



First Au Limited
(formerly Public Holdings (Australia) Limited)

ABN 65 000 332 918

Annual Report
For the Year Ended 31 December 2018

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First Au Limited

ABN 65 000 332 918

Corporate Directory

Directors:

Bryan Frost - Chairman and Managing Director

Richard Revelins - Executive Director

Damon O'Meara - Non-Executive Director

Michael Quinert - Non-Executive Director

Company Secretary & Chief Financial Officer:

David McBain

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

Telephone: (03) 9817 0700

Email: dmcbain@firstau.com

Auditors:

McLean Delmo Bentleys Audit Pty Ltd

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

External 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')

ASX Code: FAU

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

Chairman's Address

Dear Shareholder,

It has been a year of considerable activity and significant early exploration success for the Company. Following approvals from shareholders at the Annual General Meeting held in May last year, the Company changed its name to First Au Limited (ASX: FAU) and acquired a portfolio of West Australian located, advanced exploration projects from respected prospector Denis O'Meara. The Company's securities were re-listed for trading on the Australian Securities Exchange on 15 June, 2018. Six days later we embarked on our initial drilling program on our prime target, the Gimlet Gold Project, which sits approximately 15kms north west of Kalgoorlie. This has proven to be a prudent decision as since then subsequent drilling campaigns have delineated a new gold discovery. The Company recently announced that its most recent reverse circulation drilling program had intersected significant lode gold mineralisation at Gimlet (refer ASX announcement 18 March, 2019) with many high-grade intercepts encountered. These recent exploration results, together with those from the 2018 RC program, have delineated mineralisation over 400m of strike length and work is now underway to potentially deliver a maiden resource in accordance with the JORC code.

Given the highly positive results to date, we have initiated petrology and metallurgy studies to examine appropriate recovery methods for various styles of mineralisation we have defined, including super-gene, transitional and sulphide material. FAU has applied for a mining lease over the majority of the Gimlet Gold Project. As a recently listed junior mining company, we could not have hoped for a better initial outcome within the first 9 months of commencing exploration activities and it is our intention to continue to develop the project in a well thought out and strategic manner. Our recent success has attracted interest from various parties and we are carefully considering our options as we move forward.

Our East Pilbara projects, Emu Creek and Talga, are developing well with a number of ground and aerial studies completed during the year which have generated prospective targets for further investigation for the 2019 field season. We are cognizant of the increased level of activity and expenditure in the region over the past 18 months which we anticipate should provide new discoveries and further opportunities for both FAU and other explorers in the region.

I would like to thank our highly skilled exploration team for their diligent work and highly encouraging exploration achievements and also our shareholders for their continued support in an otherwise difficult share market.

Yours faithfully



Bryan Frost
Executive Chairman

Directors' Report

Your Directors present their report on First Au Limited (formerly known as Public Holdings (Australia) Limited) for the financial year ended 31 December 2018.

Directors:

The names of Directors of First Au Limited during or since the end of the financial year up to the date of this report:

Bryan J Frost - Chairman and Managing Director	
Richard Revelins - Executive Director	(Appointed on 8 June 2018)
Damon O'Meara - Non-Executive Director	(Appointed on 8 June 2018)
Michael Quinert - Non-Executive Director	(Appointed on 8 June 2018)
Oreste Biziak	(Resigned on 8 June 2018)
Peter Chapman	(Resigned on 8 June 2018)
Clayton Dodd	(Resigned on 8 June 2018)

Particulars of each Director's experience and qualifications are set out later in this report.

Principal Activities:

The principal activity of the Company is mining and exploration. This change occurred as a consequence of the acquisition of certain mining projects located in Western Australia which changed the nature and scale of activities. These matters were the subject of a General Meeting of shareholders held on 8 May, 2018 which approved all resolutions, including a change of Company name to First Au Limited.

Review of Operations:

On 10 January, 2018 the Company announced that it had entered into conditional agreements to acquire a package of advanced mining and exploration projects from respected Western Australian based prospector, Denis O'Meara. The completion of this transaction resulted in a change to the nature and scale of the Company's activities and accordingly required a number of shareholder resolutions be passed. On 8 May, 2018 shareholders voted in favour of all the resolutions. Pursuant to a prospectus dated 6 April, 2018 the Company raised \$6,216,000 in new capital and was re-instated to listing on the Australian Securities Exchange ("ASX") on 8 June, 2018.

Within a week of the re-listing the Company announced that it had commenced drilling at the Gimlet Gold Project, located 15kms northwest of Kalgoorlie, Western Australia. This initial program has been followed up with a number of subsequent aircore, reverse circulation (RC) and diamond core drilling programs which have resulted in the discovery of significant gold mineralisation at Gimlet. During December last year the Company announced Strong Maiden RC Results over 400m at Gimlet. This program returned a number of high-grade gold intersections, including 3m @ 462 g/t Au from 52m (refer ASX announcements dated 8 November, 2018 and 14 December, 2018).

Recently, the Company completed a further program comprising approximately 2,900m of RC drilling and 350m of diamond core drilling targeting the Gimlet Mineralised Zone, which has been the major focus of recent drilling. The program comprised infill drilling and further exploration of the northern extension of the Gimlet Mineralised Zone. Results from the program were reported to the ASX on 18 March, 2019 when First Au announced that it had intersected significant lode gold mineralisation over a 400m strike length. While the program was primarily focussed on shallower oxide mineralisation, a decision to push the drilling deeper has enabled the Company to announce an exciting new lode gold discovery, which appears to be open at depth. At the time of lodgement, the Company is awaiting results from three diamond core holes (350m in total) to further test the underlying structures at depth.

The Company is undertaking analysis of the results from the recent RC drilling campaign, together with those from the 2018 RC drilling program. As the results from the further three diamond drill holes become available, the Company will complete that work with the objective of then being in a position to announce a JORC classified resource.

First Au has also recently announced that it has applied for a mining lease over the majority of the Gimlet project area.

Directors' Report (Cont'd)

Exploration Highlights for the 2018 Year:

- 2900m RC drilling program completed during December Quarter confirmed high-grade mineralisation at Gimlet and subsequent to year end, further RC drilling resulting in the announcement of significant lode gold mineralisation
- Gimlet mineralisation extends over 400m strike length and is open along strike and down dip.
- Pilbara projects data compilation progressing, with planned field program for next Quarter.

During the December, 2018 Quarter, First Au's focus was on the maiden reverse circulation (RC) drilling program at its Gimlet Gold Project, (Figure 1) which successfully identified mineralisation over 400m of strike length (refer ASX release dated 14 December 2018). This mineralisation remains open to the north and at depth. Both lode- and supergene-style gold mineralisation is evident. The 2900m RC program followed up the outstanding results from First Au's earlier aircore program at Gimlet, which returned strong intersections, including 3m at 462 g/t Au from 52m (refer ASX release dated 8th November 2018).

Gimlet Gold Project (100% owned):

The FAU 100% owned Gimlet Project is situated 15 km NW of Kalgoorlie, Western Australia. The tenement (EL26/174) occupies 9.6 km² in area and adjoins the tenements of Intermin Resources (ASX: IRC), containing the Teal, Jacques Find and Peyes gold deposits (289,000 oz Au). It is also within close trucking distance of five gold mills within the Kalgoorlie area, with several offering the toll treatment of ore to third parties (Figure 1). The geology in the tenement is prospective for gold, dominated by metamorphosed felsic and intermediate volcanic rocks of the Black Flag Group of the Kalgoorlie Terrane, Yilgarn Craton. This Archaean geology is overlain by Cainozoic sediments, including some areas covered with salt lakes which have previously inhibited the effectiveness of some of the historic exploration. During the period First Au completed its maiden aircore program, returning strong intersections including 3m at 462 g/t Au from 52m (refer ASX release dated 8 November, 2018).

During the December, 2018 Quarter, nineteen angled RC holes were drilled to depths of 116m to 212m to target mineralisation below and along strike from that intersected in previous aircore drilling (refer ASX release dated 14 December 2018). The drill plan presented in Figure 2, demonstrates mineralisation over a 400m strike length. Figure 3 demonstrates mineralisation; as 1) a supergene blanket within the saprolite clays; 2) a supergene-enriched shear zone at the fresh rock / oxide interface; and 3) shear-hosted in fresh felsic to intermediate volcanic rock, containing disseminated and stringer sulphides, with quartz vein material.

