

FIRST AU LIMITED
Formerly
Public Holdings (Australia) Limited
ABN 65 000 332 918

Interim Financial Report
For the Half-Year Ended 30 June 2018

The 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 2017.

First Au Limited

ABN 65 000 332 918

Appendix 4D

For the Half-Year Ended 30 June 2018

- 1 Reporting period: Six months ended 30 June 2018
Previous corresponding period: Six months ended 30 June 2017

2 Results for announcement to the market:

| | Half-year ended 30 June 2018 \$ | Half-year ended 30 June 2017 \$ | % change |
|---|--|--|-----------|
| 2.1 Revenue from ordinary activities | 2,740 | 855 | 220.5% |
| 2.2 Net loss for period after income tax | (1,877,990) | (95,438) | (1867.8%) |
| 2.3 Net loss attributable to members | (1,877,990) | (95,438) | (1867.8%) |
| 2.4 It is proposed not to pay dividends for the period ended 30 June 2018. | | | |
| 2.5 Not applicable. | | | |
| 2.6 Please refer to the Interim Financial Report for the Half Year ended 30 June 2018 for further explanations of the figures presented at 2.1 - 2.4 above. | | | |

3 Net tangible assets per share:

Net tangible assets per share: \$0.024 \$0.008

4 Control gained or lost over entities during the period, and those having material effect:

No entities were acquired or disposed of during the period.

5 Dividend details:

No dividend has been recommended in respect of the period ended 30 June 2018 (2017: Nil).

6 Dividend or distribution reinvestment plan details:

Not applicable.

7 Investments in associates and joint ventures:

The company has no associates or joint ventures other than in respect to the Emu Creek project located in the East Pilbara. The Company is in the process of earning a 51% interest in the project by spending \$190,000 within 2 years and may acquire a further 19% interest (70% in total) on completion of a bankable feasibility study within 5 years.

8 Foreign entities:

Not applicable.

9 Audit dispute or qualification:

The interim financial statements for the period ended 30 June 2018 have no audit dispute or qualification.

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, Victoria, 3103

Auditors:

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

Accountants:

McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103
Telephone: (03) 9817 0700
Fax: (03) 9817 0799
Email: office@mcbainmccartin.com.au

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')

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 McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

Directors' Report

The Directors present their financial report of First Au Limited for the half-year ended 30 June 2018.

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: Appointed 8 June 2018

Damon O'Meara - Non-Executive Director: Appointed 8 June 2018

Michael Quinert - Non-Executive Director: Appointed 8 June 2018

Oreste Biziak: Resigned 8 June 2018

Peter Chapman: Resigned 8 June 2018

Clayton Dodd: Resigned 8 June 2018

Principal Activities:

Following the acquisition of mining tenements in Western Australia and a capital raising during June 2018, the principal activity of the Company changed from an investment Company to exploration and mining activities in Western Australia.

Review of Operations:

The 6 month reporting period to 30 June, 2018 has been one of significant change and new opportunity for the company which has resulted in a significant change of activities, the completion of a successful public offer and exploration activities having commenced on all the company's new projects. The company also changed its name to First Au Limited and relisted its securities on the Australian Securities Exchange (ASX).

On 10 January, 2018 Public Holdings (Australia) Limited ("PHA") announced that it had entered into conditional binding agreements to acquire three resource projects in Western Australia from interests associated with prominent mining prospector, Denis O'Meara. Upon satisfaction of the conditions, which included PHA shareholders voting in favor of the acquisitions and the company raising a minimum of \$5.5 million via a public offer, the company's activities would change to exploration and mining activities.

At the Annual General Meeting held on 8 May, 2018 shareholders approved all the resolutions necessary to implement a change in the nature and scale of activities of the company and for the issue of up to 187,500,000 new shares with 1 for 1 free attaching options under a public offer of securities. The attaching options are exercisable at 6 cents each on or before 15 December, 2020.

On 8 June, 2018 the company announced that it successfully completed the capital raising and acquisition of the mining projects. The capital raising raised a total of \$6,216,000 before allowing for costs of the issue. At completion of the transaction Messrs Clayton Dodd, Oreste Biziak and Peter Chapman resigned as directors of the company and Messrs Richard Revelins, Damon O'Meara and Michael Quinert were appointed to the board.

