineralisation across a large (~4 x 2 km) area. As such, drill testing at depth was limited to one hole to ensure that the drilling tested all targets generated based on the review of the geophysical, geochemical and historic drilling assay datasets.



Figure 3: Chalcopyrite + Pyrite + Quartz veins from Hole 4 @ 322.5m.



Figure 4: A chlorite-epidote altered chalcopyrite sulphide quartz vein overprinting potassic biotite-magnetite veins from 322m in Hole 4

Although the results received to date from the drill program provide encouragement that there is potential and the project warrants further work, FAU has determined that the scope of the required work is beyond its current resources and that it will for the time being preference pursuing other more prospective targets where exploration can also be conducted at a lower cost. Further exploration of Dogwood will likely require a number of holes drilled at greater depth than the work FAU has conducted. As such, FAU will also not be assaying the remaining 8 holes as it does not expect the results to be significantly different from those received to date.

With expenditure to date on the project, FAU will not be required to undertake any further work for some time. As it believes the project is still prospective for a copper porphyry, it may consider undertaking deep drilling to further test the economic potential in the future.

Talga Joint Venture and Farm-in Update

The Talga Joint Venture and farm-in agreement with Octava Minerals (ASX:OCT) allows OCT to earn up to an 80% interest in the Talga Project. After acquiring an initial 10% under the terms of the earn-in, OCT has now met the stage 1 expenditure requirements of the earn-in agreement where it was required to spend at least \$300,000 within one-year from the effective date of earning the initial 10% interest. The stage-1 interest is 40.1%, taking OCT's current interest in the Talga project to 50.1%.

The next stage of the earn-in agreement requires OCT to spend a minimum of \$600,000 in total (including the previous stages), at which point it will earn an additional 19.9% and hold a 70% interest in the project.

OCT has indicated to FAU that it intends to continue advancing the project and that it anticipates meeting the next stage of the earn-in requirements.

Authorised for release by the Board of Directors.

About First Au: First Au is a gold and base metals exploration company listed on the Australian Securities Exchange (ASX:FAU) and is trading on the OTC market in the USA (OTC: FRSAF) and is pursuing exploration programs at its Victorian Goldfields Project in East Gippsland and the Gimlet Gold project near Kalgoorlie.

Enquiries in relation to this announcement please contact:

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The information in this ASX Release that relates to Exploration Results is extracted from the following reports which are all available at www2.asx.com.au.

- 1. 3 June 2020, "FAU to Acquire Victorian Gold Exploration Project", Dr Gavin England, competent person.*
- 2. 8 December 2022, "Further Assays from Dogwood Drilling Highlight Copper Porphyry Potential", Ian E Neilson, competent person.*
- 3. 24 August 2022, "Dogwood Drilling Assays Indicate Extensive Copper Mineralisation", Ian E Neilson, competent person.*

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context of the respective competent persons' findings in relation to those reports have not been materially modified from the original market announcement.

Appendix A: Tenement Schedule - as at 31 December 2022

Tenement #	Note	Tenement name	Title Holder	Tenement Ownership	State	Acquired during the Quarter	Disposed during the Quarter
E26/174	-	Gimlet	FAU	FAU 100%	WA	-	-
P24/5346	-	Gimlet	FAU	FAU 100%	WA	-	-
P24/5347	-	Gimlet	FAU	FAU 100%	WA	-	-
E45/3679	4	Talga	FAU	OCT 10% FAU 90%	WA	-	-
E45/5595	4	Razorback	FAU	OCT 10% FAU 90%	WA	-	-
E45/5596	4	Razorback	FAU	OCT 10% FAU 90%	WA	-	-
E45/3857	4	Talga	FAU	OCT 10% FAU 90%	WA	-	-
E45/4137	4	Razorback	FAU	OCT 10% FAU 90%	WA	-	-
E45/5571	4	Talga Talga	FAU	OCT 10% FAU 90%	WA	-	-
E24/216	-	White Flag	FAU	FAU 100%	WA	-	-
E24/226	-	White Flag	FAU	FAU 100%	WA	-	-
E16/542	-	White Flag	FAU	FAU 100%	WA	-	-
M45/990	1	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	WA	-	-
M45/991	1	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	WA	-	-
M45/988	1	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	WA	-	-
PL007319	2	Snow Storm	Mines of Stirling Pty Ltd	Mines of Stirling 100%	VIC	-	-
EL5505	2	Snow Storm	Mines of Stirling Pty Ltd	Mines of Stirling 100%	VIC	-	-
EL006816	-	Haunted Stream	Jacquian Pty Ltd	FAU 80% Jacquian 20%	VIC	-	-
EL006975	-	Haunted Stream Extension	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL006976	-	Dargo High Plains	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL006977	-	Dogwood	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL007335	-	Snowstorm Extension	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL007442	-	Barmouth	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL007446	-	True Blue	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL007473	-	Mount Jack	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-

Appendix A: Tenement Schedule - as at 31 December 2022 (Cont'd)

Tenement #	Note	Tenement name	Title Holder	Tenement Ownership	State	Acquired during the Quarter	Disposed during the Quarter
EL007474	-	Bendoc	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	-	-
EL007527		Highland Chief	Victorian Goldfields Pty Ltd	FAU 80% VicGold 20%	VIC	Application Granted	-
EL5422	3	Dargo	Ian Alexander Rathjen	Ian Alexander Rathjen	VIC	-	-
EL6619	5	Mabel Creek	FAU	FAU 100%	SA	-	-
EL6620	5	Mabel Creek	FAU	FAU 100%	SA	-	-
EL6627	5	Mabel Creek	FAU	FAU 100%	SA	-	-

Note 1: Refer Announcement to the ASX dated 13 March 2019. FAU acquired an initial 20% interest in Tambina's three mining leases on payment of \$60,000 and other conditions set out in the announcement that have now been satisfied. FAU has the exclusive right to earn up to a maximum aggregate 80% joint venture interest by sole funding joint venture expenditure up to \$500,000 within three years from the commencement date.