Directors' Report (Cont'd)

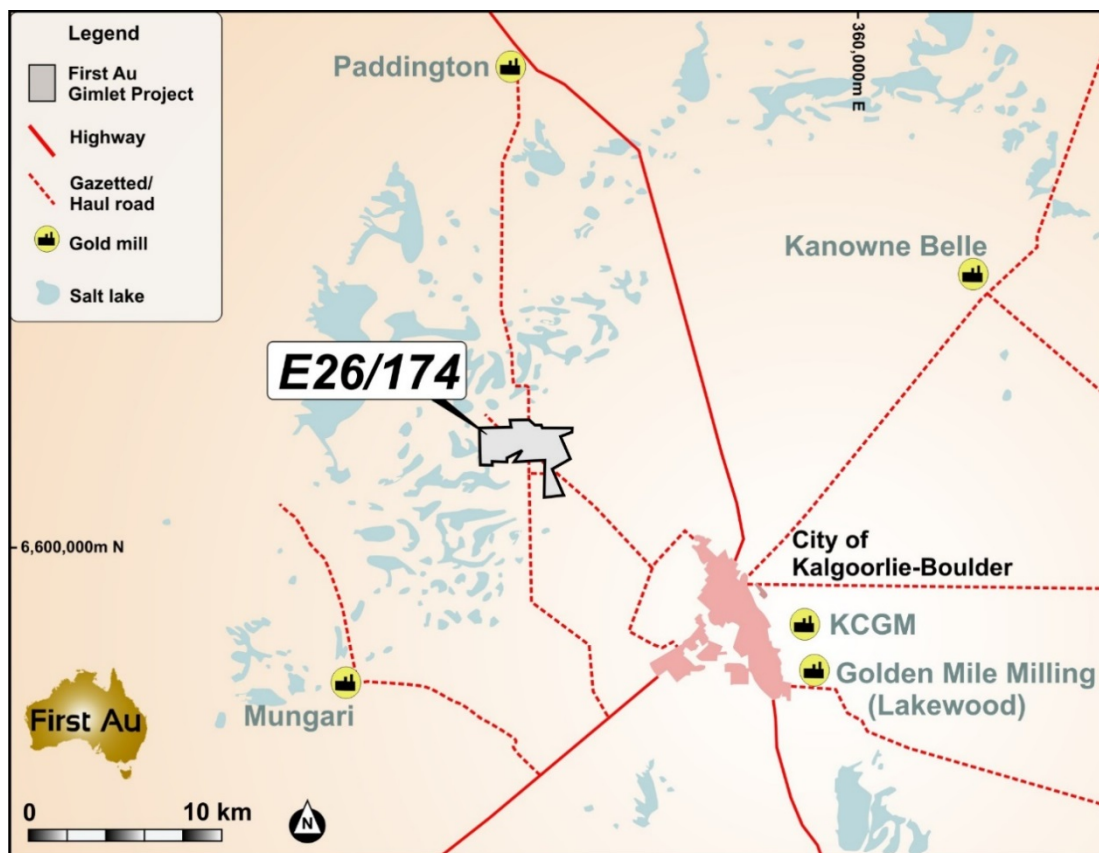


Figure 1: Location map of the Gimlet Project

Best intersections as follows:

Drillhole 18GRC016 – 13m @ 8.2 g/t Au from 67m (including 2m @ 16.1 g/t Au from 69 m & 1m @ 40 g/t Au from 77m).

Drillhole 18GRC017 – 31m @ 2.1 g/t Au from 48m (including 1m @ 22 g/t Au from 69 m).

Drillhole 18GRC002 – 15m @ 3.4 g/t Au from 64m (including 3m @ 9.7 g/t Au from 66 m).

Drillhole 18GRC007 – 21m @ 2.5 g/t Au from 138m (including 2m @ 12.8 g/t Au from 148m & 2m @ 5.8 g/t Au from 157m).

Drillhole 18GRC006 – 9m @ 3.5 g/t Au from 43m.

Drillhole 18GRC019 – 5m @ 7.8 g/t Au from 63m (including 3m @ 11.5 g/t Au from 63m).

Mineralisation is interpreted to be related to a NNW-SSE near vertical structure observed in the geophysics and the geological logging in the drilling.

Directors' Report (Cont'd)

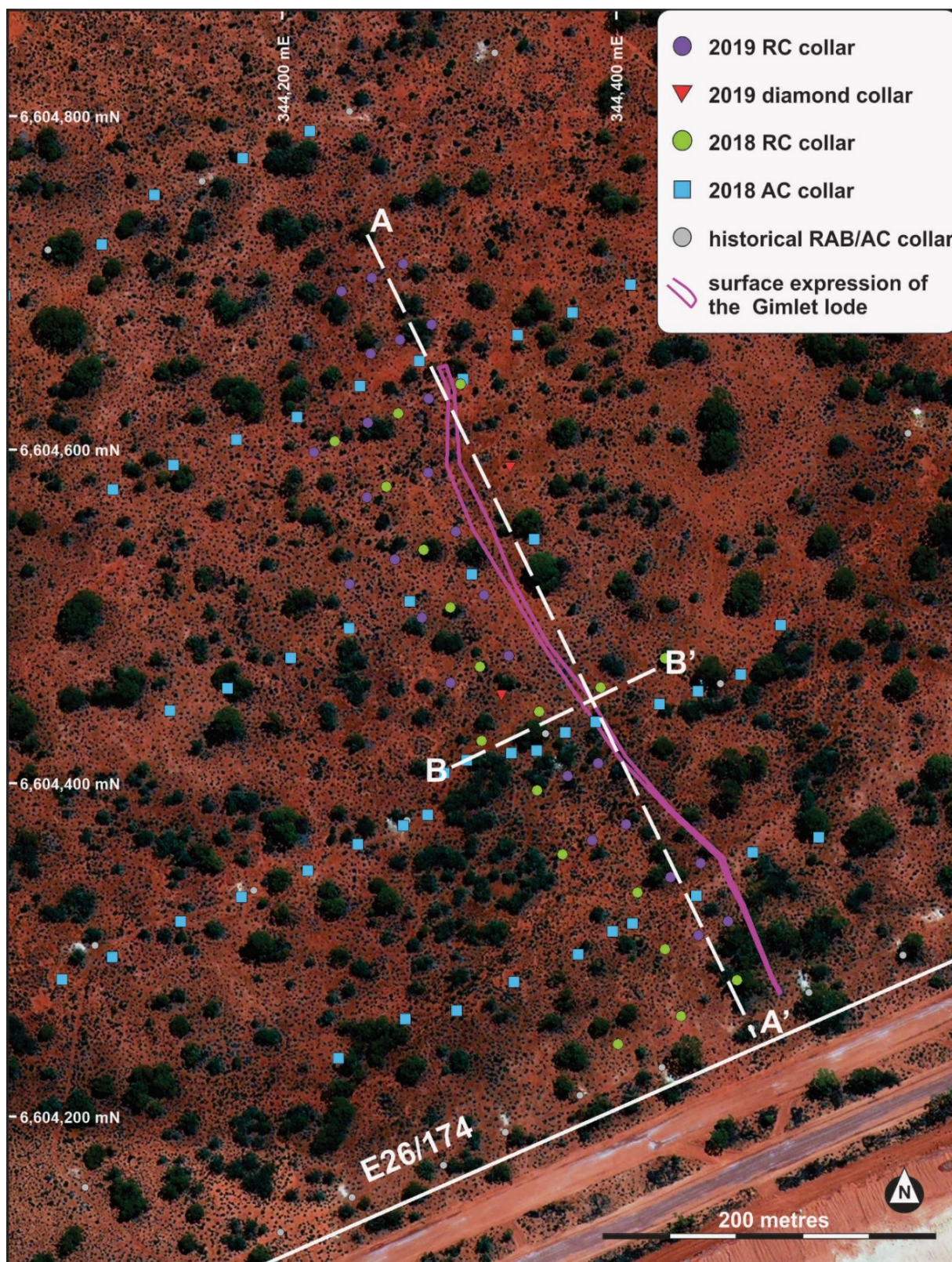


Figure 2: Drill plan of the Gimlet Project EL26/174, highlighting recent drilling history and Gimlet

Directors' Report (Cont'd)