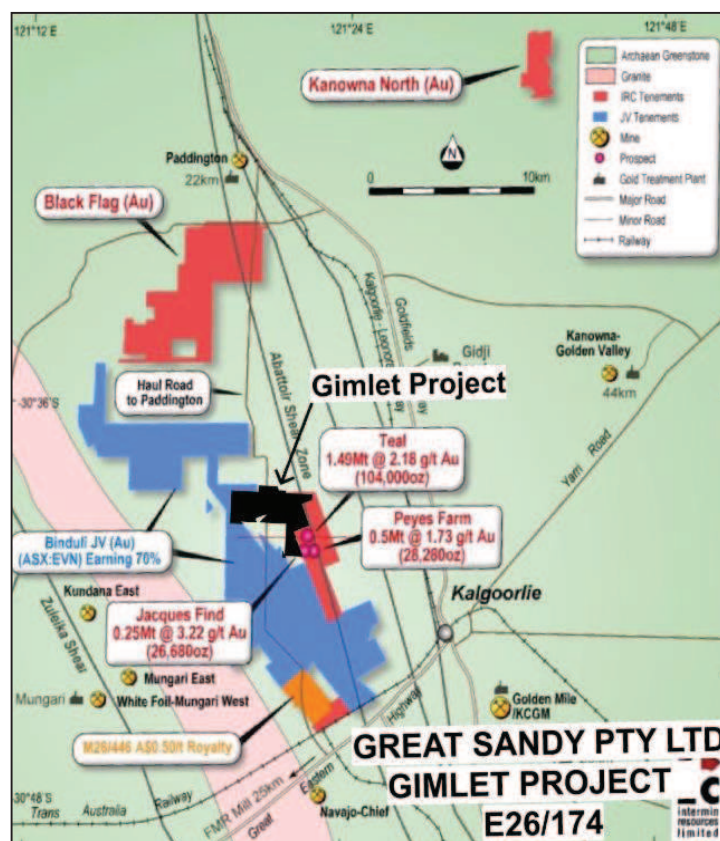
The company's securities were reinstated for Official Quotation on 15 June, 2018 as First Au Limited under the ASX listing code FAU. On 21 June, 2018 the company announced immediate commencement of drilling at its Gimlet Gold Project located 15 kms north west of Kalgoorlie and 400 meters along strike from Intermin Resources' (ASX Code; IRC) Teal Gold mine. On 6 July, 2018 the company subsequently announced that it had decided to triple the proposed drilling program at Gimlet from 2,775m, as contained in the company's recent prospectus, to 10,000m on the basis of highly encouraging results reported by Intermin at their Teal, Jacques Find, Peyes Farm and Yolande prospects.

On 2 July, 2018 the company reported that interpretive geological analysis of the VTEM survey flown by the company in January, 2018 had identified multiple conductors with VMS potential at the Emu Creek project in the east Pilbara.

Project Overview:

Gimlet Gold Project (100% owned):

- 9.6km 2.15km northwest of Kalgoorlie, Western Australia
- **400m** along strike and to the northwest of Intermin Resources (ASX: IRC) Teal Gold Mine and nearby Peyes Farm and Jacques Find (total resource 2.26 Mt @ 2.18 g/t Au for 159,303 ozs)
- **IRC Jacques Find and Yolande drill intercepts**
 - 10m @ 6.70 g/t Au from 60m, inc 4m @ 14.63 g/t Au from 60m
 - 8m @ 5.88 g/t Au, inc 4m @ 10.20 g/t Au 124m
 - 8m @ 5.28 g/t Au from 64m, inc 1m @ 19.70 g/t Au from 66m
 - 6m @ 6.69 g/t Au from 90m and 11m @ 2.77 g/t Au from 73m
- IRC announced 55,000m drill program to investigate new discoveries and for resource growth 6,000m of drilling to test new discoveries along 3km of strike to Teal and test for parallel structures (+20,000m in Teal locality)
- Previous drilling at Gimlet (approx. 22,000m) defined a 3.6km long, up to 400m wide, supergene anomaly **(1)** with best intercepts of 3m @6.34 g/t Au and 1m@ 14.2 g/t **(2)**.
Only 4.0% of previous drilling was into fresh rock (3)

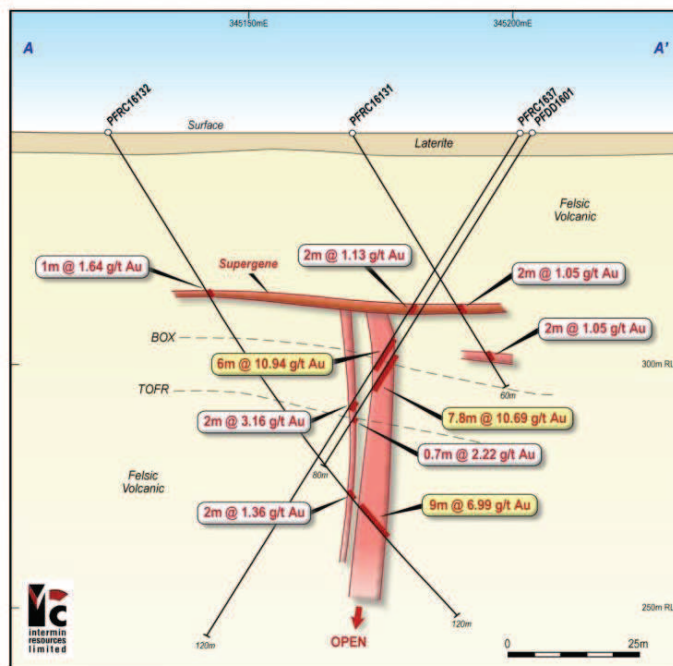


Footnote:

- (1) Refer Prospectus dated and released 6 April, 2018 and Independent Geologist's Report of Mineral Assets of Public Holdings (Australia) Limited. Author: Neil Leggo for and on behalf of Ravensgate Mineral Consultants ("Ravensgate Report") page 18. Also refer to Footnote 7.
- (2) Refer ASX announcement headed "Updated Company Presentation July, 2018" released (17 July, 2018), Competent Person Brian Richardson. Also refer to Footnote 7.
- (3) Refer Prospectus dated and released 6 April, 2018 and Independent Geologist's Report of Mineral Assets of Public Holdings (Australia) Limited. Author: Neil Leggo for and on behalf of Ravensgate Mineral Consultants ("Ravensgate Report") page 18. Also refer to Footnote 7.

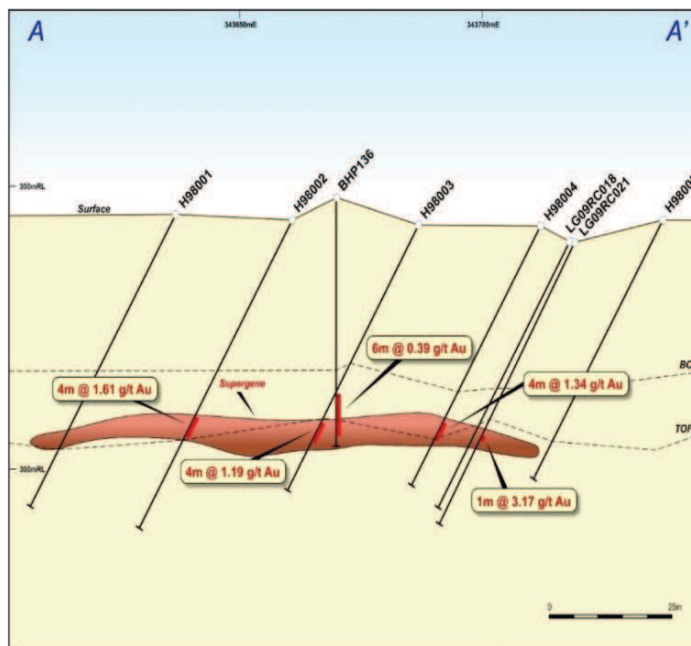
Gimlet Gold Project (Cont'd):

Typical Intermin, Jacques Find intersection



Jacques Find gold prospect schematic west east cross Section A - A' showing recent drill collar locations and mineralisation zones (Note the top 45m is depleted of significant mineralisation on this section)

Typical FAU Gimlet intersection



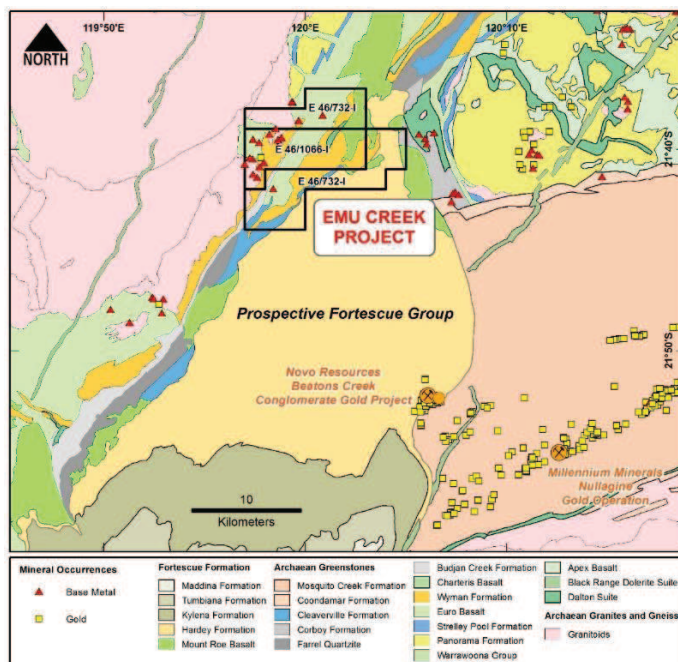
“The gold in this extensive but discrete supergene anomaly is interpreted to be sourced from nearby and underlying and possibly steeply dipping quartz lodes, with strong support provided by the results of detailed drilling at the nearby Teal, Peyes Farm and Jacques Prospects” (4)

Note: This assessment pre-dates IRC’s recent 18 April, 24 April and 12 May, 2018 drilling announcements

