



First Au Limited

ABN 65 000 332 918

Interim Financial Report For the Half-Year Ended 30 June 2019

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 31 December 2018.

First Au Limited

ABN 65 000 332 918

Company Particulars

Directors:

Bryan Frost - Executive Chairman and Managing Director

Richard Revelins - Executive Director

Damon O'Meara - Non-Executive Director

Michael Quinert - Non-Executive Director

Company Secretary and Chief Financial Officer:

David McBain

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

Auditors:

McLean Delmo Bentleys Audit Pty Ltd

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

Accountants:

McBain Corporate Solutions Pty Ltd

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

Telephone: (03) 9817 0700

Fax: (03) 9817 0799

Email: info@firstau.com

Share Registry:

Link Market Services Limited

Tower 4, 727 Collins Street, Docklands, VIC 3008

Telephone: (03) 9200 4555

Free call: 1300 554 474

Email: registrars@linkmarketservices.com.au

Stock Exchange:

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

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

Registered Office:

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

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

Telephone: (03) 9817 0700

Fax: (03) 9817 0799

Email: info@firstau.com

Web: www.firstau.com

Principal Place of Business:

At the offices of McBain Corporate Solutions Pty Ltd

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

Directors' Report

Your Directors present their financial report of First Au Limited for the half-year ended 30 June 2019.

Directors:

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

Bryan Frost - Executive Chairman and Managing Director

Richard Revelins - Executive Director

Damon O'Meara - Non-Executive Director

Michael Quinert - Non-Executive Director

Principal Activities:

The principal activity of the Company is mining and exploration.

Results:

The consolidated entity reported a loss for the half year of \$1,453,886 (30 June 2018 Loss \$1,877,990)

Review of Operations:

The 6-month reporting period to 30 June 2019 has been one of significant progress including outstanding drilling results and announcement of the Company's initial JORC Classified resource. The Company has also been building its tenement rights in the Kalgoorlie area to consolidate around the successful results generated around the Gimlet Gold Project. Subsequent to the end of the reporting period the Company announced a new fund raising through the issue of up to 60 million new shares with one for two attaching options at a subscription price of 2.5cents per share (the options will rank pari passu in all respects with the listed options already on issue, FAUO). Some 37.1 m shares were issued under the Company's 15% allowance with completion of the issue of the balance of shares and options subject to shareholder approval. The placement will raise up to \$1.5 million in new funding for the Company.

Project Overview:

During the period, the Company announced its maiden JORC Classified Resource at the Gimlet Gold Project, near Kalgoorlie, Western Australia. The Mineral Resource Estimate (MRE) is approximately 642,359 tonnes at 3.33 g/t Au for 68,731 ounces at a 1.3 g/t cut-off (see ASX announcement 7th May 2019). The announcement came less than 12 months after listing on the ASX and followed on from a number of highly successful drilling campaigns at Gimlet.

On 28 May, 2019 FAU announced "Outstanding Diamond Core Drilling Results". Two of the three holes intersected significant Au mineralization within the Gimlet Prospect. The best drilling results were 32m @ 4.9 g/t Au from 93m (see ASX announcement on 28th May 2019).

On 19 June 2019 FAU advised a new aircore drilling program was underway comprising approximately 6,000m with 60 to 80 holes planned. The priority target is to test the major NW-SE structure north of Gimlet, along a further 1.5km strike length with 6 closely spaced drill lines. Results from this program are expected shortly.

Subsequent to the end of the period, FAU announced that it had entered into an agreement for options to acquire additional tenements in the immediate vicinity of Gimlet (refer ASX release dated 9 July 2019).

Over the first half of the 2019-year, exploration programs continued in the Pilbara where the Company has its Tambina, Emu Creek and Talga Projects. Sampling at Tambina returned 2 significant assay results from sampling within existing trenches, including 1m @6 g/t Au and 0.3m @ 5.16 g/t Au. The Company's geological team are of the opinion that the Project may be suitable for small scale mining and the Company is evaluating options in this regard. The exploration team also reassessed the Eginbah Iron Ore Prospect which sits 20km along strike from the historic high-grade Spinifex Ridge Project. Eginbah is contained within FAU's Talga Project tenements.

Gimlet Gold Project:

The FAU 100% owned Gimlet Project occurs 15 km NW of Kalgoorlie, Western Australia and tenements (E26/174 and MA 26/849) occupies 9.6 km² in area. It is close to existing infrastructure and within trucking distance of five gold mills within the Kalgoorlie area, with several offering the toll treatment of ore to third parties (Figure 1).

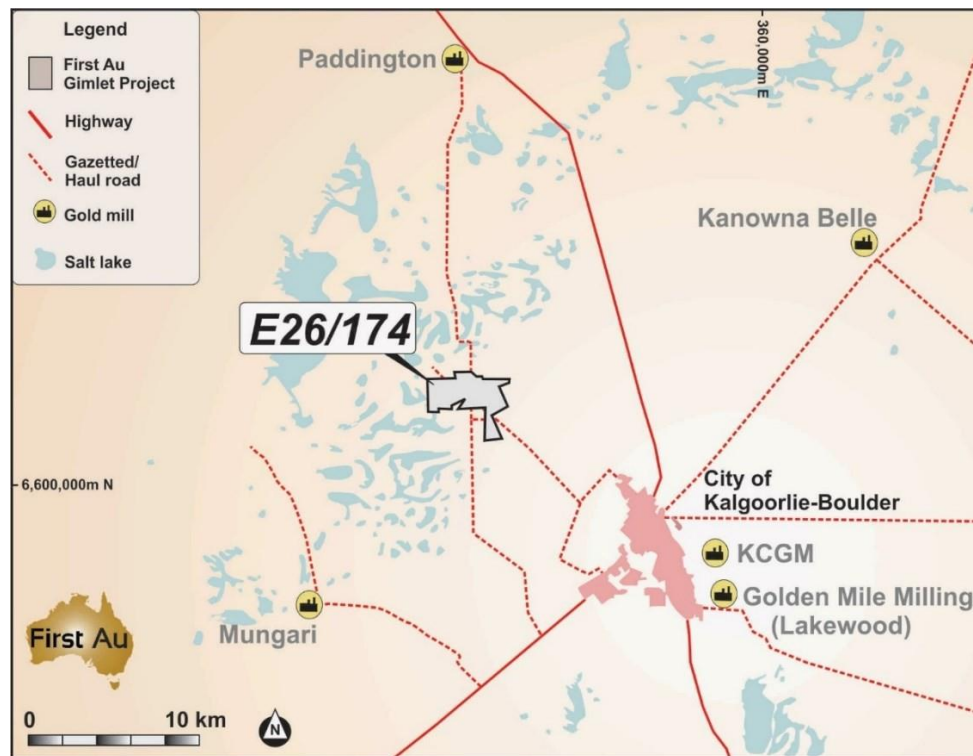


Figure 1: Location map of the Gimlet Gold Project, near Kalgoorlie, WA

Project Geology:

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 Archean geology is overlain by Cainozoic sediments, including some areas covered with salt lakes, which has previously inhibited the effectiveness of some of the historic exploration.