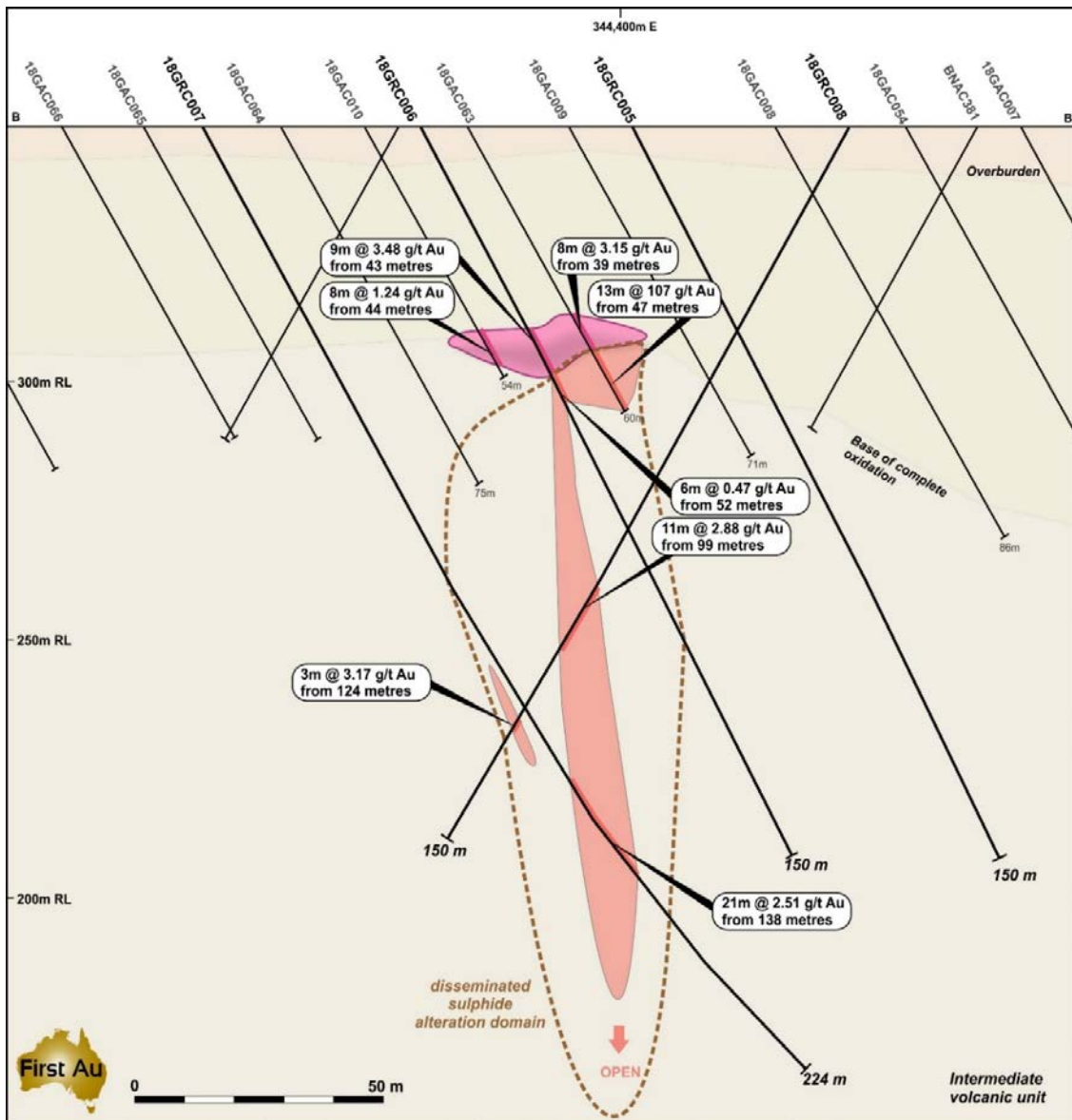


Figure 3: Cross section at the Gimlet, highlighting recent gold intersection (See section line B-B' in Figure 2)

On 18 March, 2019 the Company announced results from its 2,900m second RC drill program which intersected significant lode gold mineralisation at Gimlet, drilled to depths of ~ 150m. These exploration results and those from the 2018 RC program delineated mineralisation over 400m of strike length and that work has begun to determine a potential JORC resource. Results from the program include:

- Drillhole 19GRC005 – **3m @ 4.0 g/t Au** from 48m
- Drillhole 19GRC011 – **4m @ 2.9 g/t Au** from 98m
- Drillhole 19GRC013 – **15m @ 7.2 g/t Au** from 93m (*including 2m @ 16.4 g/t Au from 101m & 2m @ 17.4 g/t Au from 105 m*)
- Drillhole 19GRC015 – **26m @ 3.1 g/t Au** from 90m (*including 1m @ 19.1 g/t Au from 94m*)
- Drillhole 19GRC017 – **2m @ 6.2 g/t Au** from 114m & **4m @ 4.3 g/t Au** from 123m (*including 1m @ 10.8 g/t Au from 125m*)
- Drillhole 19GRC018 – **1m @ 3.2 g/t Au** from 39m & **9m @ 1.3 g/t Au** from 41m

Directors' Report (Cont'd)

- Drillhole 19GRC019 – **5m @ 3.9 g/t Au** from 89m (*including 1m @ 9.7 g/t Au from 90m*) & **2m @ 2.7 g/t Au** from 111m
- Drillhole 18GRC022 – **4m @ 18.8 g/t Au** from 38m (*including 1m @ 71.2 g/t Au from 38 m*)
- Drillhole 19GRC023 – **2m @ 1.1 g/t Au** from 37m & **3m @ 2.5 g/t Au** from 49m & **18m @ 1.2 g/t Au** from 62m
- Drillhole 19GRC024 – **6m @ 2.9 g/t Au** from 32m (*including 1m @ 9.3 g/t Au from 37m*) & **5m @ 1.4 g/t Au** from 54m & **6m @ 2.7 /t Au** from 63m
- Drillhole 19GRC025 – **11m @ 4.0 g/t Au** from 99m
- Drillhole 19GRC029 – **16m @ 1.2 g/t Au** from 53m
- Drillhole 19GRC030 – **15m @ 6.6 g/t Au** from 157m (*including 2m @ 31.4 g/t Au from 169 m*)

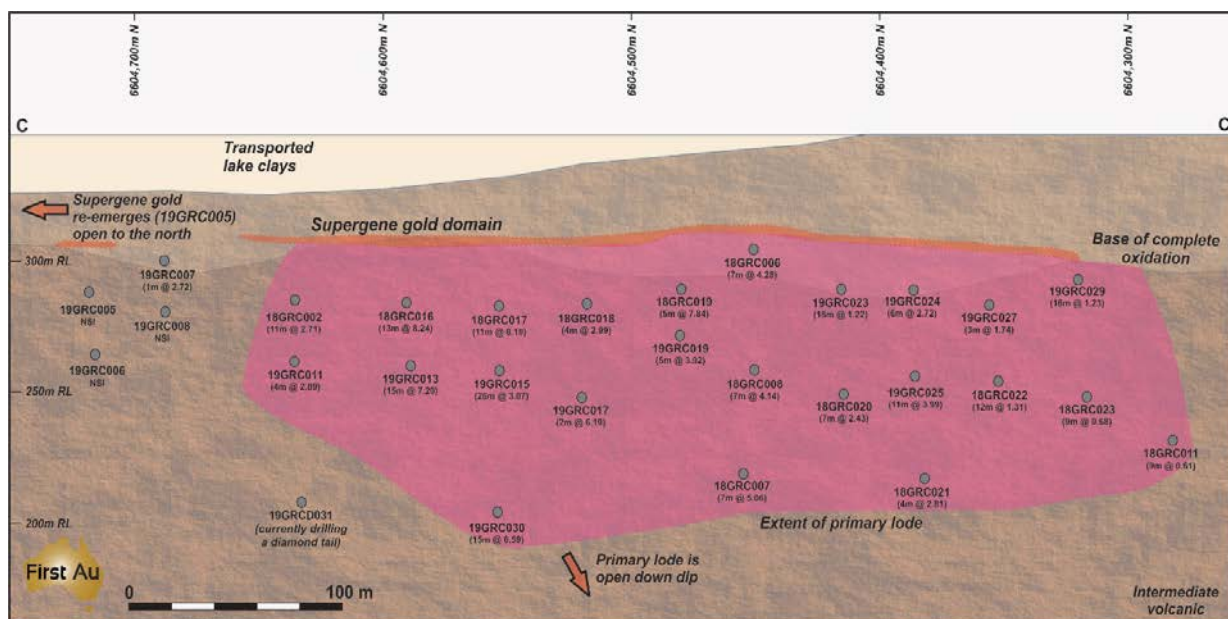


Figure 4. Long section (see figure 2 for location), with projected pierce points and gold intersections of RC drill holes from the 2018 and 2019 programs at the Gimlet Mineralised Zone. The figure depicts the extent of the primary lode mineralisation. Annotation at each drill hole intersection refers to mean gold grade in g/t.

Twenty-five angled RC holes were drilled to depths of 74 m to 219 m to target mineralisation below and along strike from that intersected in previous aircore and RC drilling (Figure 2). RC drilling commenced on 02/03/2019 and was completed by 12/03/2019. The RC drilling was spaced to provide ~ 20m by 40m grid pattern. The drill plan and long section are seen in Figures 2 and 4. While interpretation is still preliminary, the lode mineralisation defined by a ~ 0.5 g/t Au cut off, show true widths of between 0.6 to 13m, although in many cases the mineralised structures are bifurcated and can appear as several lodes. The fresh mineralised zone often shows a broader halo of disseminated pyrite containing lower grade mineralisation (~ 10 - 500 ppb Au).

Mineralisation is interpreted to be related to an NNW-SSE near vertical structure observed in the geophysics and the geological logging of the drilling. This structure appears to persist south of the Gimlet tenement, into the Intermin Resources tenements (ASX: IRC), following a trend containing the Teal Deposit. Combining FAU's Gimlet Mineralised Zone and the Intermin Resources gold deposits to the south (Teal, Jacques Find and Peyes Farm), it would appear mineralisation occurs in a series of structures along ~2.7km of strike and would suggest a significant mineralising system is evident.

Directors' Report (Cont'd)

Other activities at Gimlet include:

- After a successful orientation soil survey using Ionic leach analysis (ALS) sampled over existing mineralisation identified in drilling during the reporting period, a sampling program was initiated in January and March to test identified structural targets within the tenement.
- Baseline metallurgical study of mineralised material sampled from RC drill chips has commenced to better understand potential milling options if the project is to proceed to a mining stage.
- On 21 March 2019, the Company announced that had submitted a mining lease application over the Gimlet Mineralized Zone.

Emu Creek Project (earning up to 70%):

The Emu Creek tenements cover 120km² and are located 23km northwest of Nullagine, within the Pilbara region of WA (Figure 5). The project is 25km north of Novo Resources' (NVO. CN) Beaton's Creek conglomerate gold deposit (658,000 oz. @ 2.7 g/t Au). The Emu Creek Project also contains similar unexplored Archaean conglomerates, but has had limited gold exploration.

In addition, previously unrecorded hydrothermal cells (volcanic vents) have been identified from hyperspectral data by the Company, providing potential for either volcanic massive sulphide (VMS) or epithermal Cu-Au mineralisation within the Archaean volcanic / sedimentary succession. A VTEM survey completed over the same area has defined 8 conductor anomalies (as reported in ASX announcement dated 2 July, 2018). Some of these anomalies were visited in the field in 2018 and remain unexplained, but several are yet to be visited due to remote access. In addition, historic stream sediment data has been interrogated, with additional anomalies identified in terrane similarly difficult to access.

Proposed exploration for the upcoming Pilbara field season includes:

- Helicopter assisted field assessment of VTEM, surface geochemical and hyperspectral anomalies.
- The prospective Hardey Formation conglomerates to be tested with surface sampling.
- Accumulation of targets for a planned drilling program at the end of the 2019 field season.

