



First Au Limited

ABN 65 000 332 918

Annual Report

For the Year Ended 31 December 2019

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First Au Limited

ABN 65 000 332 918

Corporate Directory

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 & Chief Financial Officer:

David McBain

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

Telephone: (03) 9817 0700

Email: dmcbain@firstau.com

Auditors:

McLean Delmo Bentley Audit Pty Ltd

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

Share Registry:

Link Market Services Limited

Tower 4, 727 Collins Street, Docklands, VIC, 3008

Telephone: (03) 9200 4555

Free call: 1300 554 474

Email: registrars@linkmarketservices.com.au

Stock Exchange:

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

ASX Code: 'FAU' & 'FAUO'

Registered Office:

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

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

Telephone: (03) 9817 0700

Fax: (03) 9817 0799

Email: info@firstau.com

Web: www.firstau.com

Principal Place of Business:

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

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

Chairman's Address

Dear Shareholder,

I write this address in very strange and unprecedented times, with most of the world severely impacted, both health wise and economically, by the COVID-19 virus. There will be serious repercussions from this pandemic that will take some time to rectify and the accompanying market volatility makes for a challenging world economic environment as we move forward. The outlook for gold producers, particularly those denominated in Australian dollars, appear attractive and more sustainable than perhaps other sectors of the economy and we are hopeful this will translate into building value for First Au shareholders.

The past year has been an exceptional one for the Company, with numerous new discoveries, high grade drilling results and the announcement of the Company's maiden JORC classified gold resource of approximately 69,000 ozs. In normal market conditions we would have anticipated that investors would have reacted very positively to the exploration success we have generated, however these are not normal market conditions. The Company's Flagship Gimlet Gold Project is ideally located within close proximity to 5 operating mills, a number of which are suitable and amenable to toll treatment. We have also embarked on our own investigations which indicate that First Au may be able to potentially advance to an early mining stage. With this in mind, the Company lodged an application in March last year, for a Mining Lease over the Gimlet mineralised zone.

As a consequence of difficult conditions in the equity market most of the focus of the Company, both geologically and financial, was directed towards Gimlet. We re-evaluated our East Pilbara projects and ultimately decided to withdraw from the Emu Creek Joint Venture with Atlas Iron. Our 100% owned Talga project, which contains the Razorback Ridge gold prospect and the Cord gold and base metals prospect, remains highly prospective and warrants further drilling and investigation which we plan to pursue as soon as conditions allow.

I would like to take the opportunity to thank our exploration team for their dedicated efforts during the year and congratulate them on the exploration success they have achieved in such a short timeframe. To have generated a brand new JORC classified gold resource within the first 12 months of listing is testament to their skill and hard work. We are looking forward to developing the Gimlet Gold project and advancing our East Pilbara projects over the current year and delivering more exploration success for shareholders.

Yours Faithfully



Bryan Frost
Executive Chairman

Directors' Report

Your Directors present their report on First Au Limited for the financial year ended 31 December 2019.

REVIEW OF OPERATIONS:

The 2019 year has been an outstanding year of exploration achievement for First Au Limited ("First Au" or "the Company") with numerous successful drilling campaigns culminating in the delivery of the Company's first JORC classified resource (~642,000 tonnes @ 3.33 g/t Au for 69,000 ozs of gold at a 1.3 g/t cut-off-Refer ASX release dated 7 May, 2019). This announcement was subsequently followed by further outstanding diamond, aircore and reverse circulation ("RC") drilling results as our highly accomplished exploration team continued to investigate the resource potential at Gimlet further along strike and at depth. During the course of the year, First Au lodged a Mining Lease Application over the Gimlet mineralized zone, as a precursor to future potential mining.

Exploration work continued at the Company's East Pilbara projects, although this was limited to some extent later in the year, in order to focus the Company's geological and financial resources on Gimlet.

Gimlet Gold Project (100% owned)

First Au's Gimlet Gold Project is located 15km north west of Kalgoorlie, WA (EL26/174 and application M26/849). Gimlet occupies 9.6km² in area and adjoins the tenements of Horizon Minerals Limited (ASX: HRZ) which contain the Teal, Jacques Find and Peyre's Farm gold deposits (289,000 ozs Au). The project is within close trucking distance to 5 gold mills in the Kalgoorlie area, with several offering toll treatment of ore to third parties (Figure 1). During the year First Au lodged an Application for a Mining Lease in respect to the Gimlet Project and has actively been investigating the potential for early mining.