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 Deposits. Combining FAU's Gimlet Mineralised Zone and the Intermin Resources gold deposits to the south (Teal, Jacques Find and Peyes Farm which total 288,000 oz Au), it would appear mineralisation occurs in a series of structures along ~2.7km of strike and would suggest a significant mineralising system is evident. Mineralisation is interpreted to be associated with the Abattoir Shear, a regional structure and gold carrying conduit.

Mineralisation at Gimlet occurs as: 1) a supergene blanket within the saprolite clays; 2) a supergene-enriched shear zone, at the fresh rock / oxide interface in the transition zone; and 3) sheared felsic to intermediate fresh rock, containing lenses, disseminated and stringer sulphides, with quartz vein material (Figure 5). Pyrite appears to be the dominant sulphide phase, while arsenopyrite and galena have also been identified in the logging. In several cases, the mineralised structures are bifurcated and can appear as several lodes. The fresh mineralised zone often shows a broader halo of disseminated pyrite (with associated sericite-carbonates-quartz), containing lower grade mineralisation (~ 10 - 500 ppb Au).

Resource:

First Au's 2800m RC and 320m diamond program in March 2019 (see ASX announcement on 18th March 2019) followed up the outstanding results from its 2018 RC and aircore programs at Gimlet, which returned strong intersections, including 3m at 462 g/t Au from 52m (refer ASX release dated 8 November 2018 and 14 December 2018). The RC drilling was spaced to provide ~ 20m by 40m grid pattern along the already identified ~ NNW-SSE mineralising trend and covered mineralisation from ~ 30m to 170 m vertical depth, and ~ 450m in length. Combining both RC programs, there was a total of 44 drill holes and ~5,800 drill metres. Majority of the drilling was angled and drilled in an easterly direction. Earlier aircore drilling by FAU was also used when coverage by RC was not available. (A summary of significant intersections is contained in the ASX release dated 7 May, 2019)

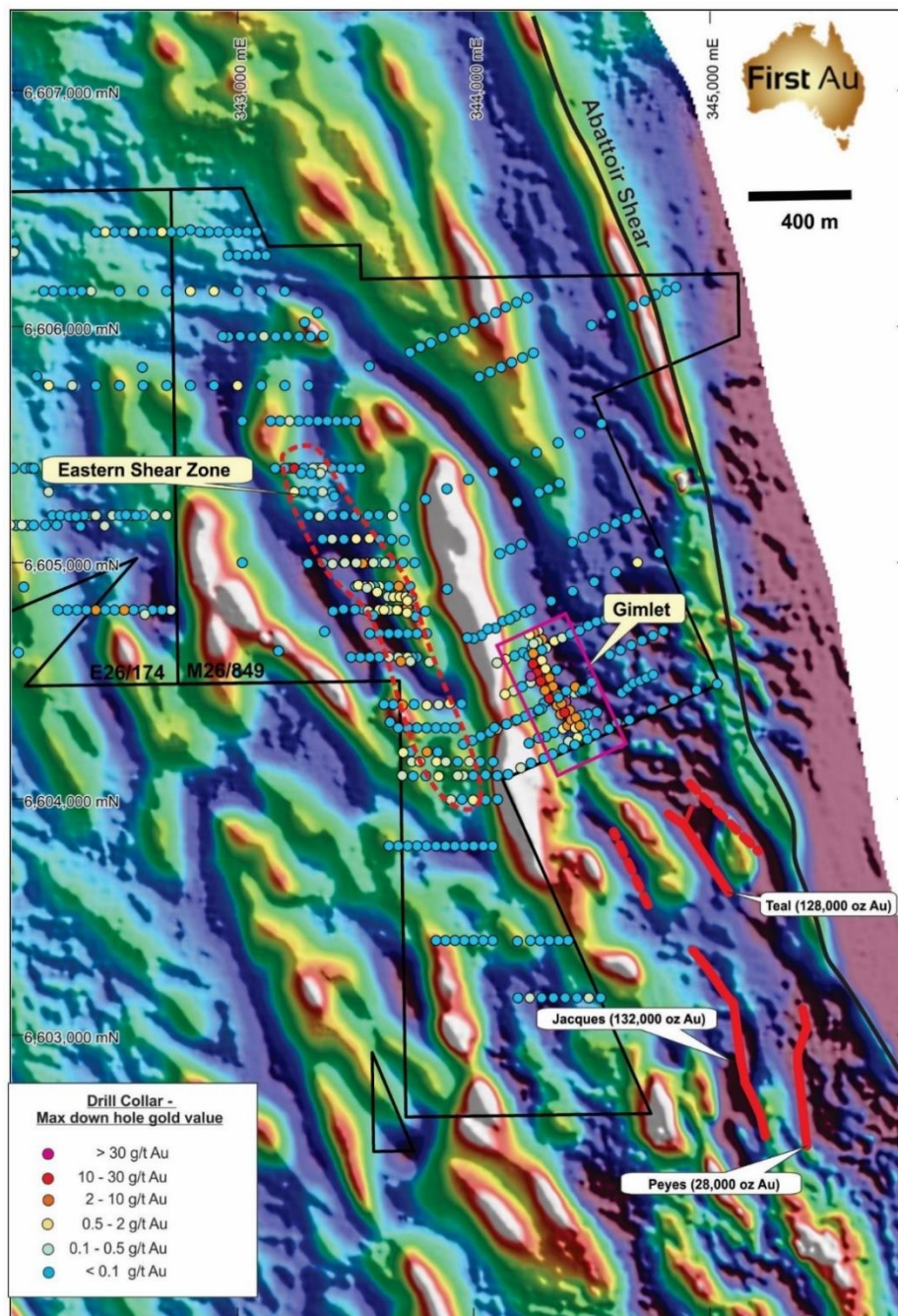


Figure 2: TMI magnetic image over Gimlet Project, depicting drill collar location and Gimlet Mineralised Zone area. Note Intermin Resources' Teal deposit south of Gimlet, along same structural trend.