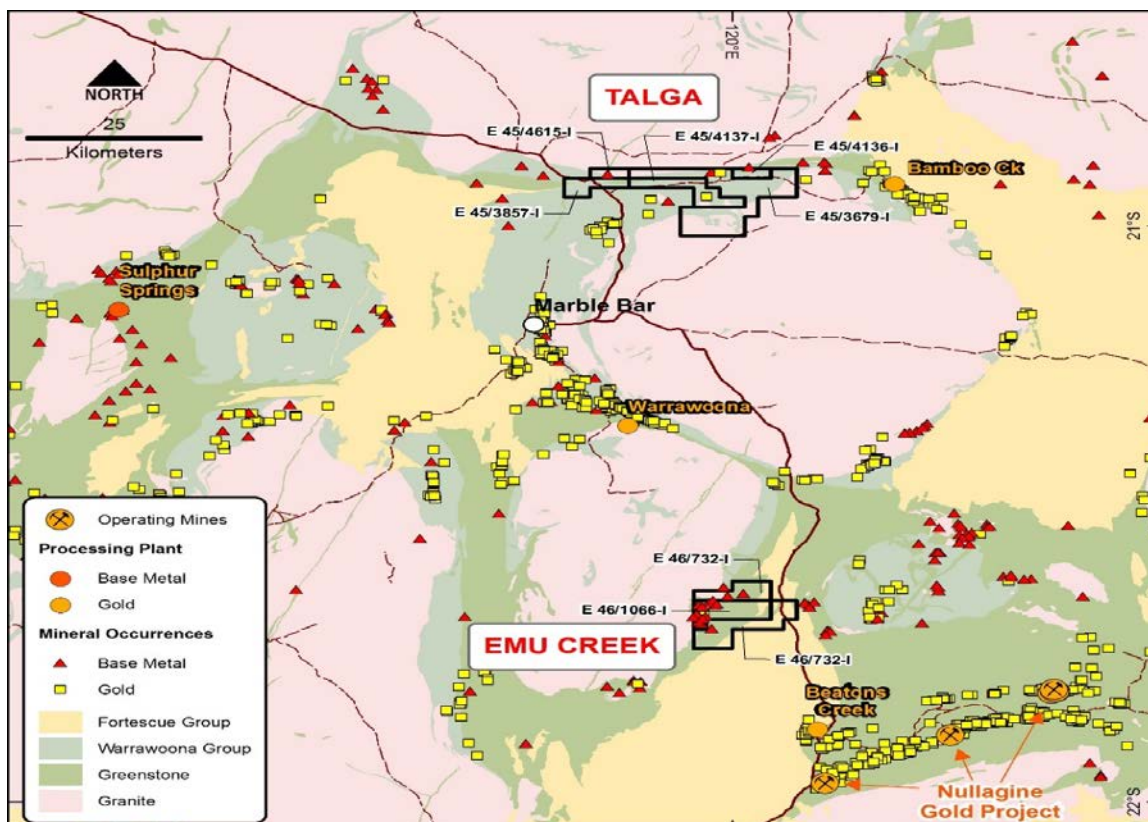


Figure 5: Location of Emu Creek and Talga Projects, Pilbara region

Directors' Report (Cont'd)

Talga Project (100% owned):

The Talga tenements cover 208 km² and are located 35km northeast of Marble Bar, within the Pilbara region of WA (Figure 5). The project is along strike from the Bamboo Creek Mining Centre (mined 779,350 T @ 8.15 g/t Au from 1897-1995). Talga is prospective for Archaean shear-hosted gold, with the primary target being the Razorback Prospect and geochemical / structural targets in the surrounding area. Other targets within the tenement package include VMS-style Cu-Au mineralisation identified along an E-W structural trend with associated gossanous exposures, in the north of the project (which includes the Cord Prospect), and lithium prospective pegmatites identified in the southern portion of the project. In 2018, the Company completed a high resolution aeromagnetic and radiometric survey over the entire Talga Project, which has been used to better define the structural geology of the project.

Previous work on the Razorback Prospect has included rock chip sampling of sheared banded iron formations (BIF), with rock chip assays up to 12.9 g/t Au, as well as numerous gold nuggets (ASX announcement dated 17 July, 2018). Previous soils and rock chips have identified ~ 3km strike length of Au anomalism, of which ~ 700m has been tested with drilling. An orientation soil program was completed during the December Quarter; however, the results are still being interpreted, with field checking required and some infill sampling required, which will be done once the Pilbara field season begins.

Proposed upcoming exploration program includes:

- The recent soil sampling and traversing program during the past December Quarter requires field checking, mapping and further sampling to better define the targets.
- Drill holes will be planned for the 2019 field season and will follow up historical intercepts including 16m @ 1.99 g/t Au and several other narrower, but higher grade near surface intercepts. (ASX announcement dated 17 July, 2018, Competent Person, Brian Richardson also footnote 1, below). A secondary drilling target at Razorback is positioned along a poorly exposed BIF unit that runs parallel and just to the north of the prominent Razorback Ridge. This unit outcrops only at the small Talga King historic workings, where sampling of sulphidic BIF in the mullock returned an assay of 28 g/t Au (ASX announcement dated 17 July, 2018, Competent Person, Brian Richardson also footnote 1, below). This area appears to be untested by historic drilling.

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.

Competent Persons Statement:

The information in this public report that relates to Exploration Results is based on information compiled by Dr Gavin England, a Competent Person who is a Member of the Australasian 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 mineralisation 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.

Operating Results:

The net assets of the Company have increased by \$4,385,473 during the financial year. This increase is largely due to the capital raise during June 2018 which is further explained in this report.

The net loss for the year ended 31 December 2018 was \$3,618,380 (2017: net loss of \$453,765).

Net cash inflow after operating, investing and financing activities was \$2,915,159 (2017: \$263,894). The cash balance of the Company at 31 December 2018 was \$3,218,930 (2017: \$303,771).

Further information in relation to these operating results can be located in the attached financial statements.

Material Business Risks:

The Company operates in the gold mining industry. The Company is subject to both internal and external business risks, many of which lie outside the control of the Board.

Directors' Report (Cont'd)

Likely Developments and Expected Results:

The Company will continue its exploration activities with the objective of advancing these activities to development or mining stage. Reference should be made to announcements by the Company on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

Environmental Issues:

The Company's operations are subject to significant environmental regulations under statutory legislation in relation to its exploration activities. The Directors monitor compliance with environmental legislation and are not aware of any significant breaches during the period covered by the Annual Report.

Dividends Paid or Recommended:

No dividend has been paid or recommended in respect of the year ended 31 December 2018 (2017: Nil).

Information Relating to Directors and Company Secretary:

Bryan J Frost

Qualifications: Investment Banker

Experience: Mr Frost has a career spanning nearly 60 years that includes experience in stockbroking, investment banking, venture capital, direct investment and corporate structuring. In 1989, Mr Frost co-founded Peregrine Corporate Limited, an Australian boutique investment bank which maintains a Financial Services Licence. Mr Frost has been involved in a myriad of public companies, usually through appointments to board positions and direct funding in a number of sectors including consumer products, mining, biotechnology and technology in Australia, Canada, South Africa, USA, UK, Ghana, Chile, and several other countries. Mr Frost is currently Executive Chairman of Peregrine Corporate Limited and a Director of Watermelon Gold Limited.

Interest in shares and options: 25,108,333 ordinary shares and 25,108,333 options comprising quoted 13,525,000 ordinary shares and options and unquoted 11,583,333 ordinary shares and attaching options escrowed for 24 months from date of re-listing of the Company during June 2018.

Special responsibilities: Chairman and Managing Director

Directorships held in other listed entities

during the three years

prior to the current year: None

Length of service: Appointed to the Board on 19 September 2014

Richard Revelins

Qualifications: Bachelor of Economics Degree from Monash University

Experience: Mr Revelins is a Director and co-founder of Peregrine Corporate Limited and is also a Managing Director at Cappello Group Inc in Los Angeles, USA. Mr Revelins has over 30 years of experience with international investment banks in the area of corporate finance and corporate advice and has held senior positions with Kleinwort Benson Australia Limited, Morgan Grenfell Australia Limited and McIntosh Securities Limited. Mr Revelins has predominantly specialised in mining and natural resources and was the former Chairman of Atlas Iron Ltd as well as a director of numerous other public and private companies.

Interest in shares and options: 6,000,000 ordinary shares and 6,000,000 attaching options escrowed for 24 months from date of re-listing of the Company during June 2018.

Special responsibilities: Executive Director

Directorships held in other listed entities

during the three years

prior to the current year: None

Length of service: Appointed to the Board on 8 June 2018

Directors' Report (Cont'd)

Information Relating to Directors and Company Secretary (Cont'd):

Damon O'Meara

Qualifications: Bachelor of Education, Diploma of Teaching

Experience: Mr O'Meara has over 40 years of experience in the mining and prospecting industry, having worked for Denis O'Meara Prospecting and former ASX-listed company, Kalmet Resources NL. Mr O'Meara is Co-Founder and Managing Director of Outback Trees of Australia Pty Ltd – Commercial Landscaping & Irrigation Group in Western Australia and has worked with prominent mining clients including BHP, Rio, Chevron and Woodside.