- **Historic exploration over Gimlet has identified widespread anomalism and similar host rock and structural settings to the nearby Teal deposit**
- **The Company completed the first phase of the announced 10,000m program on 3 August, 2018. 51 angled aircore holes for 3,816m were drilled with result expected shortly.**

Emu Creek Project (earning up to 70%)

- 120km², located 23km northwest of Nullagine and 25km north of Novo Resources (NVO. CN) Beaton’s Creek conglomerate Gold Deposit which is currently the **largest known conglomerate resource in Pilbara (658,000ozs @2.7 g/t Au)**
- Also targeting **previously unknown** hydrothermal cells (volcanic vents) within mafic and felsic rocks (VMS)
- Extensive altered and mineralized volcanic breccias and agglomerates mapped
- **VTEM survey completed** over target area. Results have defined **8 conductor anomalies (5)**
- Compilation of comprehensive digital data base of all relevant surface geochemical results
- Investigation (mapping, stream sediment, panning, metal detecting) of Hardy Formation conglomerates
- **Drilling of high priority targets anticipated to start September 2018**

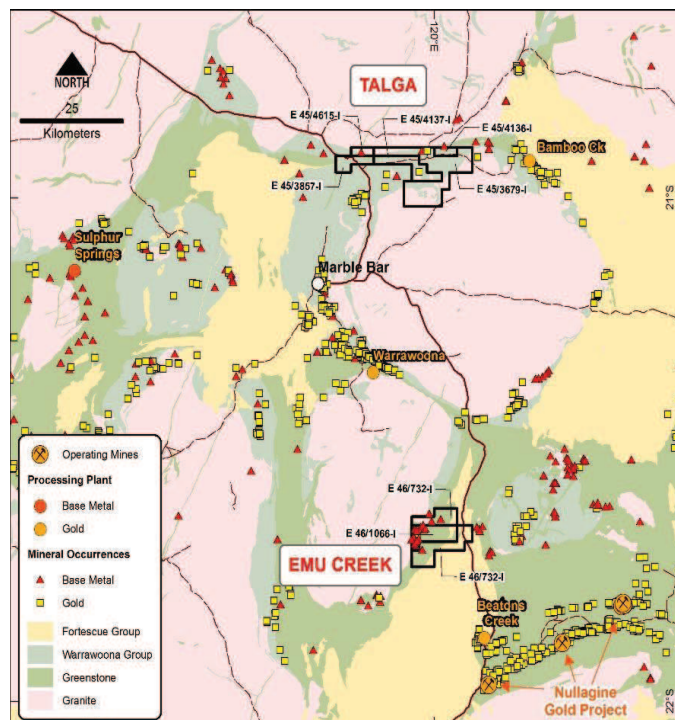


Footnote:

- (4) Refer Prospectus dated and released 6 April, 2018 and Independent Geologist’s Report of Mineral Assets of Public Holdings (Australia) Limited. Author: Neil Leggo for and on behalf of Ravensgate Mineral Consultants (“Ravensgate Report”), page 18. Also refer to Footnote 7.
- (5) Refer ASX announcement headed “Multiple Conductors with VMS Potential Identified at Emu Creek” released (2 July, 2018), Competent Person Brian Richardson. Also refer to Footnote 7.

Talga Project (100% Owned):

- 207.9km², located 35 kms northeast of Marble Bar
- Along strike from Bamboo Creek Mining Centre (mined 779,350 T @ 8.15 g/t Au from 1897 – 1995)
- Prospective for shear hosted gold mineralization, VMS style copper-gold, iron ore and lithium deposits
- Rock assays up to 12.9 g/t Au, numerous nuggets recently discovered (6)
- Well defined drill targets for ongoing exploration