The resource was classified as Inferred on the basis of drill density, geological understanding, grade continuity and the assumption that areas less than 100 metres below surface can potentially be mined in an open pit

using a cut-off above 1.3 g/t and areas deeper than 100m with continuous grade above 3g/t can potentially be mined from underground. Long section of the Resource model is seen in Figure 3.

The April 2019 MRE contains 642,359 tonnes at 3.33 g/t Au for 68,731 ounces at a 1.3 g/t cut-off. A further breakdown as follows:

Table1: April 2019 MRE using 1.3g/t cut-off

Apr-19 Inferred MRE	Tonnes	Grade (g/t Au)	Ounces
<i>Oxide</i>	75,034	3.32	8,007
<i>Transitional</i>	65,495	3.04	6,406
<i>Fresh</i>	501,830	3.37	54,308
Total	642,359	3.33	68,731

The information in this ASX Release that relates to the Company's Mineral Resources estimates or Ore Reserves estimates is extracted from and was originally reported in the Company's ASX announcements "Maiden JORC Resource at Gimlet" dated 7 May 2019 competent person Andrew Bewsher, which is available at www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed. The Company confirms that the form and context of the Competent Person's findings in relation to those Mineral Resources estimates or Ore Reserves estimates have not been materially modified from the original market announcements.



Figure 3: Long section (oblique view looking 025 degrees) of the Gimlet Resource model, depicting grades and cut-off for both open cut and underground mining depths. See text below for more detail.

Diamond Drilling:

Three diamond holes to ~ 320m total were drilled during the recent March 2019 drilling program at Gimlet in an area encompassing the new Inferred Resource. Two of the holes intersected significant Au mineralisation (refer ASX release dated 28 May 2019).

Assay results from the March drilling included:

- Drillhole 19GDD001-32m @ 4.9 g/t Au from 93m (including 1m @ 20.2 g/t Au from 93m and 1m @ 40.3 g/t Au from 122m)
- Drillhole 19GDD002-23m @ 1.73 g/t Au from 83m (including 2m @ 5.0 g/t Au from 98m and 3m @ 5.9 g/t Au from 109m)

The core has had geological logging, density, and geotechnical studies complete and will be used for future metallurgy studies.

Aircore Drilling:

On 19 June 2019 FAU announced a new aircore drilling program is nearing completion at Gimlet (Figure 4). The aircore drilling program is approximately 6,000m in total, with 60 to 80 drill holes planned (Figure 5) - that number depending on drilling conditions and assays results received during the program. The priority target (Target 1) is to test the major NW-SE structure north of Gimlet, along a further 1.6km strike length with 6 closely spaced drill lines. The March 2019 RC drilling identified mineralisation within the supergene blanket north of the current JORC Resource (see ASX announcement 18 March 2019), which included 3m @ 3.98 g/t Au from 48m (hole 19GRC005) and 1m @ 2.72 g/t Au from 56m (hole 19GRC007) which require follow up as part of the drilling. Targets 2 and 3 are co-incident geochemical and structural anomalies identified from a recent target generation exercise. The results for this drill program are anticipated for early September.