Interest in shares and options: 20,491,250 ordinary shares escrowed for 24 months from date of re-listing on ASX during June 2018. Entitled to deferred consideration subject to milestone disclosed in section 9.2(e) of Prospectus dated 6 April 2018 between the Company and Mr O'Meara's associated entities. Consideration entitlement – 13,000,000 fully paid ordinary shares

Special responsibilities: Non-Executive Director

Directorships held in

other listed entities

during the three years

prior to the current year: None

Length of service: Appointed to the Board on 8 June 2018

Michael Quinert

Qualifications: Degrees in Economics and Law from Monash University

Experience: Mr Quinert is Chairman of ASX listed West Wits Mining Limited (ASX:WWI), a company with active gold mining activities in South Africa, Australia and Indonesia. Mr Quinert has over 30 years' experience as a commercial lawyer and over 20 years as a partner in a Melbourne law firm. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues.

Interest in shares and 800,000 ordinary shares

options: 800,000 quoted options

Special responsibilities: Non-Executive Director

Directorships held in

other listed entities

during the three years

prior to the current year: Executive Chairman of West Wits Mining Limited; Director of Manalto Limited – resigned March 2017; Director of Covata Limited – resigned September 2017.

Length of service: Appointed to the Board on 8 June 2018

Oreste A Biziak

Qualifications: Bachelor of Applied Science (Canberra University)

Experience: Mr Biziak has been employed in various positions in a number of Australian Government Departments including Department of Immigration and Multicultural and Indigenous Affairs. After leaving Government employment during 2001, he established an import/export consultancy company in Canberra with interests in Hong Kong and China.

Interest in shares and 510,116 ordinary shares in PHA at 8 June 2018

options:

Special responsibilities: Deputy Chairman, Chairman of the Audit Committee and Non-Executive Director

Directorships held in

other listed entities

during the three years

prior to the current year: None

Length of service: Resigned from the Board 8 June 2018

Directors' Report (Cont'd)

Information Relating to Directors and Company Secretary (Cont'd):

Peter F Chapman

Qualifications: Securities Institute of Australia - Master Stockbroker
Fellow - Australian Institute of Company Directors (FAICD)

Experience: Over 40 years involvement in the securities industry including stockbroking, structuring investment and raising finance. Experience in Directorship roles in various companies including the Australian Stock Exchange (Melbourne) Ltd. Following retirement during 2008, his current business interests are in resources in South Africa, oil and gas in the Middle East and a small private bank in Geneva.

Interest in shares and 1,001,208 ordinary shares in PHA at 8 June 2018

Special responsibilities: Non-Executive Director

Directorships held in other listed entities during the three years prior to the current year: None

Length of service: Resigned from the Board 8 June 2018

Clayton J Dodd

Qualifications: Member of Chartered Accountants Australia and New Zealand

Experience: Over 30 years' experience in finance and resources and has held directorships with public listed companies on the Johannesburg Stock Exchange (JSE), Alternative Investment Market - London Stock Exchange (AIM) and Australian Securities Exchange (ASX). Clayton is currently a Director of Podium Minerals Limited, an ASX listed public company.

Interest in shares and 4,000,000 ordinary shares in PHA at 31 December 2017

Special responsibilities: Non-Executive Director

Directorships held in other listed entities during the three years prior to the current year: None

Length of service: Resigned from the Board 8 June 2018

David W McBain

Qualifications: Company Secretary
Fellow - Chartered Accountants Australia and New Zealand (FCA), member of Chartered Secretaries Australia (ACIS) now known as Governance Institute of Australia, and Fellow - Australian Institute of Company Directors (FAICD), Business Studies (RMIT)

Experience: David has held the position of Company Secretary since September 2006. He has over 40 years of professional experience in the areas of company secretarial, business assurance and statutory audits, taxation and business advisory services.

Directors' Meetings:

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2018 and the number of meetings attended by each Director.

	<i>Directors' meetings</i>		<i>Audit Committee</i>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
<i>Current Directors</i>				
Bryan Frost	15	15	2	2
Richard Revelins	2	2	1	1
Damon O'Meara	2	2	1	1
Michael Quinert	2	2	1	1
<i>Past Directors</i>				
Oreste Biziak	13	12	1	0
Peter Chapman	13	13	1	1
Clayton Dodd	13	13	1	1

Directors' Report (Cont'd)

Significant Changes in State of Affairs:

A change to the nature and scale of the Company's activities were 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.

The significant changes involved:

- Name changed to First Au Limited.
- Activities changed to an explorer for gold and base metals.
- Shares were predominately issued for the purpose of:
 - o capital raise of \$6,216,000; and
 - o acquiring mining tenements.
- Core assets were purchased in the form of Mining Tenements by the allotment of shares.

Further details of shares issued are set out in this Annual Report.

Events after the Reporting Date:

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 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. A significant announcement was released to ASX on 18 March 2019, "RC drilling intersects significant Lode Gold Mineralisation at Gimlet (see description above). In addition, on 13 March 2019, the Company announced that it had entered into a new Joint Venture and Farm-in agreement with West Wits Mining Limited (ASX: WWI) in respect to the Tambina Gold Project located in the East Pilbara. Reference should be made to that announcement which highlights:

- First Au has subscribed to a placement of 20 million shares in West Wits Mining Limited ('WWI') at 0.9 cents each (\$180,000), and made a cash payment of \$60,000 for a Joint Venture Agreement with Tambina Gold Pty Ltd,
- First Au can earn up to an 80% interest in the Tambina Gold Project by spending \$500,000 on exploration expenditure over the next three years, and
- The Tambina Joint Venture expands First Au's portfolio of projects in the Pilbara.

Announcements released to ASX: 18 March 2019 announced strong assay results from the Company's second reverse circulation (RC) drilling program at its Gimlet Gold Project and on 21 March 2019 announced that the Company had submitted a mining lease application over the Gimlet Mineralised Zone.

Indemnifying Officers or Auditor:

During the financial year the Company entered into an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an Officer or Auditor of the Company against a liability incurred as Officer or Auditor.

Proceedings on behalf of the Company:

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services:

There were no non-audit services provided to the Company by the audit firm during the year.

Auditor's Independence Declaration:

The Auditor's Independence Declaration for the year ended 31 December 2018 has been received and a copy is attached.

Directors' Report (Cont'd) Remuneration Report

Remuneration Policy:

As the Company has a small Board, the full Board acts as Nomination Committee and Remuneration Committee and is responsible for determining and reviewing compensation arrangements for Directors. The Company does not employ executives or other staff. The Managing Director also acts in the role of Chief Executive Officer (CEO).

The Board does not link the nature and amount of Directors' Remuneration to the Company's financial and operational performance.

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The remuneration arrangement is considered appropriate for the present stage of development of the Company and the activities it undertakes.

Performance based remuneration:

The Company does not pay performance based remuneration to any Director.

Key Management Personnel ('KMP') Shareholdings:

The number of ordinary shares in the Company held by each KMP during the financial year was as follows:

	Balance at Beginning of Year	At Date of Appointment/ (Resignation)	Purchased during IPO capital raise or off-market	Share based payments	Balance at End of Year
SHARES					
<i>Current KMP:</i>					
Bryan Frost	7,025,000	-	7,083,333	11,000,000	25,108,333
Richard Revelins	-	-	-	6,000,000	6,000,000
Damon O'Meara	-	-	20,491,250	-	20,491,250
Michael Quinert	-	800,000	-	-	800,000
<i>Past KMP:</i>					
Oreste Biziak	510,116	(510,116)	-	-	-
Peter Chapman	1,001,208	(1,001,208)	-	-	-
Clayton Dodd	4,000,000	(4,000,000)	-	-	-
OPTIONS					
<i>Current KMP:</i>					
Bryan Frost	7,025,000	-	7,083,333	11,000,000	25,108,333
Richard Revelins	-	-	-	6,000,000	6,000,000
Damon O'Meara	-	-	-	-	-
Michael Quinert	-	800,000	-	-	800,000
<i>Past KMP:</i>					
Oreste Biziak	510,116	(510,116)	-	-	-
Peter Chapman	1,001,208	(1,001,208)	-	-	-
Clayton Dodd	4,000,000	(4,000,000)	-	-	-

This table includes shares and options that are held directly, indirectly or beneficially by each KMP and include escrowed shares.

Details of amounts paid or agreed to be considered as paid on each of those shares and options is set out at Note 7 – Issued Capital and Options and the Statement of Changes in Equity. Damon O'Meara's shares form part of the vendor shares to acquire the Mining Tenements. In addition to the shares and attaching options purchased during the IPO capital raise, a further 1 million shares and attaching options were acquired off-market by Bryan Frost.

Directors' Report (Cont'd) Remuneration Report (Cont'd)

Details of Remuneration for Year Ended 31 December 2018:

The following remuneration was paid during the year:

Directors	Role	Short term benefits - Fees	Post - employment benefits	Total
<i>Current KMP:</i>		\$	\$	\$
Bryan Frost	Director and strategic services	130,000	-	130,000
Bryan Frost	CEO services	162,000	-	162,000
		292,000	-	292,000
Richard Revelins	Director and strategic services	23,333	-	23,333
Richard Revelins	Consultancy and management services	140,000	-	140,000
		163,333	-	163,333
Damon O'Meara	Director and strategic services	23,333	-	23,333
Michael Quinert	Director and strategic services	23,333	-	23,333
<i>Past KMP:</i>				
Oreste Biziak	Director and strategic services	15,000	-	15,000
Peter Chapman	Director and strategic services	15,000	-	15,000
Clayton Dodd	Director and strategic services	15,000	-	15,000
Total Key Management Personnel Remuneration		546,999	-	546,999

Directors did not receive remuneration in the prior year ended 31 December 2017.