Note 2: Refer Announcement to the ASX dated 9 July 2020. FAU announced that it had entered into an option agreement with Mines of Stirling Pty Ltd to acquire an 85% interest (diluting to 80%) in granted exploration licence EL5505 and prospecting licence application PL007319 (Snowstorm project).

Note 3: Refer Announcement to the ASX dated 28 April 2022 relating to granting of EL5422. This Tenement is held on trust for FAU pending the transfer being able to occur in accordance with applicable law relating to transfer of a granted tenement in Victoria.

Note 4: OCT refers to Octava Minerals Ltd (ASX: OCT; 'Octava'). Refer Announcement to the ASX dated 14 September 2022: 'Talga Joint Venture and Farm-In Agreement with Octava Minerals Limited commences'. 'FAU has received a cash payment of \$180,000 with Octava receiving a 10% interest in the Talga project with an ability to earn up to 80%.'

Subsequent to 31 December 2022, OCT met the stage 1 expenditure requirements of the earn-in agreement where it was required to spend at least \$300,000 within one-year from the effective date of earning the initial 10% interest. The stage-1 interest is 40.1%, taking OCT's current interest in the Talga project to 50.1%.

The next stage of the earn-in agreement requires OCT to spend a minimum of \$600,000 in total (including the previous stages), at which point it will earn an additional 19.9% and hold a 70% interest in the project.

Note 5: Refer Announcement to the ASX dated 30 January 2023 that FAU had entered into binding tenement sale agreement to sell the tenements forming Mabel Creek Project to Talisman Mining Limited (ASX:TLM).

Appendix B: Financial Analysis of selected items within Appendix 5B

Aggregate amount of payments to related parties and their associates included in item 6.1 of Appendix 5B for the quarter ended 31 December 2022:

Comprising:

	\$A'000
Directors Services – Ryan Skeen (refer Note 2)	45
Legal services provided by a legal firm of which a Director is a Partner. Services provided on normal commercial terms	14
Appendix 5B – item 6.1 Total	59

Note 1: Directors fees charged at 1 October 2022 in advance for the quarter ended 31 December 2022 were \$102,500. These fees were satisfied by an issue of shares. Refer FAU Announcement dated 8 November 2022 titled 'Application for quotation of securities'. 20,582,328 ordinary shares were issued on 8 November 2022 in lieu of cash for Director fees. Deemed issue price per share was \$0.00498 being 30 day VWAP of FAU shares prior to the issue.

Note 2: Ryan Skeen was appointed a Director of FAU on 18 November 2022. Represents full salary costs paid to Mr Skeen (including prior to his appointment as a Director of FAU) for the entire three month quarter ended 31 December 2022.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

FIRST AU LIMITED (ASX: FAU)

ABN

65 000 332 918

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers-share trading	4	468
1.2	Payments for		
	(a) exploration & evaluation	(437)	(3,130)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(45)	(180)
	(e) administration and corporate costs	(81)	(764)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other-GST Refund	84	371
	Other-Payments-share trading	-	(270)
	Other incl. reimbursement of expenses from Octava Minerals Ltd (Incl GST)	99	299
1.9	Net cash from / (used in) operating activities	(376)	(3,206)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenement: EL 5422	-	(25)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – option payment to retain tenement EL5505	(40)	(40)
2.6	Net cash from / (used in) investing activities	(40)	(65)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	900
	Proceeds from issue of options	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities & options or convertible debt securities	-	(63)
3.5	Proceeds from borrowings (Insurance premium funding)	-	55
3.6	Repayment of borrowings	(17)	(55)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(17)	837
4.	Net increase / (decrease) in cash and cash equivalents for the period	(433)	(2,434)
4.1	Cash and cash equivalents at beginning of period	530	2,531
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(376)	(3,206)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(65)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(17)	837
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	97	17

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	97	530
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	97	530

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (excl GST)	59
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	Not Applicable	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(376)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(376)
8.4	Cash and cash equivalents at quarter end (item 4.6)	97
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	97
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.26
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. The Company will reduce the current level of net operating cash flows for the time being due to reduced level of cash at 31 December 2022. The level of net operating cash outflows will be contained within available cash resources.		

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: A General Meeting was held on 31 October 2022 whereby the Company refreshed its capacity to make further issues without Shareholder approval under ASX Listing Rule 7.1 and / 7.1A. FAU is proposing to approach Shareholders and Sophisticated Investors to raise further cash to fund its operations. FAU has recently announced the sale of its Mabel Creek Project, which includes \$200,000 in cash consideration. Directors have accrued director fees rather than paying these fees to preserve cash.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity will be able to continue its operations on a reduced level until further funds are raised. Planned business objectives will be scaled back and contained within available cash resources.

As the Company has refreshed its capacity to make further issues, FAU is proposing to approach Shareholders and Sophisticated Investors to raise further cash to continue its operations and meet its business objectives.

The entity has recently sold its Mabel Creek Project which includes \$200,000 in cash consideration. Selling the project also reduces expenditure commitments of the entity.

The entity has successfully farmed out Talga tenements to reduce expenditure and recover some expenditure through reimbursement of \$270,000 from Octava Minerals Ltd.

The Board is reviewing options related to current projects.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.