Figure 4: Aircore drilling now underway at Gimlet

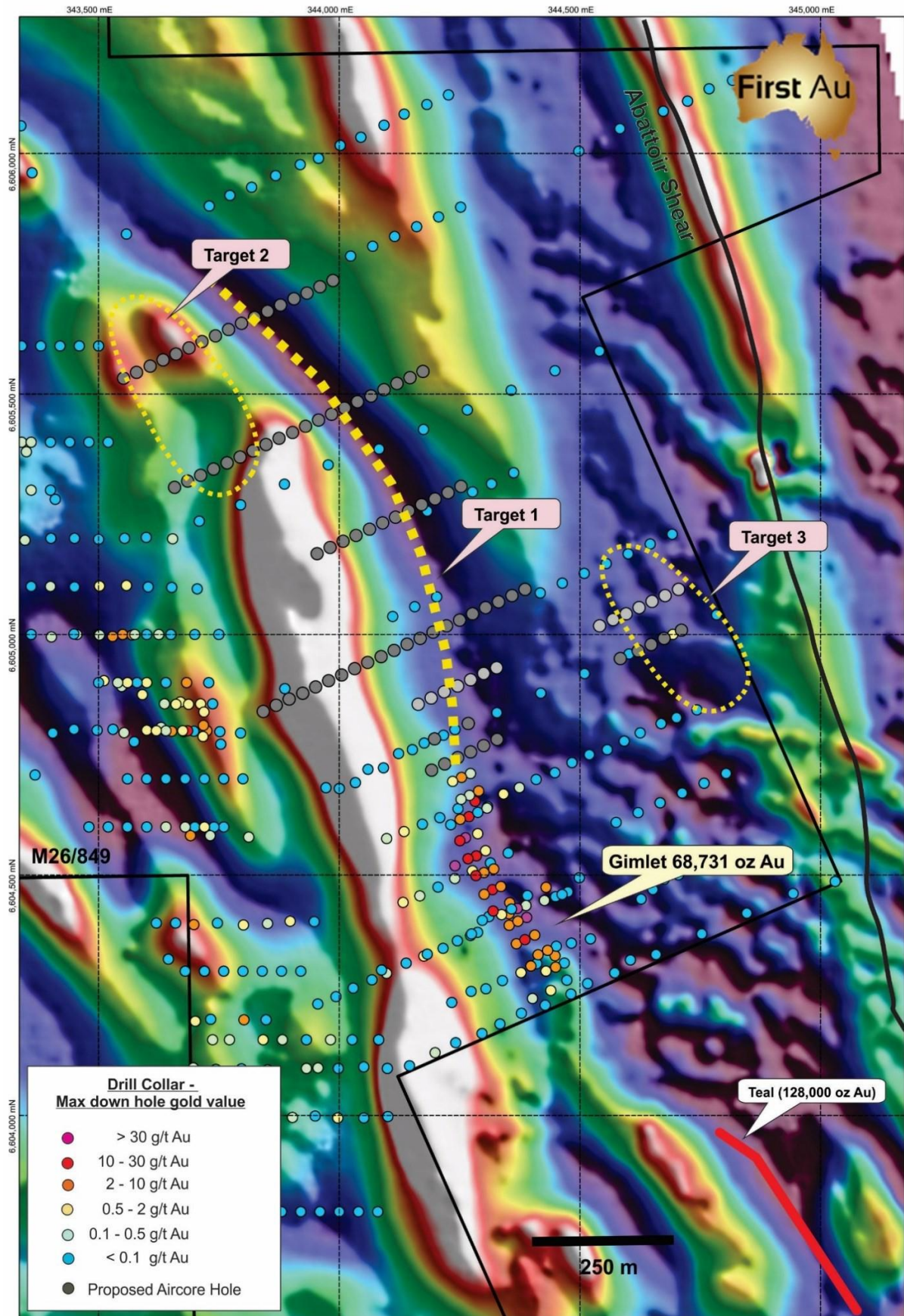


Figure 5. Magnetic TMI image of Gimlet Project, depicting the drill hole collar plan with previous drilling and proposed aircore drilling

New Exploration Lease:

Subsequent to the end of the reporting period, FAU announced an increase in its potential ground holding around Gimlet (refer ASX Release dated 9 July 2019). The Company entered an option agreement with private company Kesli Chemical Pty Ltd ("Kesli") dated 8 July 2019 which includes the right to explore the 18km² White Flag tenement (E24/215), located ~ 3.5 km NW of the FAU 100%-owned Gimlet Exploration Tenement E26/174 and Mining Lease Application M26/849 (Figure 6). The tenement is 5km NE of the Kundana Mining Camp (Northern Star) and major gold carrying Zuleika Shear Zone.

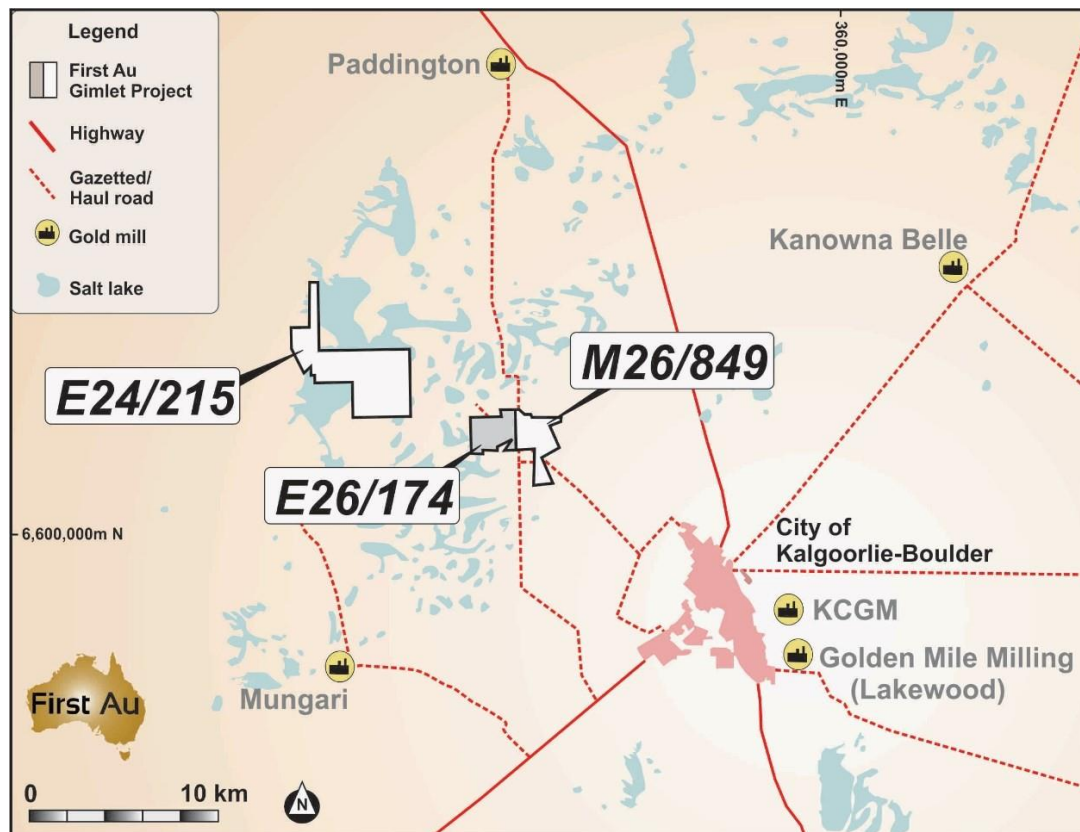


Figure 6: Location map of the Gimlet Gold Project (E26/174 & M26/849) and new White Flag tenement (E24/215) near Kalgoorlie

The FAU / Kesli Option Agreement includes the following key terms:

1. FAU has a right to explore on EL24/215 for up to three years from the signing of Agreement on 8 July 2019.
2. FAU has paid an option fee of \$25,000 on the granting of the option on 8 July 2019 (Execution Date) and is required to pay an Option Fee of \$25,000 on the first and second anniversary dates of the execution date of the Agreement to maintain the option rights, failing which the option will expire.
3. FAU will keep the tenement in good standing, which includes regulatory requirements, meeting of expenditure commitments and rents.
4. At any time during the option term which expires three years after execution date which is 8 July 2022, FAU can elect to exercise the option to take up 85% ownership of the tenement for a cash payment of \$250,000.
5. In accordance with the Options Agreement, Kesli shall be free carried for all expenditure up until a decision to mine.

The right to explore the White Flag Tenement E26/174 complements the existing Gimlet project. Further information will be released following the completion of an overview of the geology of the area and a review of the drilling and assay information provided by Kesli.

East Pilbara Activities:

In the East Pilbara region of Western Australia FAU holds three gold and base metals projects called the Tambina Project, the Emu Creek Project and the Talga Project.