Agreements with Directors:

Each Director has entered into an Agreement with the Company upon re-listing during June 2018. The Agreements contain provisions considered standard for agreements of this nature. Appointment ceases when the Company is advised in writing of the resignation or as otherwise in accordance with the Company's Constitution. No Directors are entitled to any termination payment apart from remuneration payable up to and including the date of termination.

Options:

No shares or options have been issued or granted as part of remuneration during the year, with the exception of share-based payments to entities associated with Bryan Frost and Richard Revelins for assisting with the capital raise and re-listing of the Company during June 2018. Refer Note 12 - related party transactions.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Bryan Frost
Chairman and Managing Director
28 March 2019

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FIRST AU LIMITED (FORMERLY PUBLIC HOLDINGS (AUSTRALIA)
LIMITED)**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 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

28 Hawthorn
March 2019

First Au Limited

ABN 65 000 332 918

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
Revenue	2	47,873	1,687
Exploration Expenses		(1,101,545)	-
Prospectus and re-listing expenses	2	(1,317,734)	-
Key management personnel remuneration	13	(546,999)	-
Public relation and promotion		(144,500)	-
Administration expenses		(555,475)	(455,452)
Loss before income tax		<u>(3,618,380)</u>	<u>(453,765)</u>
Tax expense	3	-	-
Net Loss for the year		<u>(3,618,380)</u>	<u>(453,765)</u>
Total Comprehensive Loss for the year		<u>(3,618,380)</u>	<u>(453,765)</u>
	7d	2018 Cents/share	2017 Cents/share
Earnings (Loss) per ordinary share			
Basic earnings (loss) per share		(2.21)	(1.20)
Diluted earnings (loss) per share		(1.25)	(1.18)

The accompanying notes form part of these financial statements.

First Au Limited

ABN 65 000 332 918

Statement of Financial Position As at 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,218,930	303,771
Other receivables	4	84,660	18,180
TOTAL CURRENT ASSETS		<u>3,303,590</u>	<u>321,951</u>
NON-CURRENT ASSETS			
Exploration and Evaluation	5	1,450,299	-
TOTAL NON-CURRENT ASSETS		<u>1,450,299</u>	<u>-</u>
TOTAL ASSETS		<u>4,753,889</u>	<u>321,951</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		123,109	92,298
Borrowings	6	15,654	-
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		<u>138,763</u>	<u>92,298</u>
NET ASSETS		<u>4,615,126</u>	<u>229,653</u>
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		(5,273,480)	(1,655,100)
TOTAL EQUITY		<u>4,615,126</u>	<u>229,653</u>

The accompanying notes form part of these financial statements.

First Au Limited

ABN 65 000 332 918

Statement of Changes in Equity For the Year Ended 31 December 2018

	Share Capital \$	Convert- ible Note Reserve \$	Share Based Payment Reserve \$	Accum - ulated Losses \$	Total \$
Balance at 1 January 2017	1,600,136	-	-	(1,201,335)	398,801
Convertible notes recognised as Equity	-	290,000	-	-	290,000
Capital raising expenses	-	(18,850)	13,467	-	(5,383)
Net loss for the year	-	-	-	(453,765)	(453,765)
Balance at 31 December 2017	1,600,136	271,150	13,467	(1,655,100)	229,653
Net loss for the year	-	-	-	(3,618,380)	(3,618,380)
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 31 December 2018	9,816,106	-	72,500	(5,273,480)	4,615,126

The accompanying notes form part of these financial statements.

First Au Limited

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Statement of Cash Flows For the Year Ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	13,638
Receipt from Mobilicom Limited		-	450,000
Payments to suppliers		(2,013,713)	(494,481)
Payment for exploration		(1,178,464)	-
Interest received		47,873	1,687
GST received from ATO		320,740	3,050
Net cash used in operating activities	8	(2,823,564)	(26,106)
CASH FLOWS FROM INVESTING ACTIVITIES			
Tenement acquisitions - stamp duty on tenements acquired at date of re-listing	5	(132,799)	-
Net cash used in investing activities		(132,799)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Funds raised from Convertible Notes		-	290,000
Proceeds received from Capital Raising Securities	7	6,216,000	-
Fees paid for capital raising	7	(404,040)	-
Proceeds received from Goldtree Minerals Pty Ltd		43,907	-
Proceeds from borrowings		27,180	-
Repayment of borrowings		(11,525)	-
Net cash provided by financing activities		5,871,522	290,000
Net increase in cash and cash equivalents held		2,915,159	263,894
Cash and cash equivalents at 1 January		303,771	39,877
Cash and cash equivalents at 31 December		3,218,930	303,771

The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Summary of Significant Accounting Policies

Corporate Information

First Au Limited (formerly known as Public Holdings (Australia) Limited) is a listed public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors of the Company on the same date as the Directors' Report.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

a) Revenue and Other Income

Interest revenue is recognised using the effective interest method.

b) Goods and Services Tax (GST)

Revenues (with the exception of interest), expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows and included in receipts from customers or payments to suppliers.

c) Income Tax

The income tax expense/ (income) for the year comprises current income tax expense/ (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income for the current period. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/ (recovered from) the Australian Tax Office (ATO) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current income tax expense/ (income) is charged or credited directly outside profit or loss when the tax relates to items that are recognised outside profit or loss.

A deferred tax asset has not been recognised in respect of the carry forward amount of unused tax losses at this stage as it is not possible to determine when future taxable profits will be derived.

The benefit of tax losses will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for losses to be realised,
- the Company continues to comply with the conditions for deductibility imposed by tax legislation. This includes being able to satisfy the continuity of ownership test or the same business test which appear unlikely having regards to events noted after the reporting date; and
- no changes in tax legislation adversely affect the Company in realising the benefit from tax losses.

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Summary of Significant Accounting Policies (Cont'd)

d) Cash and Cash Equivalents

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

e) Exploration and Development Expenditure

- 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 5.
- 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.

f) Impairment

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.

g) 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.

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. Any subsequent transactions will be based on the current share price.

h) 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 of \$3,618,380 for the year ended 31 December 2018 and a net cash inflow after operating, investing and financing activities of \$2,915,159. Net assets of the Company at 31 December 2018 were \$4,615,126.

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Summary of Significant Accounting Policies (Cont'd)

h) Going Concern (Cont'd)

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.

i) Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 January 2017.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses;
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

Classification of financial assets

The financial assets of the Company have been reclassified as measured at amortised cost on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost.

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Summary of Significant Accounting Policies (Cont'd)

i) Change in Accounting Policy (Cont'd)

Transition adjustment

There were no material impact on the financial statements as a result of the change in accounting policy.

Revenue - Adoption of AASB 15

The Company has adopted AASB 15 Revenue from Contracts with Customers for the first time in the current year with a date of initial adoption of 1 January 2018. During the year, the Company did not receive revenue from Contracts with Customers.

j) Financial Instruments

For comparative year

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie, trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Receivables

Receivables are measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

k) New Accounting Standards for Application in Future Periods

At the date of authorisation of the financial report, AASB 16 *Leases*, has been issued but not yet effective. The Directors have reviewed the standard and based on the current operations of the Company, they do not believe that the standard will have a material impact on reported financial position or performance of the Company as the Company has no leases.

First Au Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

	31 Dec 2018 \$	31 Dec 2017 \$
2. Revenue and Expenses		
The following revenue and expense items are relevant in explaining the financial performance for the year:		
<i>Revenue:</i>		
Interest received - bank accounts	47,873	1,687
<i>Expenses:</i>		
Amounts received or due and receivable by the auditors:		
Auditing the financial statements	27,000	12,350
Audit - other services	-	-
Prospectus and re-listing expenses:		
Regulatory	94,796	-
Legal fees	122,719	-
Share based payments:		
- Corporate Adviser Securities: 10 million shares issued at \$0.04	400,000	-
- Corporate Adviser Securities: 10 million options at fair value of \$0.005 each exercisable at \$0.06	50,000	-
	450,000	-
Goldtree Minerals Pty Ltd shares and options - refer Note 2a.	382,093	-
Other expenses	268,126	-
	1,317,734	-
2a. In consideration for Goldtree Minerals Pty Ltd ('Goldtree') relinquishing its agreement to acquire the rights over certain mining tenements which were subsequently acquired by the Company, Goldtree Convertible Noteholders received a conversion offer of shares and options. The amount of \$426,000, represents Convertible Notes in Goldtree that have been converted to shares and options in the Company less cash received from Goldtree of \$43,907. Also refer Prospectus dated 6th April 2018 and section 9.3(b) re Goldtree Convertible Notes for further information.		
3. Income Tax Expense		
The prima facie tax on net loss for year is reconciled to income tax as follows:		
Prima facie income tax on loss at 30% (2017 : 30%)	1,085,514	136,130
Tax effect of:		
Non-allowable items	(391,026)	(117,709)
Benefit of tax losses not recognised	(694,488)	(18,421)
Income tax attributable to entity	-	-

A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses as at this stage as it is not probable that future taxable profits will be derived. Tax losses approximate \$4,234,000 and capital losses approximate \$2,190,000 as at the year end.

First Au Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

	31 Dec 2018 \$	31 Dec 2017 \$
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4. Other Receivables - Current

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. All other receivables are within initial trade terms.

5. 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
- 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

1,300,000	-
17,500	-
1,317,500	-
Stamp duty on mining tenement acquisitions	132,799
Total cost of mining tenement acquisitions	1,450,299

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 license.

6. Borrowings

The borrowings is a short term borrowing which is unsecured and at interest rate of 5.37% (2017 : Nil).