The geology in the tenement is prospective for gold dominated by metamorphosed felsic and intermediate volcanic rocks of the Black Flag Group of the Yilgarn Terrane, Yilgarn Craton. This Archean geology is overlain by Cainozoic sediments, including some areas covered with salt lakes which previously inhibited the effectiveness of some of the historic exploration. During 2018, the Company's first period of exploration activity, First Au released a number of high grade drilling intersections, including the very significant result of 3m @ 462 g/t Au from 52m (Refer ASX release dated 8 November, 2018) which paved the way for the extensive drilling and sampling program that took place during the current period.

On 21 February, 2019 the Company announced a *"New drilling Program to Target Maiden JORC Resource at the Gimlet Gold Project, WA"*. This program followed on from *"Strong Maiden RC Results over 400m at Gimlet"* (Refer ASX release dated 14 December 2018). On 18 March, 2019 the Company announced *"RC Drilling Intersects Significant Lode Gold Mineralisation at Gimlet"*.

The results included:

- Drillhole 19GRC013- 15m @ 7.2 g/t Au from 93m (including 2m @ 16.4 g/t Au from 101m and 2m @ 17.0 g/t Au from 105m)
- Drillhole 19GRC015- 26m @ 3.1 g/t Au from 90m (including 1m @ 19.1 g/t Au from 90m)
- Drillhole 18GRC022- 4m @ 18.8 g/t Au from 38m (including 1m @ 71.2 g/t Au from 38m)
- Drillhole 18GRC025- 11m @ 4.0 g/t Au from 99m
- Drillhole 19GRC030- 15m @ 6.6 g/t Au from 157m (including 2m @ 31.4 g/t Au from 169m)

On 21 March, 2019 the Company announced that it had applied for a Mining Lease over the Gimlet Mineralised Zone. It was felt that the results to date justified putting such an application in place as part of the requirement under the Mining Act 1978 (WA) for any future potential mining to occur at Gimlet.

On 7 May, 2019 First Au announced *"Maiden JORC Resource at Gimlet"*. The April 2019 Mineral Resource Estimate (MRE) contained approximately 642,000 tonnes @ 3.33 g/t Au for 69,000 ozs of gold at a 1.3 g/t cut-off.

Directors' Report (Cont'd) REVIEW OF OPERATIONS (Cont'd):

Table 1: April 2019 MRE using 1.3g/t (open cut) and 3 g/t (underground) cut-off

Apr-19 Inferred MRE	Tonnes	Grade (g/t Au)	Ounces
<i>Oxide</i>	75,000	3.3	8,000
<i>Transitional</i>	66,000	3.0	6,000
<i>Fresh</i>	502,000	3.4	54,000
Total	642,000	3.3	69,000

All figures rounded to reflect appropriate level of confidence (apparent differences may occur due to rounding)

On 28 May, 2019 the Company announced “*Outstanding Core Drilling Results for Gimlet Gold Project, Kalgoorlie*” The Company reported the results from three diamond drill holes comprising approximately 320m. Two of the three holes intersected significant mineralisation:

- 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 from 98m and 3m @ 5.9 g/t Au from 109m)

On 9 July, 2019 the Company announced that it had entered into an option agreement with Kelsi Chemicals Pty Ltd which included the right to explore the 18km² White Flag tenement (E24/215) located 3.5km north west of Gimlet (5km north east of the Kundana Mining Camp (Northern Star) and the major gold carrying Zuleika Shear Zone.

During August the Company confirmed that it had received firm commitments for a private placement to raise up to \$1.5m through the allotment of up to 60 million shares with 1 for 2 attaching options at a subscription price of 2.5 cents per share. At the time this represented an 8.1% discount to the 15-day Volume Weighted Average Price (VWAP) of the Company's shares. The allotment of approximately 37% of the shares and allotment of all attaching options was subject to shareholder approval (Second Tranche). As a consequence of market conditions shareholders voted against approving the Second Tranche of the placement and accordingly this did not proceed. Shareholders voted in favour of the revised 3 for 2 attaching issue of options and all other resolutions proposed at the general meeting.

On 30 August, 2019 the Company announced “*Aircore Identifies Continuation of Gimlet-Teal Mineralised System*” A 6,450m aircore drilling (93 holes) program identified evidence of a continuation of the mineralisation north of Gimlet, with low grade mineralisation (>7,100 ppb Au) within the supergene blanket as well as evidence of sulphide and sericite alteration within fresh rock, of similar style to that seen at Gimlet. The assay 19GAC060, situated 500m northwards recorded 4m @ 0.62 g/t Au from 40m in its composite sample.