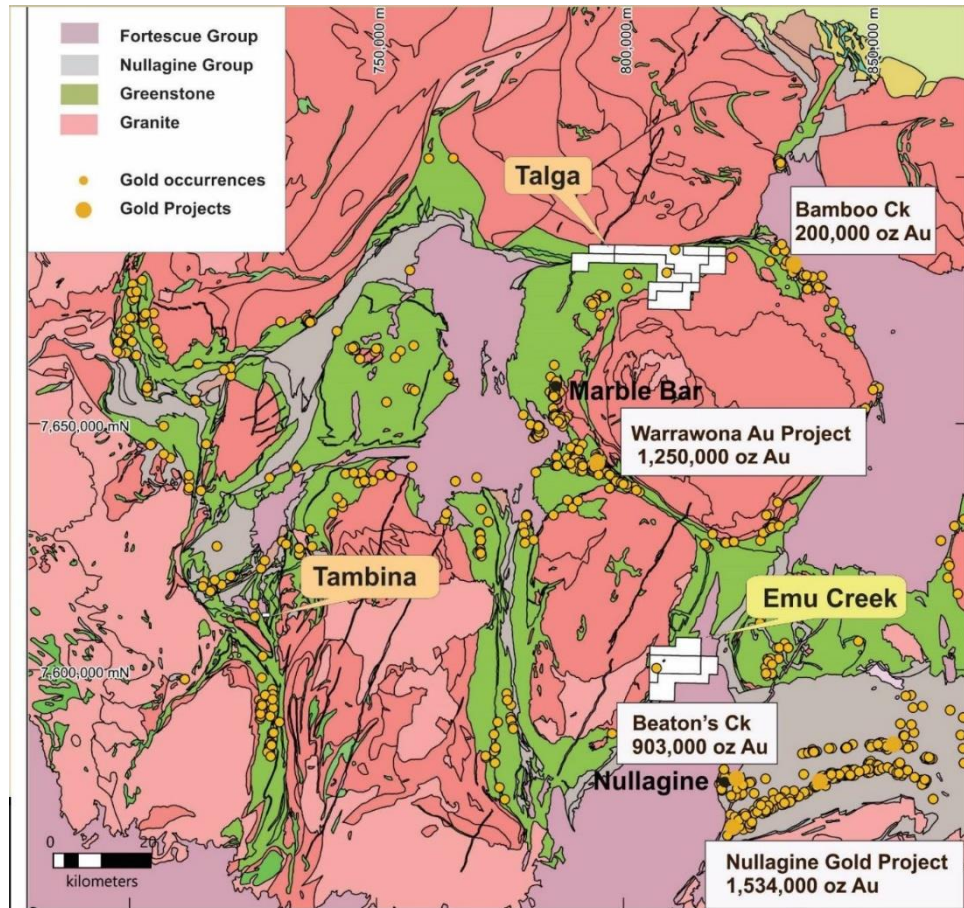


Figure 7: Location map of the Tambina Project, the Emu Creek Project and the Talga Project

Tambina Project (earning up to 85%):

During the period, FAU's geological team completed an initial 6-day field assessment of the Tambina Project collecting 41 rock samples from 9 existing trenches which were submitted for gold analysis. The team also undertook geological mapping of the prospective conglomerate horizon. Channel sampling of conglomerates was restricted due to shallow depth of trenches and limited exposure of conglomerates.

Two channel samples collected from some of the most pyrite rich conglomerate (oxidized buckshot pyrite) returned the highest assays of 1m @ 6.0 g/t Au from Trench 1 and 0.3m @ 5.16 g/t Au from Trench 6. Exploration has to date delineated a prospective unit 2 to 3 metres in width with a combined strike length of approximately 1,000 metres. The Company is investigating the possibility of small-scale mining as the project sits on granted mining leases.

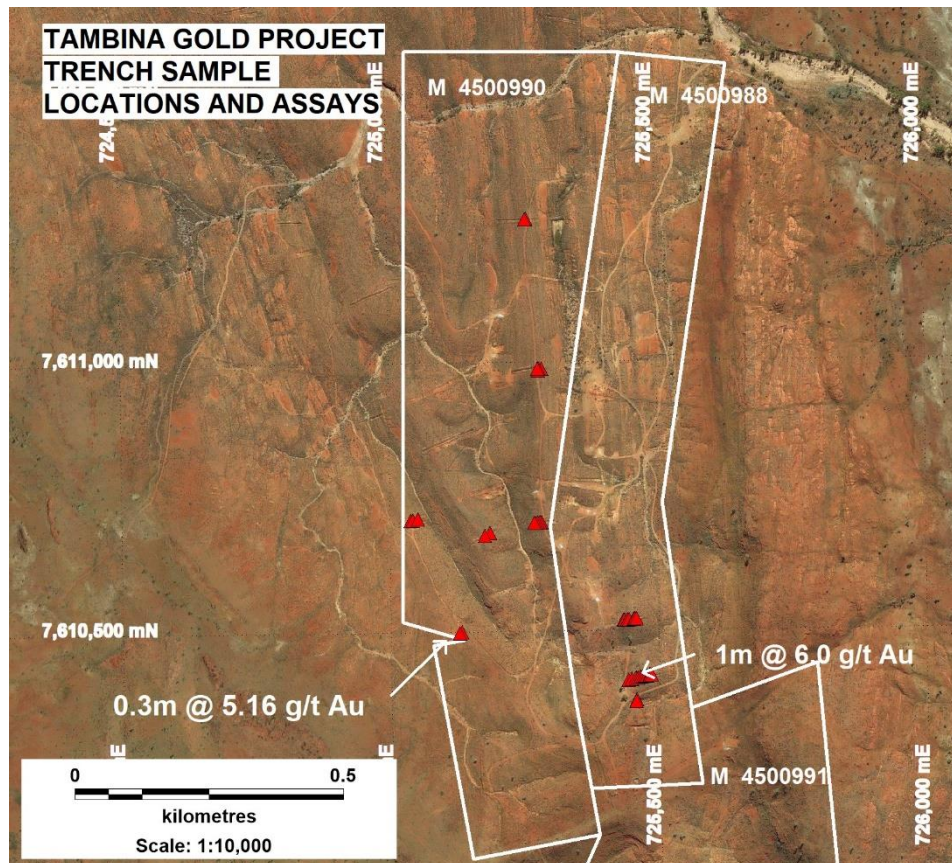


Figure 8: Tambina Trench Sample Locations and Assays

Emu Creek Project (earning up to 75%):

During the period, FAU undertook a 7-day field visit to assess EM anomalies generated from previous work undertaken by the Company. 36 rock samples were taken for analysis and 6 VTEM anomalies and 1 copper prospect were traversed and sampled. No significant sulphide mineralisation was observed and no source for the copper (Cu) stream sediment anomaly was observed. Samples have been submitted for multi-element analysis and results are currently pending.