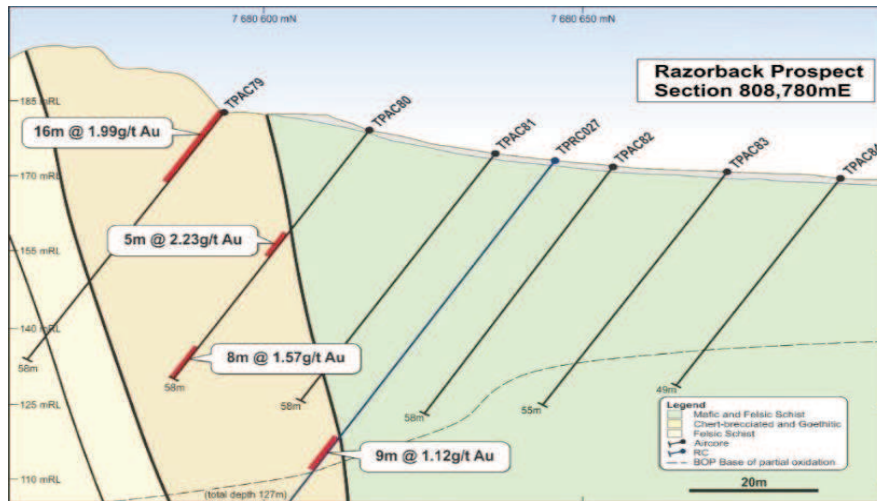


- Previous limited RC drilling returned 16m @ 2 g/t Au from surface, with mineralisation remaining open, and 15m @ 0.8% Cu from a 12 – 15 km long gossanous zone (6)
- Only 700m of the 3.7 km Razorback gold in soil anomaly drill tested, with anomaly remaining open to the east (6)
- 13.5km long gossanous horizon identified at Cord prospect where geological mapping, prospecting, rock-chip sampling and soil geochemistry has delineated a number of base metals prospects (6)
- **Detailed airborne magnetic survey completed and awaiting interpretation** to trace prospective BIF stratigraphy and locate important cross cutting structures (soil sampling also commenced)
- **RC drilling of priority targets defined by previous shallow drilling and surface sampling to commence October/November, 2018**

Footnote:

- (6) Refer ASX announcement headed “Updated Company Presentation July, 2018” released (17 July, 2018), Competent Person Brian Richardson. Also refer to Footnote 7.
- (7) The Company is not aware of any new information or data that materially affects the information included in the market announcement referred to above. The form and context in which these findings are presented have not been materially modified.

Talga Project (100% Owned) (Cont'd):



Significant Changes in State of Affairs:

A change to the nature and scale of the Company's activities was approved at the Annual General Meeting held on 8 May 2018. This change became effective at date of re-instatement and re-listing of the Company shares on the ASX on 15 June 2018 following the acquisition of mining tenements in Western Australia and a capital raising

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 2018 has been received.

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

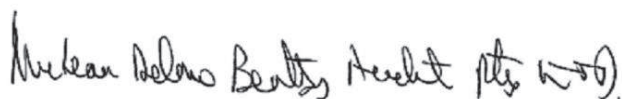
Bryan Frost
Executive Chairman and Managing Director

Dated: 31st August 2018

**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 2018 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



MARTIN FENSOME
Partner

Hawthorn
31 August 2018

First Au Limited

ABN 65 000 332 918

Statement of Profit or Loss and Other Comprehensive Income**For the Half-Year Ended 30 June 2018**

| | Note | Half-year Ended 30 June 2018 \$ | Half-year Ended 30 June 2017 \$ |
|--|-------------|--|--|
| Revenue | | 2,740 | 855 |
| Exploration Expenses | | (135,474) | - |
| Expenses associated with re-listing | | (1,341,892) | - |
| Administration expenses | | (403,364) | (96,293) |
| Loss before income tax | 2 | (1,877,990) | (95,438) |
| Income tax expense | | - | - |
| Net loss for the period | | (1,877,990) | (95,438) |
| Total Comprehensive Loss for the period | | (1,877,990) | (95,438) |
| (Loss)/earnings per share | | | |
| Basic (loss)/earnings per share (cents) | 8 | (2.87) | (0.25) |
| Diluted (loss)/earnings per share (cents) | 8 | (2.22) | (0.25) |

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2017 annual report.

First Au Limited

ABN 65 000 332 918

Statement of Financial Position**As at 30 June 2018**

| | Note | 30 June 2018 \$ | 31 Dec 2017 \$ |
|--|------|-----------------------|----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 5,124,466 | 303,771 |
| Other receivables | 3 | 228,333 | 18,180 |
| TOTAL CURRENT ASSETS | | 5,352,799 | 321,951 |
| NON-CURRENT ASSETS | | | |
| Exploration and Evaluation | 4 | 1,381,500 | - |
| TOTAL NON-CURRENT ASSETS | | 1,381,500 | - |
| TOTAL ASSETS | | 6,734,299 | 321,951 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Other payables | | 378,783 | 92,298 |
| TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES | | 378,783 | 92,298 |
| NET ASSETS | | 6,355,516 | 229,653 |
| EQUITY | | | |
| Issued capital | 7 | 9,816,106 | 1,600,136 |
| Convertible Note Reserve | | - | 271,150 |
| Share Based Payment Reserve | | 72,500 | 13,467 |
| Accumulated losses | | (3,533,090) | (1,655,100) |
| TOTAL EQUITY | | 6,355,516 | 229,653 |

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2017 annual report.