On 28 October, 2019 the Company announced “*Hits of up to 29 g/t Show Gimlet Mineralisation Continues at Depth*”. Two diamond holes were drilled as the first part of a more extensive program which was planned to include additional RC Drilling and were primarily drilled to continue targeting mineralisation at depth as well as gold anomalism and alteration identified from the previous aircore drilling along strike. Results included 12m @ 4 g/t Au from 223m (including 1m @ 29 g/t). In addition, a SAM (Sub-audio Magnetics) Survey was completed at the Horans' Dam prospect located 600m to the west of Gimlet. Early assessment of the data depicted a large conductive feature which parallels a geochemical anomaly already identified. Historic exploration successfully defined a regolith gold anomaly ~ 3.6km in length and ~400m wide of > 100 ppb (Refer prospectus dated and released 6 April, 2018, Independent Geologist's Report).

Directors' Report (Cont'd)

REVIEW OF OPERATIONS (Cont'd):

In November the Company announced that it had secured a \$100,000 grant from the Western Australian Government's Exploration Incentive Scheme ("EIS") for a deep diamond drilling program at Gimlet. The hole has a target vertical depth of 450 to 500m and will be the deepest hole drilled in the region. It will not only test the downdip extent of Gimlet but also provide information on the stratigraphy of the Black Flag Group and alteration in the district. A successful gold intersection in this planned diamond drill hole would provide further evidence that the Teal-Gimlet mineralised corridor has the potential to be a major gold camp.

As part of this next phase of drilling, the Company announced on 3 March, 2020 *"RC Drilling at Gimlet Supports Continued Mineralisation at Depth"*. The Company completed four RC holes for a total 978 m. Two holes intersected Au mineralisation, with assays results as follows:

- Drillhole 20GRC002 – **10m @ 3.1 g/t Au** from 195 m
- Drillhole 20GRC004 – **1 m @ 2.5 g/t Au** from 127m
– **5m @ 3.6 g/t Au** from 150m
– **1m @ 3.2 g/t Au** from 174m

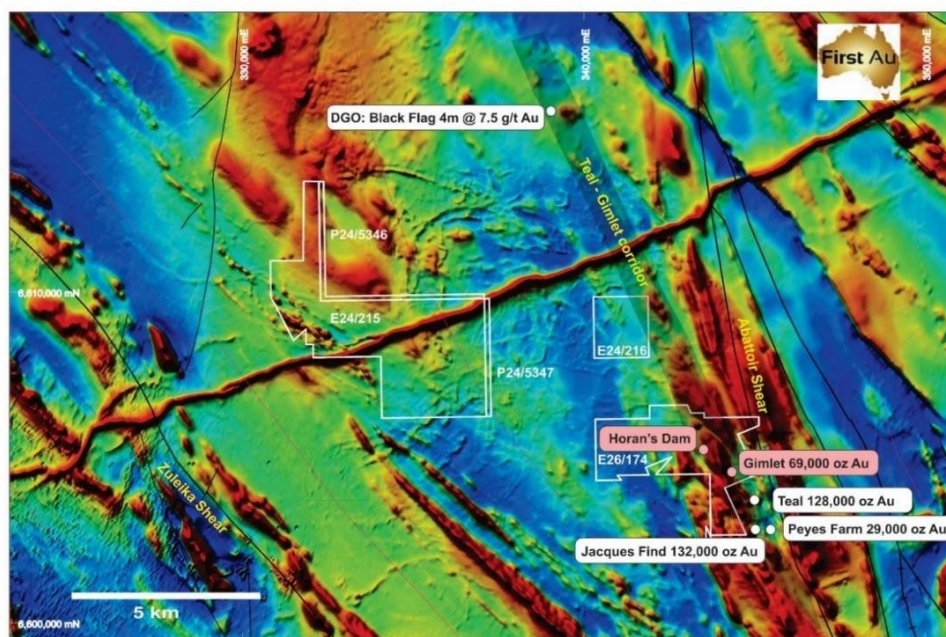


Figure 1. TMI image with FAU tenements overlain. Also outlined are deposits / prospects located along the Teal-Gimlet mineralised corridor.