Talga Gold and Base Metals Project (100% owned):

Field visits were undertaken to the Cord and Razorback prospects during the period. Both the Cord Base Metals Project and the Razorback Gold Project remain underexplored and further additional sampling and mapping is recommended.

The Company is also re-examining the Eginbah Iron Ore Prospect which lies 20Kms along strike from the historic high-grade Spinifex Ridge Project. Eginbah was identified by the original vendors to FAU who discovered rock samples grading up to 66.44% Fe. Previous exploration discovered a 400m long, 40m wide massive goethite occurrence and numerous high-grade hematite occurrences with rock samples grading up to 61.25% Fe (see Sayona Mining Limited's ASX releases dated 2 October 2014 and 30 January 2015).

A limited 8 hole RC drilling program conducted in 2014 to test only one of the identified iron ore targets returned best intercepts of:

- 14m @ 56.79% Fe
- 17m @ 53.92% Fe

The prospect is located 180km from Port Hedland and 5kms from a sealed highway and further assessment is now warranted. The FAU exploration team plan to visit Eginbah Prospect during the next Quarter.

Fundraising Activities:

On 13 August, 2019, subsequent to the end of the reporting period, the Company announced that it had received firm commitments from Sophisticated and Professional investors totalling \$1.5 million in a share placement. The placement was completed at 2.5 cents per share, with a 1 for 2 attaching listed option (exercisable on or before 15 December 2020 at an exercise price of 6 cents). The placement price represented an 8.1 % discount to the 15-day volume-weighted average price (VWAP) of FA shares of 2.72 cents. The placement is being undertaken in two tranches with the second tranche and all attaching 1 for 2 options subject to shareholder approval. The total number of shares to be allotted is 60 million and the total number of attaching options is 30 million.

Competent Persons Statement:

The information in this announcement that relates to Exploration Results at Gimlet 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.

The information in this announcement that relates to Exploration Results in the Pilbara is based on information compiled by Brian Richardson, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Richardson is a consultant to First Au Limited. Mr Richardson 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'. Mr Richardson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Significant Changes in the State of Affairs:

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

Events Subsequent to the End of the Reporting Period:

No matters or circumstances have arisen since the end of the financial reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except as noted in this Report relating to the FAU / Kelsi Option Agreement and the Company's announcement to ASX on 13 August 2019 that it had received firm commitments for \$1,500,000 in share placements.

Auditor's Independence Declaration:

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 for the half-year ended 30 June 2019 is set out in this Interim Financial Report.

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



Bryan Frost
Executive Chairman and Managing Director

Dated: 27st August 2019

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

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2019 there have been:

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

McLean Delmo Bentleys Audit Pty Ltd

MCLEAN DELMO BENTLEYS AUDIT PTY LTD



ROD HUTTON
Partner

Hawthorn
27 August 2019

First Au Limited

ABN 65 000 332 918

Statement of Profit or Loss and Other Comprehensive Income**For the Half-Year Ended 30 June 2019**

		Consolidated Group	
		Half-year Ended	Half-year Ended
		30 June	30 June
	Note	2019	2018
		\$	\$
Revenue			
Interest received		12,218	2,740
Expenses:			
Exploration Expenses		(1,084,607)	(135,474)
Expenses associated with re-listing		-	(1,341,892)
Administration expenses		(381,497)	(403,364)
Loss before income tax		(1,453,886)	(1,877,990)
Income tax expense		-	-
Net loss for the period		(1,453,886)	(1,877,990)
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of listed investment measured through other comprehensive income		(60,000)	-
Total Comprehensive Loss for the period		(1,513,886)	(1,877,990)
Loss per share			
Basic (loss)/earnings per share (cents)	8	(0.056)	(0.287)
Diluted (loss)/earnings per share (cents)	8	(0.030)	(0.222)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2018 Annual Report.

First Au Limited

ABN 65 000 332 918

Statement of Financial Position

As at 30 June 2019

		Consolidated Group 30 June 2019 \$	31 Dec 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,636,018	3,218,930
Other receivables	2	78,675	84,660
TOTAL CURRENT ASSETS		1,714,693	3,303,590
NON-CURRENT ASSETS			
Exploration and Evaluation	3	1,510,299	1,450,299
Financial Asset measured at fair value through other comprehensive income	4	120,000	-
TOTAL NON-CURRENT ASSETS		1,630,299	1,450,299
TOTAL ASSETS		3,344,992	4,753,889
LIABILITIES			
CURRENT LIABILITIES			
Other payables		223,752	123,109
Borrowings		-	15,654
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		223,752	138,763
NET ASSETS		3,121,240	4,615,126
EQUITY			
Issued capital	5	9,836,106	9,816,106
Reserves	6	12,500	72,500
Accumulated losses		(6,727,366)	(5,273,480)
TOTAL EQUITY		3,121,240	4,615,126

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2018 Annual Report.

First Au Limited

ABN 65 000 332 918

Statement of Changes in Equity For the Half-Year Ended 30 June 2019

	Share Capital	Convertible Note Reserve	Share Based Payment Reserve	Financial Assets Reserve	Accum- ulated Losses	Total
	\$	\$	\$		\$	\$
Balance at 1 January 2018	1,600,136	271,150	13,467	-	(1,655,100)	229,653
Net loss for the period	-	-	-	-	(1,877,990)	(1,877,990)
Convertible notes received prior to 31 December 2017 converted to shares net of commission including free attaching options	271,150	(271,150)	-	-	-	-
Shares issued to Corporate Adviser as part of settlement of seed raise of \$290,000 convertible notes converted to Corporate Adviser shares	13,467	-	(13,467)	-	-	-
Shares issued to Corporate Adviser as part of settlement of seed raise of \$426,000 convertible notes converted to Corporate Adviser shares	16,533	-	-	-	-	16,533
Corporate Adviser fees on 1 million options at fair value of \$0.005	-	-	5,000	-	-	5,000
Goldtree Minerals Pty Ltd convertible note holders: 14.2 million shares issued at \$0.03 net of commissions including free attaching options	402,860	-	-	-	-	402,860
Corporate Adviser Securities: 10 million shares issued at \$0.04 to assist with re-listing	400,000	-	-	-	-	400,000
Corporate Adviser Securities: 10 million options at fair value of \$0.005 each exercisable at \$0.06 each on or before 1 March 2021	-	-	50,000	-	-	50,000
Vendor shares: 32.5 million shares issued at \$0.04 to acquire mining tenements	1,300,000	-	-	-	-	1,300,000
Vendor options: 3.5 million options at fair value of \$0.005 each exercisable at \$0.06 each on or before 1 March 2021	-	-	17,500	-	-	17,500
Capital received from Investors including free attaching options	6,216,000	-	-	-	-	6,216,000
Less Commission paid for capital raise:					-	-
Capitalised fees related to capital raise	(404,040)	-	-	-	-	(404,040)
Balance at 30 June 2018	9,816,106	-	72,500	-	(3,533,090)	6,355,516
Balance at 1 January 2019	9,816,106	-	72,500	-	(5,273,480)	4,615,126
Net loss for the period	-	-	-	-	(1,453,886)	(1,453,886)
Other Comprehensive Income for the period				(60,000)	-	(60,000)
Mining consultancy fees converted to shares: 1 million shares at fair value \$0.02 each including attaching options exercisable at \$0.06 on or before 15 December 2020	20,000	-	-	-	-	20,000
Balance at 30 June 2019	9,836,106	-	72,500	(60,000)	(6,727,366)	3,121,240