First Au Limited

ABN 65 000 332 918

Statement of Changes in Equity

For the Half-Year Ended 30 June 2018

| | Share Capital | Convertible Note Reserve | Share Based Payment Reserve | Accum- ulated Losses | Total |
|--|------------------|--------------------------------|--------------------------------------|----------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2017 | 1,600,136 | - | - | (1,201,335) | 398,801 |
| Net loss for the period | - | - | - | (95,438) | (95,438) |
| Balance at 30 June 2017 | 1,600,136 | - | - | (1,296,773) | 303,363 |
| Balance at 1 January 2018 | 1,600,136 | 271,150 | 13,467 | (1,655,100) | 229,653 |
| Net loss for the period | - | - | - | (1,877,990) | (1,877,990) |
| Convertible notes received prior to 31 December 2017 converted to shares net of commission including free attaching options | 271,150 | (271,150) | - | - | - |
| Corporate Adviser fees on raising funds for convertible notes taken as 1 million shares and 1 million attaching options | | | | | |
| • Shares issued to Corporate Adviser as part of settlement of seed raise of \$290,000 convertible notes | 13,467 | - | (13,467) | - | - |
| • Shares issued to Corporate Adviser as part of settlement of seed raise of \$426,000 convertible notes | 16,533 | - | - | - | 16,533 |
| Corporate Adviser fees converted to shares | 30,000 | - | - | - | - |
| Corporate Adviser fees on 1 million options at fair value of \$0.005 | - | - | 5,000 | - | 5,000 |
| Goldtree Minerals Pty Ltd convertible note holders: 14.2 million shares issued at \$0.03 net of commissions including free attaching options | 402,860 | - | - | - | 402,860 |
| Corporate Adviser Securities: 10 million shares issued at \$0.04 to assist with re-listing | 400,000 | - | - | - | 400,000 |
| Corporate Adviser Securities: 10 million options at fair value of \$0.005 each exercisable at \$0.06 each on or before 1 March 2021 | - | - | 50,000 | - | 50,000 |
| Vendor shares: 32.5 million shares issued at \$0.04 to acquire mining tenements | 1,300,000 | - | - | - | 1,300,000 |
| Vendor options: 3.5 million options at fair value of \$0.005 each exercisable at \$0.06 each on or before 1 March 2021 | - | - | 17,500 | - | 17,500 |
| Capital received from Investors including free attaching options | 6,216,000 | - | - | - | 6,216,000 |
| Less Commission paid for capital raise: | | | | - | - |
| Capitalised fees related to capital raise | (404,040) | - | - | - | (404,040) |
| Balance at 30 June 2018 | 9,816,106 | - | 72,500 | (3,533,090) | 6,355,516 |

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the 31 December 2017 annual report.

First Au Limited

ABN 65 000 332 918

**Statement of Cash Flows
For the Half-Year Ended 30 June 2018**

| | Half-year Ended 30 June \$ | Half-year Ended 30 June \$ |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | - | 415,175 |
| Payments to suppliers | (1,075,554) | (128,574) |
| Interest received | 2,740 | 855 |
| GST received from ATO | 37,642 | 8,226 |
| Net cash derived from / (used in) operating activities | <u>(1,035,172)</u> | <u>295,682</u> |
| CASH FLOWS FROM INVESTING | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds received from Capital Raising Securities | 6,216,000 | - |
| Capitalised fees paid for capital raising | (404,040) | - |
| Proceeds received from Goldtree Minerals Pty Ltd | 43,907 | - |
| Net cash provided by financing activities | <u>5,855,867</u> | <u>-</u> |
| Net increase in cash | 4,820,695 | 295,682 |
| Cash and cash equivalents at beginning of period | 303,771 | 39,877 |
| Cash and cash equivalents at end of period | <u>5,124,466</u> | <u>335,559</u> |

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2017 annual report.

First Au Limited

ABN 65 000 332 918

Notes to the Financial Statements

For the Half-Year Ended 30 June 2018

1 Summary of Significant Accounting Policies:

(a) Basis of Preparation:

These general purpose interim financial statements for the half-year reporting period ended 30 June 2018 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 annual financial statements of First Au Limited ("The Company"). It is recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017, 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.

(b) Accounting Policies:

The accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. Due to the change in nature and scale of the activities of the Company, additional accounting policies are set out in the following.

Cash and Cash Equivalents:

Cash and cash equivalents includes deposits held at call with financial institutions, and other short-term highly liquid investments with original maturities of three months or less.

Exploration and evaluation expenditures:

The financial reporting for *exploration for and evaluation of mineral resources* is covered by accounting standard AASB 6: Exploration for and evaluation of Mineral Resources.

In accordance with this accounting standard, the Company's policy in relation to the treatment of expenditure incurred in the exploration for and evaluation of mineral resources is as follows:

- Acquisition of the mining tenements (exploration licence): Eight mining tenements 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. Refer Note 4.
- 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:

- The rights to tenure of the area of interest are current, and:
- Exploration and evaluation activities in the area of interest 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 reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are measured at cost.

Impairment:

Active and significant operations in, or in relation to, the areas of interest are continuing at the end of the reporting period.