The four drillholes (Figure 2) were drilled to target high grade extensions to mineralisation and to test any potential plunge component (Figures 3-5). Drillholes 20GRC002 and 20GRC004 both intersected mineralisation typical to what has been observed in previous drilling. Interpretation in section shows the mineralised shear appears near vertical in orientation (Figures 4 and 5). The assay results and geology from these two drillholes indicate the mineralising system is still open at depth. Observation of the cuttings from these two RC holes shows evidence of sheared and altered intermediate volcanic rock containing disseminated and stringer phases of sulphides, as well as quartz and carbonate veinlets. Pyrite and arsenopyrite appear to be the dominant sulphide phase. Cuttings from Drillhole 20GRC001 also showed similar altered, sulphides and sheared intermediate volcanic (as seen in Drillholes 20GRC002 and 20GRC004) over a ~ 30m interval but showed no gold mineralisation. The position of this hole and 20GRC003 (that also failed to intersect mineralisation), depicts the northern boundary of an interpreted series of southern plunging lodes (Figure 3).

Directors' Report (Cont'd) REVIEW OF OPERATIONS (Cont'd):

Collar details of the RC holes are reported in Table 2 below.

Table 2: Recent RC drill hole locations at Gimlet

Hole ID	Easting#	Northing#	RL (m)	Max_depth (m)	Dip	Azimuth
20GRC001	344201	6604522	348	244	-60	065
20GRC002	344243	6604480	347	220	-60	065
20GRC003	344259	6604438	347	282	-60	065
20GRC004	344329	6604386	347	232	-60	065

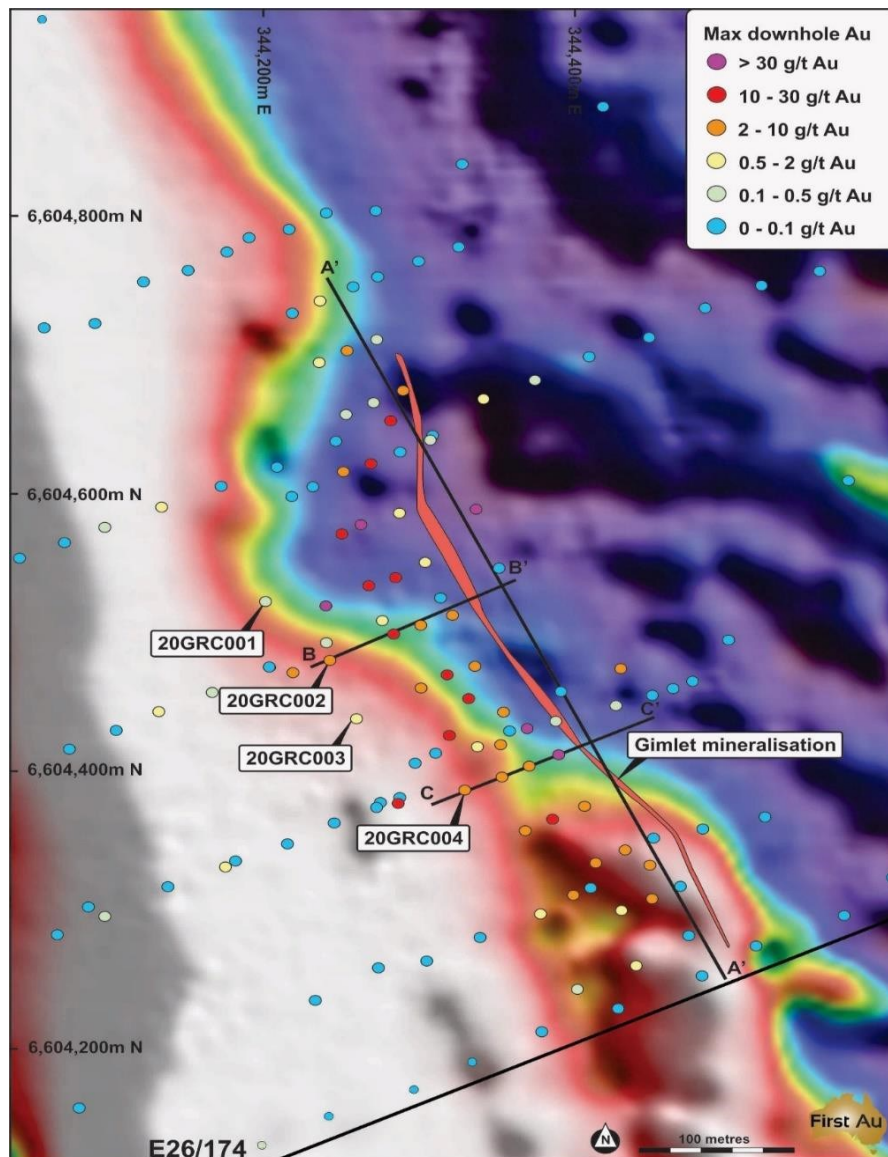


Figure 2. Plan view of the various drill campaigns at the Gimlet Mineralised Zone. Also outlined is the lode mineralisation projected to surface and locations of new diamond intersections. Note cross / long section locations for Figures 3,4 and 5.