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2018 Annual Report.

First Au Limited

ABN 65 000 332 918

Statement of Cash Flows

For the Half-Year Ended 30 June 2019

	Consolidated Group Half-year Ended	Half-year Ended
	30 June	30 June
Note	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers	(1,473,609)	(1,075,554)
Interest received	12,218	2,740
GST received from ATO	134,133	37,642
Net cash used in operating activities	<u>(1,327,258)</u>	<u>(1,035,172)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of shares in West Wits Mining Ltd (ASX: WWI)	13a (180,000)	-
Investment in Joint Venture with Tambina Gold Pty Ltd	13a (60,000)	-
Net cash used in investing activities	<u>(240,000)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from Capital Raising Securities	-	6,216,000
Capitalised fees paid for capital raising	-	(404,040)
Proceeds received from Goldtree Minerals Pty Ltd	-	43,907
Repayment of borrowings	(15,654)	-
Net cash used in financing activities	<u>(15,654)</u>	<u>5,855,867</u>
Net increase in cash	(1,582,912)	4,820,695
Cash and cash equivalents at beginning of period	3,218,930	303,771
Cash and cash equivalents at end of period	<u>1,636,018</u>	<u>5,124,466</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2018 Annual Report.

First Au Limited

ABN 65 000 332 918

Notes to the Financial Statements

For the Half-Year Ended 30 June 2019

1 Summary of Significant Accounting Policies:

Basis of Preparation:

These general purpose interim financial statements for the half-year reporting period ended 30 June 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of First Au Limited ("The Company"). It is recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2018, together with any public announcements subsequent to that date.

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

Accounting Policies:

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

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

(a) Principles of Consolidation:

The consolidated financial statements incorporate all of the assets, liabilities and results of First Au Ltd (parent entity) and its subsidiary, Lions Share Gold Ltd. Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary company is provided in Note 14.

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

(b) Exploration and Development Expenditure:

- 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 3.
- 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 (with the exception of the Gimlet Project near Kalgoorlie in Western Australia), and active and significant operations in, or in relation to, the area of interest/s are continuing.

Exploration and evaluation assets are measured at cost.

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

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

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

Movement in fair value is recognised in Financial Assets Reserve in the Statement of Equity.

First Au Limited

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Cont'd)

(d) Going Concern:

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

The Company incurred a net loss after tax for the half year ended 30 June 2019 of \$1,453,886 and a net cash outflow from operating, investing and financing activities of \$1,582,912. Net assets of the Company at 30 June 2019 were \$3,121,240.

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 to fund operating and exploration expenditure. Refer to Note 12: Events subsequent to the end of the reporting period for information in relation to a \$1.5 million share placement.

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.

2 Other Receivables:

GST receivable from Australian Taxation Office
Sundry receivables

Consolidated Group	
Half-year Ended	Year Ended
30 June	31 Dec
2019	2018
\$	\$
70,512	66,822
8,163	17,838
<u>78,675</u>	<u>84,660</u>

3 Exploration and Evaluation:

20% share in WWI Tambina Gold project (refer Note 13a)

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

Stamp duty on mining tenement acquisitions

Total cost of mining tenement acquisitions

60,000	-
1,300,000	1,300,000
17,500	17,500
<u>1,377,500</u>	<u>1,317,500</u>
132,799	132,799
<u>1,510,299</u>	<u>1,450,299</u>

First Au Limited

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2019

3 Exploration and Evaluation (cont'd):

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.

	Consolidated Group Half-year Ended	Year Ended
	30 June 2019 \$	31 Dec 2018 \$
4 Financial Asset Measured at Fair Value Through Other Comprehensive Income:		
Non-Current Asset:		
Shares in listed investment at fair value measured through other comprehensive income	120,000	-
Cost at acquisition	180,000	-
Less reduction to fair value at 30 June 2019	(60,000)	-
Shares in listed investments at fair value	120,000	-

Fair value measurement is based on Level 1 fair value hierarchy on market value of shares in West Wits Mining Ltd (ASX: WWI) at reporting date - \$0.006 for 20 million shares

5 Issued Capital and Options:

	Share Capital \$	Number of shares	Number of Options
Balance at 1 January 2019	9,816,106	260,724,667	
Attaching Options exercisable at \$0.06 each on or before 30 months from quotation date based on shares at 31 December 2017 excluding certain overseas shareholders	-	-	230,546,603
Capital received from Investors.			
• Shares issued	20,000	-	-
Mining Consultancy Securities: 1 million shares issued at \$0.02			
• Shares issued	-	1,000,000	-
• Attaching options expiring 15 December 2020 exercisable at \$0.06 each	-	-	1,000,000
Balance at 30 June 2019	9,836,106	261,724,667	231,546,603

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

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

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2019

5 Issued Capital and Options (Cont'd):

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

Deferred consideration shares:

The Vendors were issued with 13,000,000 Deferred Consideration Shares which are dependent upon announcing a Joint Ore Reserves Committee ('JORC') compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold from any of the interests in Tenements to be acquired (Milestone). If the Milestone is not achieved within 5 years from the Quotation Date, no Deferred Consideration Shares will be issued.