At the end of each reporting period, the Company assesses exploration and evaluation assets for impairment. When facts and circumstances suggest that the carrying amount of an exploration and evaluation asset exceeds the recoverable amount, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

First Au Limited

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2018

(b) Accounting Policies (Cont'd):

Share-Based Payment Reserve

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

The valuation of equity settled share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they were quoted on ASX at 15 June 2018. The fair value of shares and options has been determined based on \$0.04 for shares and \$0.005 for options.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in share based payment reserve.

Going Concern:

The 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 2018 of \$1,877,990 and a net cash inflow from operating and financing activities of \$4,820,695. Net assets of the Company at 30 June 2018 were \$6,355,516.

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;
- exploitation of the exploration and evaluation 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 in the future to fund operating and exploration expenditure.

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.

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

New or Amended Accounting Standards:

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

| | Half-year Ended 30 June 2018 \$ | Half-year Ended 30 June 2017 \$ |
|--|--|--|
| 2 Net loss for the Period: | | |
| The following expense items are relevant in explaining the financial performance for the period: | | |
| Expenses associated with re-listing: | | |
| Regulatory | 94,796 | - |
| Legal | 100,052 | - |
| Consultants fees | 98,162 | - |
| Consulting fees paid to a Director | 60,000 | - |
| Corporate Adviser Securities: 10 million shares issued at \$0.04 | 400,000 | - |
| Corporate Adviser Securities: 10 million options at fair value of \$0.005 | 50,000 | - |
| Sub-Total | 803,010 | - |

First Au Limited

ABN 65 000 332 918

Notes to the Financial Statements

For the Half-Year Ended 30 June 2018

| | Half-year Ended 30 June 2018 \$ | Half-year Ended 30 June 2017 \$ |
|--|--|--|
| 2 Net loss for the Period (Cont'd): | | |
| Sub-Total (Cont'd) | 803,010 | - |
| Expenses relating to previous proposed transaction in Goldtree Minerals Pty Ltd assumed on issuing Goldtree Convertible Note Holders with shares and options | 382,093 | - |
| Travel and accommodation | 97,235 | - |
| Other expenses | 59,554 | - |
| | <u>1,341,892</u> | <u>-</u> |
| Administration expenses | | |
| Directors fees | 141,749 | - |
| CEO Remuneration paid to a Director | 80,000 | - |
| Other expenses | 181,615 | 96,293 |
| | <u>403,364</u> | <u>96,293</u> |
| Brokers fees directly associated with the raising of capital have been off-set against capital raised. | | |
| | 30 June 2018 | 31 Dec 2017 |
| 3 Other Receivables: | | |
| GST receivable from Australian Taxation Office | 216,050 | - |
| Sundry receivables | 12,283 | 18,180 |
| | <u>228,333</u> | <u>18,180</u> |
| 4 Exploration and Evaluation: | | |
| On 10th January 2018, the Company announced it had entered into conditional binding agreements with Great Sandy Pty Ltd and Drillabit Pty Ltd (together, the Vendors) to acquire eight mining tenements. These agreements became binding upon the successful completion of the fund raise and re-listing by the Company on 15 June 2018. | | |
| 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 | - |
| • 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 | - |
| Stamp duty on mining tenement acquisitions | 64,000 | - |
| Total cost of mining tenement acquisitions | <u>1,381,500</u> | <u>-</u> |

Stamp duty on mining tenement acquisitions is an estimate at 30 June 2018 based on a calculator provided on the Department of Finance WA web site. Assessment of duty by Department of Finance WA has not been finalised.

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 license.

First Au Limited

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2018

5 Contingent Liabilities and Capital Commitments:

The Company has no material contingent liabilities or capital commitments.