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Issued Capital and Options

	Share Capital \$	Number of shares	Number of Options
Balance at 1 January 2018	1,600,136	37,958,000	-
Attaching Quoted Options expiring 15 December 2020 exercisable at \$0.06 each excluding certain overseas shareholders	-	-	36,779,936
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 Free Quoted Options expiring 15 December 2020 exercisable at \$0.06 each	-	-	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 Free Quoted Options expiring 15 December 2020 exercisable at \$0.06 each	-	-	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 Free Quoted Options expiring 15 December 2020 exercisable at \$0.06 each	-	-	14,200,000
Corporate Adviser Securities: 10 million shares issued at \$0.04	400,000	-	-
• Shares issued	-	10,000,000	-
• Attaching Free Options expiring 1 March 2021 exercisable at \$0.06 each	-	-	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 expiring 1 March 2021 exercisable at \$0.06 each	-	-	3,500,000
Capital received from Investors	6,216,000	-	-
• Shares issued	-	155,400,000	-
• Attaching Free Quoted Options expiring 15 December 2020 exercisable at \$0.06 each	-	-	155,400,000
Less Commission paid for capital raise:			
Capitalised fees related to capital raise	(404,040)	-	-
Balance at 31 December 2018	<u>9,816,106</u>	<u>260,724,667</u>	<u>230,546,603</u>

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Issued Capital and Options (Cont'd)

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.

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.

7a. 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 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 on any of the interests 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.

7b. Deferred consideration shares:

At 31 December 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 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.

In exchange for acquiring the Tenements the Company issued 32,500,000 Shares and 3,500,000 Unquoted Options to the Vendors.

The Vendors will also be entitled to be issued with 13,000,000 Deferred Consideration Shares 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 any of the interests in Tenements to be acquired (Milestone). If the Milestone is not achieved within 5 years from the Quotation Date, no Deferred Consideration Shares will be issued.

7c. 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 a period 24 months from the date of quotation to official quotation of the securities of the Company.

Securities classified as restricted for 24 months are:

	No of shares
Shares	32,074,583
Options	15,083,333

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Issued Capital and Options (Cont'd)

7d. Earnings (Loss) per ordinary share:

	31 Dec 2018	31 Dec 2017
	Cents/share	Cents/share
Basic earnings (loss) per share ('EPS')	(2.21)	(1.20)
Diluted earnings (loss) per share ('EPS')	(1.25)	(1.18)
	No of shares	No of shares
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	163,645,778	37,958,000
Weighted average number of ordinary shares and options used in the calculation of basic diluted EPS	289,165,595	38,386,440
	\$	\$
Net loss for the year used in the calculation of basic and diluted earnings per share	<u>(3,618,380)</u>	<u>(453,765)</u>

7e. 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. Cash Flow Information

Reconciliation of cash flows from operations with net loss for the year

	31 Dec 2018	31 Dec 2017
	\$	\$
Net loss for the year	(3,618,380)	(453,765)
Non-cash flows from ordinary activities:		
Shares and options issued in lieu of services rendered - refer Note 2	450,000	-
Shares and options issued to Goldtree Minerals Limited Noteholders - refer Note 2	382,093	-
Changes in assets and liabilities:		
(Increase)/Decrease in other receivables	(66,480)	431,820
Increase in trade and other payables	30,810	1,222
Other adjustments	(1,607)	(5,383)
Net cash used in operating activities	<u>(2,823,564)</u>	<u>(26,106)</u>
Significant non-cash items		
Purchase of tenements - refer Note 5 Exploration and Evaluation	<u>1,317,500</u>	<u>-</u>

Notes to the Financial Statements For the Year Ended 31 December 2018

9. Contingent Liabilities

The Company is not aware of any contingent liabilities.

10. Capital 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.

	31 Dec 2018 \$	31 Dec 2017 \$
The approximate minimum level of expenditure requirements are set out in the following:		
Within one year	330,000	-
One year or later and no later than five years	<u>2,600,000</u>	<u>-</u>

11. Operating Segments:

The Company operates in one reporting segment in Australia which is exploration for gold and base metals.

12. Related Party Transactions

Peregrine Corporate Limited ('Peregrine') of which the Chairman, Bryan Frost and Richard Revelins are Directors was appointed the Lead Manager to the Public Offer which raised \$6,216,000. Peregrine and associated parties received Corporate Adviser Securities as set out in the Statement of Changes in Equity and Note 7.

Michael Quinert is a Director and Partner in the legal firm, Quinert, Rodda & Associates which received legal fees of \$13,488 on normal commercial terms.

Other payments to Directors are set out in the Remuneration Report which forms part of this Annual Report.

	31 Dec 2018 \$	31 Dec 2017 \$
13. Key Management Personnel Remuneration		
The following are the details of remuneration for year ended 31 December 2018:		
Short term benefits	<u>546,999</u>	<u>-</u>
Refer to the Remuneration Report contained in the Directors' Report for details of Remuneration and Equity.		

Notes to the Financial Statements For the Year Ended 31 December 2018

14. Financial Risk Management

Financial instruments consist mainly of deposits with banks, other receivables and trade and other payables.

Financial Risk Management Policies

The use of financial instruments is governed by policies approved by the Board of Directors. The Directors are responsible for managing treasury requirements.

Financial Risk Exposures

The main risks the Company is exposed to through its financial instruments are interest rate risks and liquidity risk.

14a. Interest rate risk

Interest rate risk is managed with a mixture of cash at bank, short term deposits and financial assets. The interest receivable on bank deposits can vary depending upon interest rates from time to time. The Company has not used interest rate swaps to hedge its exposure to interest rate risk.

	31 Dec 2018	31 Dec 2017
The effective interest rates of cash and cash equivalents of the Company at the reporting date are set out below:		
Average interest rate	2.78%	0.54%

14b. Liquidity risk

The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash to meet operational requirements.

Directors manage cash flow requirements by:

- containing operating expenses at a level that is commensurate with the Company's level of operations;
- raising sufficient capital;
- enhancement of the value of retained assets; and
- Managing cash expended on exploration and evaluation tenements.

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.

14c. Financial liability maturity analysis

All liabilities of the current year and comparative year are due to be paid within three months. No liabilities extend beyond this period.

14d. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements. No collateral has been given in the form of a guarantee by the Company.

The Board monitors credit risk by actively assessing the quality of counterparties. The Company's cash at bank and bank deposits are placed with reputable banks with good credit ratings.

Notes to the Financial Statements For the Year Ended 31 December 2018

14. Financial Risk Management (Cont'd)

14e. Sensitivity Analysis

The Directors do not believe that any reasonably possible movement in the interest rate would cause a material impact on the reported result for the year.

14f. Fair Values

Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying amounts are equivalent to fair value.

15. Events after the reporting date

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 announcements by the Company to the ASX after the reporting period as these may affect the state of affairs of the Company in future financial years.

An announcement was released to ASX on 13 March 2019. Reference should be made to that Announcement which highlights:

- First Au has subscribed to a placement of 20 million shares in West Wits Mining Limited ('WWI') at 0.9 cents each (\$180,000), and made a cash payment of \$60,000 for a Joint Venture Agreement with Tambina Gold Pty Ltd,
- First Au can earn up to an 80% interest in the Tambina Gold Project by spending \$500,000 on exploration expenditure over the next three years, and
- The Tambina Joint Venture expands First Au's portfolio of projects in the Pilbara.

Announcements released to ASX: 18 March 2019 announced assay results from the Company's second reverse circulation (RC) drilling program at its Gimlet Gold Project and on 21 March 2019 announced that the Company had submitted a mining lease application over the Gimlet Mineralised Zone.

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 18 to 33 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Company.
2. In the Director's 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; and
3. The Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Bryan Frost
Chairman and Managing Director
28 March 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIRST AU LIMITED (FORMERLY PUBLIC HOLDINGS (AUSTRALIA) LIMITED)**

Opinion

We have audited the financial report of First Au Limited (formerly Public Holdings (Australia) Limited) (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion

- a. the accompanying financial report of First Au Limited, is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(h), "Going Concern" in the financial report which indicates that the company incurred a net loss of \$3,618,380 for the year ended 31 December 2018. In addition the company had a net operating cash outflow of \$2,823,564 for the year ended 31 December 2018. As stated in Note 1(h), this event along with other matters as set forth in note 1(h) indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters. Including the matter described in the Materiality Uncertainty Related to Going Concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and Evaluation Expenditure</p> <p>The company has capitalised an amount of exploration and evaluation expenditure with a carrying value of \$1,450,299 as at 31 December 2018. This represents the costs associated with acquiring the mining tenements on 15 June 2018. Exploration expenditure incurred on the mining tenements subsequent to their acquisition has been expensed through the Statement of Profit or Loss and Other Comprehensive Income.</p> <p>Exploration and evaluation expenditure is considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance to the company financial position; • The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; • The assessment of impairment of exploration and evaluation expenditure being inherently difficult. 	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the entity holds an interest and the exploration programmes planned for those tenements; • For each area of interest, we assessed the entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; • We tested the additions to capitalized expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalization requirements of the entity's accounting policy and the requirements of AASB 6; • We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalized expenditure: <ul style="list-style-type: none"> - the licenses for the right to explore expiring in the near future or are not expected to be renewed; - substantive expenditure for further exploration in the specific area is neither budgeted or planned - decision or intent by the entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources.