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 of 24 months from the date of quotation to official quotation of the securities of the Company.

Restricted securities include 32,074,583 ordinary shares and 15,083,333 unquoted options.

6 Reserves:

Share Based Payment Reserve
Financial Assets Reserve

Consolidated Group	
Half-year Ended	Year Ended
30 June	31 Dec
2019	2018
\$	\$
72,500	72,500
(60,000)	-
<u>12,500</u>	<u>72,500</u>

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

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

7 Capital Management:

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

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

8 Loss Per Share:

Basic (loss)/earnings per share (cents)

Diluted (loss)/earnings per share (cents)

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

- weighted average ordinary shares
- weighted average ordinary shares and options

Total number of issued shares at 30 June 2019

Total number of options issued at 30 June 2019

Consolidated Group	
Half-year Ended	Half-year Ended
30 June	30 June
2019	2018
\$	\$
(0.056)	(0.287)
(0.030)	(0.222)
Shares & Options	Shares & Options
261,255,393	65,383,000
492,332,723	84,595,217
261,724,667	260,724,667
231,546,603	230,546,603

First Au Limited

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2019

9 Operating Segments:

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

10 Contingent Liabilities:

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

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

- Upon and subject to FAU's total ground exploration expenditure in relation to the JV project reaching \$300,000, issue the original Tambina Vendors with 7,500,000 WWI shares or equivalent value FAU shares or a combination of both.
- Upon and subject to the delineation of an inferred Mineral Resource (as defined by The Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves) of at least 50,000 ounces of gold on the Project at a cut-off grade of not less than 2 grams per tonne, issue the original Tambina Vendors with 7,500,000 WWI shares or equivalent value FAU shares or a combination of both.

11 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.

Consolidated Group	
Half-year Ended	Year Ended
30 June	31 Dec
2019	2018
\$	\$

The approximate minimum level of expenditure requirements are set out in the following:

Within one year	350,000	290,000
One year or later and no later than five years	2,500,000	1,900,000

12 Events subsequent to the End of the Reporting Period:

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

FAU / Kesli Pty Ltd Option Agreement:

The Company announced to ASX on 9 July 2019 that it had increased its potential ground holding around the Company's flagship Gimlet Au Project, near Kalgoorlie. The Company entered an option agreement with private company Kesli Chemical Pty Ltd ("Kesli") dated 8 July 2019 which includes the right to explore the 18km² White Flag tenement (E24/215), located ~ 3.5 km NW of the FAU 100%-owned Gimlet Exploration Tenement E26/174 and Mining Lease Application M26/849.

First Au Limited

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Notes to the Financial Statements

For the Half-Year Ended 30 June 2019

12 Events subsequent to the End of the Reporting Period (Cont'd):

FAU / Kesli Pty Ltd Option Agreement (Cont'd):

FAU has paid an option fee of \$25,000 on the granting of the option on 8 July 2019 (Execution Date) and is required to pay an Option Fee of \$25,000 on the first and second anniversary dates of the execution date of the Agreement to maintain the option rights, failing which the option will expire. FAU is required to keep the tenement in good standing, which includes regulatory requirements, meeting of expenditure commitments and rents. At any time during the option term which expires three years after execution date which is 8 July 2022, FAU can elect to exercise the option to take up 85% ownership of the tenement for a cash payment of \$250,000. In accordance with the Options Agreement, Kesli shall be free carried for all expenditure up until a decision to mine.

Share Placement:

The Company announced to ASX on 13 August 2019 that it had received firm commitments for \$1,500,000 in share placements. As noted in the Announcement, the proceeds of the capital raising will be used to fund ongoing resource and infill drilling and metallurgical test work at First Au's 100% owned Gimlet Project near Kalgoorlie in Western Australia.

ASX Announcements:

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

13 Investment in Joint Ventures:

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

The main features of the JV:

- Payment of \$60,000 for a 20% share in the JV. Also refer Note 3: Exploration & Evaluation.
- A subscription of \$180,000 for 20,000,000 fully paid ordinary shares at an issue price of \$0.009 (0.9 cents) per share.
- Exclusive right to earn up to a maximum aggregate 80% joint venture interest (JVI) by sole funding joint venture expenditure of up to \$500,000 within 3 years from the commencement date of the JV Agreement.
- FAU assumes part of the obligations of WWI to issue fully paid shares to the Original Tambina Vendors, subject to the satisfaction of certain milestones under the Sale Contract entered into by WWI and the Original Tambina Vendors. FAU may elect to settle its proportional JV interest by allotting shares in WWI or alternatively allotting shares in FAU on a predetermined basis. Also refer Note 10.
- Upon FAU earning an aggregate 80% JVI, the participants will be liable to contribute to JV expenditure in proportion to their respective interests.
- FAU shall be the manager of the JV on and from the formation date and throughout the earning phase.
- FAU must ensure that the Mining Leases remain in good standing.

13b JV Agreement between Atlas Iron Limited (ASX: AGO), Giralia Resources Pty Ltd and Great Sandy Pty Ltd (Great Sandy) in respect of the Emu Creek project located in the East Pilbara. Great Sandy's rights were assigned and assumed by the Company. The Company has earned-in to the project and now holds a 51% interest. This Earn-in was achieved by spending \$190,000 on the project within 2 years of the JV Agreement signing date (4 November 2016). The Stage 1 Earn-in was satisfied on 25 October 2018. The Company elected to proceed to the next stage of the earn-in on 3 December 2018. In this Stage 2 Earn-in the Company has the right to earn a further 19% to an aggregate 70% of the project on completion of a bankable feasibility study on or before the 4 November 2021 Completion Date.

14 Interests in Subsidiary:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			30 June 2019	31 Dec 2018
Lions Share Gold Ltd	19 February 2019	Melbourne	100%	-
The Company did not trade during the period to 30 June 2019.				

First Au Limited

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Directors' Declaration

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

1. The financial statements and notes set out on pages 13 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2019 and of the performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Bryan Frost
Executive Chairman and Managing Director

Dated: 27th August 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of First Au Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of First Au Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of First Au Limited would be in the same terms if provided to the directors as at the time of this auditor's review report.

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of First Au Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the First Au Limited's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

McLean Delmo Bentleys Audit Pty Ltd

MCLEAN DELMO BENTLEYS AUDIT PTY LTD



ROD HUTTON
Partner

Dated at Hawthorn on this 27th day of August 2019.