6 Operating Segments:

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

7 Issued Capital and Options:

| | Share Capital \$ | Number of shares | Number of Options |
|---|------------------------|---------------------|----------------------|
| Balance at 1 January 2018 | 1,600,136 | 37,958,000 | 36,779,936 |
| Attaching Options exercisable at \$0.06 each on or before 30 months from quotation date based on shares at 31 December 2017 excluding certain overseas shareholders | | | |
| Convertible notes: funds received prior to 31 December 2017 net of commission | 271,150 | - | - |
| ● Shares issued based on gross funds of \$290,000 at \$0.03 per share | - | 9,666,667 | - |
| ● Attaching Options exercisable at \$0.06 each on or before 30 months from quotation date | - | - | 9,666,667 |
| Corporate Adviser fees payable on convertible notes taken as shares. | 30,000 | - | - |
| ● Shares issued based on fee of \$30,000 at \$0.04 per share | - | 1,000,000 | - |
| ● Attaching Options exercisable at \$0.06 each on or before 30 months from quotation date | - | - | 1,000,000 |
| Goldtree Minerals Pty Ltd ('Goldtree') convertible note holders: Share capital net of commissions. | 402,860 | - | - |
| ● Shares issued based on gross funds received by Goldtree of \$426,000 at \$0.03 per share | - | 14,200,000 | - |
| ● Attaching Options exercisable at \$0.06 each on or before 30 months from quotation date | - | - | 14,200,000 |
| Corporate Adviser Securities: 10 million shares issued at \$0.04. | 400,000 | - | - |
| ● Shares issued | - | 10,000,000 | - |
| ● Attaching Options exercisable at \$0.06 each on or before 1 March 2021 | - | - | 10,000,000 |
| Vendor shares: 32.5 million shares issued at \$0.04 to acquire mining tenements | 1,300,000 | - | - |
| ● Shares issued | - | 32,500,000 | - |
| Vendor options issued to acquire mining tenements: 3.5 million options exercisable at \$0.06 each on or before 30 months from quotation date | - | - | 3,500,000 |
| Capital received from Investors. | 6,216,000 | - | - |
| ● Shares issued | - | 155,400,000 | - |
| ● Attaching options exercisable at \$0.06 each on or before 30 months from quotation date | - | - | 155,400,000 |
| Less Commission paid for capital raise: | | | |
| Capitalised fees related to capital raise | (404,040) | - | - |
| Balance at 30 June 2018 | 9,816,106 | 260,724,667 | 230,546,603 |

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2018

7 Issued Capital and Options (Cont'd)

Quotation date means the date the Company's Securities re-commenced quotation on the ASX following the Acquisition and the Company's re-compliance with Chapters 1 and 2 of the Listing Rules. The Quotation date was 15 June 2018.

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.

Acquisition of mining tenements in consideration for shares:

Pursuant to the Mining Purchase and Sale Agreements with Great Sandy Pty Ltd and Drillabit Pty Ltd (Acquisition Agreements), the Company acquired Mining Tenements in consideration for:

- The issue of 32.5 million fully paid ordinary shares at a fair value of \$0.04 each;
- 3.5 million Unquoted Options exercisable at \$0.06 each on or before 1 March 2021 to Mr Dennis O'Meara. These options have been fair valued at \$17,500, and;
- The issue of 13 million Deferred Consideration Shares at a fair value of \$0.04 with a performance milestone that upon the announcement date that the Company achieves a JORC compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold on any of the interest in Tenements to be acquired (Milestone). If the Milestone is not achieved within 5 years from Quotation Date, no Deferred Consideration Shares will be issued.

Deferred consideration shares:

At 30 June 2018, there were no reasonable grounds on which to assess the likelihood of the non-market performance milestones for the issue of the Deferred Consideration Shares being met. Therefore, no adjustments have been made to the Interim Financial Statements based on the issue of the Deferred Consideration Shares. In accordance with AASB 2 Share-based payments, the Company will be required to re-assess the probability of the non-market performance milestones being achieved at each reporting date up until expiry of the Deferred Consideration Shares.

Escrowed or Restricted Securities

The ASX in their reinstatement decision dated 21 May 2018 advised that certain securities were not to be quoted and were to be classified as restricted securities for periods of 12 and 24 months 'from the date of quotation to official quotation of the securities of the Company.'

| | Half-year Ended | Half-year Ended |
|--|-----------------|-----------------|
| | Shares | Options |
| Securities restricted for a period of 12 months: | 14,425,417 | 2,416,667 |
| Securities restricted for a period of 24 months: | 32,074,583 | 15,083,333 |

8 (Loss)/Earnings Per Share:

| | \$ | \$ |
|--|--------|--------|
| Basic (loss)/earnings per share (cents per share). | (2.87) | (0.25) |
| Diluted (loss)/earnings per share (cents per share). | (2.22) | (0.25) |

Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic and diluted EPS.

| | Shares | Options |
|--|-------------|------------|
| • weighted average ordinary shares | 65,383,000 | 37,958,000 |
| • weighted average ordinary shares and options | 84,595,217 | 37,958,000 |
| Total number of issued shares at 30 June 2018 | 260,724,667 | 37,958,000 |
| Total number of options issued at 30 June 2018 | 230,546,603 | 37,958,000 |

9 Events subsequent to the End of the Reporting Period:

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. Reference should be made to announcement 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

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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 10 to 18 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the financial position as at 30 June 2018 and of the 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

Dated: 31st August 2018

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 2018, 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 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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

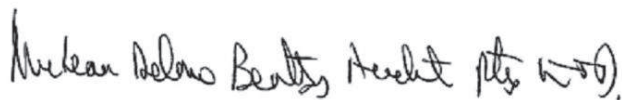
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of First Au Limited would be in the same terms if provided to the directors 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 2018 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 AUDIT PTY LTD



MARTIN FENSOME
Partner

Dated in Hawthorn on this 31 day of August 2018.