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

Key audit matter	How our audit addressed the key audit matter
<p>Going Concern</p> <p>The company incurred a net loss of \$3,618,380 for the year ended 31 December 2018 and had net operating cash outflows of \$2,823,564 for the year ended 31 December 2018 which indicates a material uncertainty regarding the application of the going concern basis of accounting.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We analysed the cash flow projections by evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Company's intentions, and past practices; • We assessed the planned levels of operating expenditure for consistency of relationships and trends to the company's historical results, results since year end, and our understanding of the business and economic conditions of the company; • We evaluated the events after reporting date and the impact that such events may have on the company.
<p>Share Based Payments</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • The value of the transactions; • The complexities involved in recognition and measurement of these instruments; and • The judgement involved in determining the inputs used in the valuation. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Analysing contractual agreements to identify the key terms and conditions of share based payments issued and relevant conditions in accordance with AASB 2 Share Based Payments; • Evaluating management's valuation models and assessing the assumptions and inputs used, where applicable; • Assessing the adequacy of the disclosures included in the financial report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIRST AU LIMITED (Continued)****Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 and 16 of the directors' report for the year ended 31 December 2018.

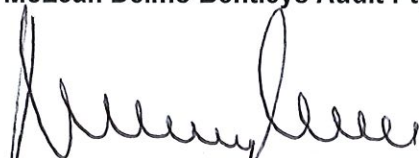
In our opinion, the Remuneration Report of First Au Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
29 March 2019

Additional Shareholders Information

1. Corporate Governance Statement:

The Corporate Governance Statement together with Appendix 4G have been separately lodged with ASX. A copy of the Corporate Governance Statement will also be located on the Company's web site: www.firstau.com.

2. Distribution of Equity Securities:

Number of ordinary shareholders in different categories are as follows:

	Shares Holders	Shares Units	Shares %	Options Holders	Options Units	Options %
100,001 and Over	329	239,922,331	92.02%	275	201,796,003	87.53%
10,001 to 100,000	343	20,104,715	7.71%	235	28,207,531	12.24%
5,001 to 10,000	13	90,004	0.03%	11	71,736	0.03%
1,001 to 5,000	166	279,118	0.11%	123	211,730	0.09%
1 to 1,000	1,176	328,499	0.13%	970	259,603	0.11%
Total	2,027	260,724,667	100%	1,614	230,546,603	100%

There were 1,387 holders of less than a marketable parcel of ordinary shares.

Refer to Note 7 to the Financial Statements for further information in relation to expiry dates on options and escrow periods for shares and options.

3. Substantial Shareholders:

Names of substantial shareholders who own 5% of more of the voting shares:

	Shares held	Options Held
Bryan Frost	25,108,333	25,108,333
Damon O'Meara	20,491,250	-
Denis O'Meara	20,491,250	3,500,000

This table includes shares and options that are held directly, indirectly or beneficially by each substantial shareholder and includes escrowed shares and options.

4. Ordinary Fully Paid Shares: Top 20 Holders (ungrouped) as of 31/12/2018:

		Units	% Units
1	OUTBACK TREES OF AUSTRALIA PTY LTD	8,190,000	3.14%
2	GREAT SANDY PTY LTD	6,581,250	2.52%
3	ANNE MAREE RICHARDSON	6,500,000	2.49%
4	QUEENSLAND M M PTY LTD	6,083,333	2.33%
5	PEREGRINE CORPORATE	6,000,000	2.30%
6	DRILLABIT PTY LTD	5,720,000	2.19%
7	FARCAM PTY LTD	5,000,000	1.92%
8	GOUSSE HOLDINGS PTY LTD	3,750,000	1.44%
9	MR MARK G CREASY	3,666,667	1.41%
10	CLAYTON DODD	3,655,000	1.40%
11	LSAF HOLDINGS PTY LTD	3,450,000	1.32%
12	NEWPORT PRIVATE WEALTH PTY LTD	3,200,000	1.23%
13	OCEANIC CAPITAL PTY LTD	3,000,000	1.15%
13	TALEX INVESTMENTS PTY LTD	3,000,000	1.15%
13	QUEENSLAND MM PTY LTD	3,000,000	1.15%
14	PENLEIGH BANNER PTY LTD	2,928,487	1.12%
15	ST BARNABAS INVESTMENTS PTY LTD	2,893,000	1.11%
16	ACTIONETTE PTY LTD	2,800,000	1.07%
17	HENNESSY PACIFIC INVESTMENTS LIMITED	2,666,667	1.02%
18	MR CHARLES ROBERT DIRCK WITTENOOM	2,500,000	0.96%
18	RIGI INVESTMENTS PTY LTD	2,500,000	0.96%
18	BUPRESTID PTY LTD	2,500,000	0.96%
18	TROCA ENTERPRISES PTY LTD	2,500,000	0.96%
18	REDLAND PLAINS PTY LTD	2,500,000	0.96%
19	CANTORI PTY LTD	2,250,982	0.86%
20	CHIFLEY PORTFOLIOS PTY LTD	2,212,499	0.85%
	Total	99,047,885	37.99%
	Balance of register	161,676,782	62.01%
	Grand total	260,724,667	100.00%

Refer to Note 7 to the Financial Statements for further information in relation to expiry dates on options and escrow periods for shares and options.

Additional Shareholder Information (Cont'd)

5. Options: Top 20 Holders (ungrouped) as of 31/12/2018:

		Units	% Units
1	PEREGRINE CORPORATE LTD	10,000,000	4.34%
2	MR NEAL BRENT BIRCHALL	6,482,010	2.81%
3	QUEENSLAND M M PTY LTD	6,083,333	2.64%
4	BAINPRO NOMINEES PTY LIMITED	5,000,000	2.17%
5	DR ROSEMARY ELIZABETH ANNE GREEN	4,000,000	1.74%
5	CLAYTON DODD	4,000,000	1.74%
7	BLUE FEATHER (QLD) INVESTMENTS PTY LTD	3,991,269	1.73%
8	GOUSSE HOLDINGS PTY LTD	3,750,000	1.63%
9	MR MARK G CREASY	3,666,667	1.59%
10	MR DENIS O'MEARA	3,500,000	1.52%
10	GOFFACAN PTY LTD	3,500,000	1.52%
11	LSAF HOLDINGS PTY LTD	3,450,000	1.50%
12	TALEX INVESTMENTS PTY LTD	3,000,000	1.30%
12	QUEENSLAND MM PTY LTD	3,000,000	1.30%
13	GHJC PTY LIMITED	2,999,999	1.30%
14	NEWPORT PRIVATE WEALTH PTY LTD	2,950,000	1.28%
15	ACTIONETTE PTY LTD	2,800,000	1.21%
16	HENNESSY PACIFIC INVESTMENTS LTD	2,666,667	1.16%
17	MR SHAUN BRENDON ARTHUR SUCKLING	2,565,150	1.11%
18	MR CHARLES ROBERT DIRCK WITTENOOM	2,500,000	1.08%
18	BUPRESTID PTY LTD	2,500,000	1.08%
18	TROCA ENTERPRISES PTY LTD	2,500,000	1.08%
18	OCEANIC CAPITAL PTY LTD	2,500,000	1.08%
18	SEREC PTY LTD	2,500,000	1.08%
18	RIGI INVESTMENTS PTY LTD	2,500,000	1.08%
18	REDLAND PLAINS PTY LTD	2,500,000	1.08%
19	CANTORI PTY LTD	2,250,982	0.98%
20	MR MICHAEL ANDREW WHITING & MRS TRACEY ANNE WHITING	2,000,000	0.87%
20	BERENES NOMINEES PTY LTD	2,000,000	0.87%
	Total	101,156,077	43.88%
	Balance of register	129,390,526	56.12%
	Grand total	230,546,603	100.00%

Refer to Note 7 to the Financial Statements for further information in relation to expiry dates on options and escrow periods for shares and options.

6. Voting rights:

In accordance with the Company's Constitution, voting rights are on a show of hands, one vote for every registered holder and on a poll, one vote for each share held by a registered holder.

First Au Limited

ABN 65 000 332 918

Additional Shareholders Information (Cont'd)

Tenement Schedule - as at 31 December 2018

Tenement #	Tenement name	Title Holder	Tenement Ownership	Size (# blocks)	State	Tenement Status	Renewal Date
E26/174	Gimlet	Drillabit	FAU 100%	5	WA	Granted	6-Nov-21
E24/216	White Flag	First Au	FAU 100%	1	WA	<i>Pending</i>	
E46/1066	Emu Creek	Atlas Iron Limited	FAU 51% Atlas Iron 49%	13	WA	Granted	6-Sep-20
E46/732	Emu Creek	Giralia Resources Pty Ltd	FAU 51% Giralia Resources 49%	25	WA	Granted	31-Jan-20
E46/1285	Emu Creek	First Au	FAU 100%	5	WA	<i>Pending</i>	
E45/3857	Talga	Great Sandy	FAU 100%	7	WA	Granted	10-Feb-23
E45/4137	Razorback	Great Sandy	FAU 100%	12	WA	Granted	15-Sep-23
E45/4615	Talga West	Great Sandy	FAU 100%	3	WA	Granted	2-May-21
E45/3679	Talga	Great Sandy	FAU 100%	24	WA	Granted	11-Jun-22

Notes:

The Company entered into agreements with the Vendors, Great Sandy Pty Ltd ('Great Sandy') and Drillabit Pty Ltd ('Drillabit') (refer to Prospectus date 6 April 2018 and paragraph 1.1 regarding transaction overview) to acquire interests in various tenements as noted above. Although the title holder is shown as Great Sandy and Drillabit, transfers to FAU have been granted. At 31 December 2018, the name of the title holder had not been updated by the Government authority.