Directors' Report (Cont'd) REVIEW OF OPERATIONS (Cont'd):

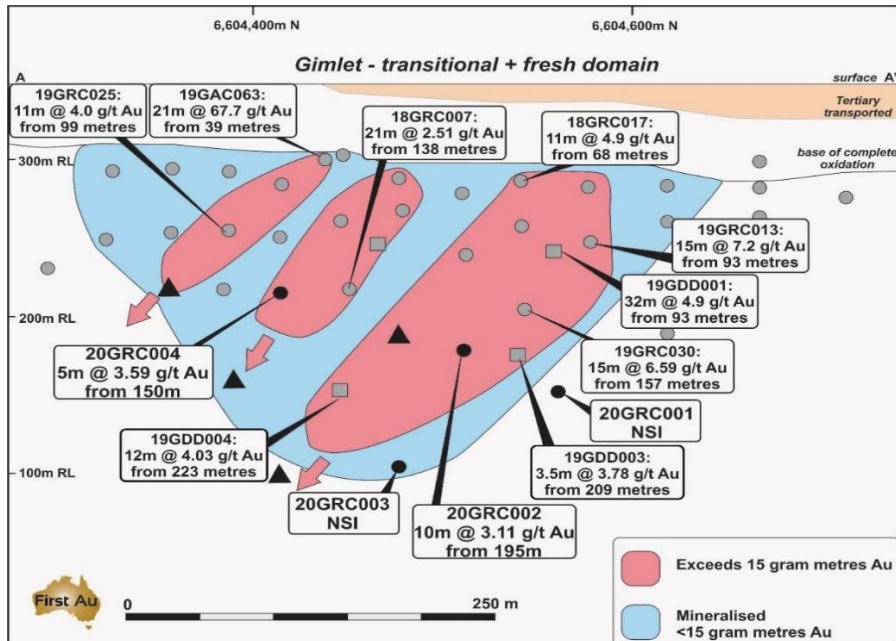


Figure 3. Long Section at Gimlet (see A-A' in Figure 2 for location) showing potential plunging lodes exceeding 15 gram metres and depicting piece points of new RC drilling (black dots). Also see new RC drilling locations for in the current program (black triangles). Note mineralisation is open with depth (Drilling results in this figure were announced to the ASX on the 8th March 2019, 28th May 2019, and 28th October 2019).

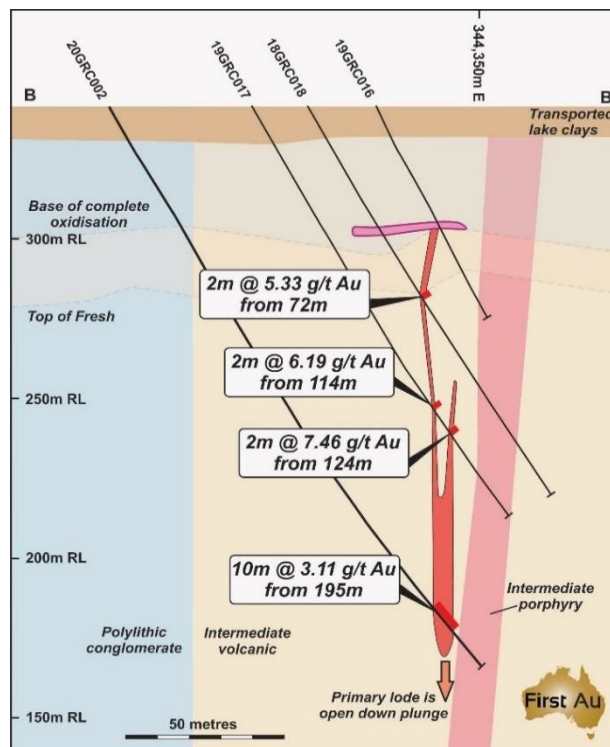


Figure 4. Drilling Cross Section depicting 20GRC002 (see B-B' in Figure 2 for location)

Directors' Report (Cont'd)

REVIEW OF OPERATIONS (Cont'd):

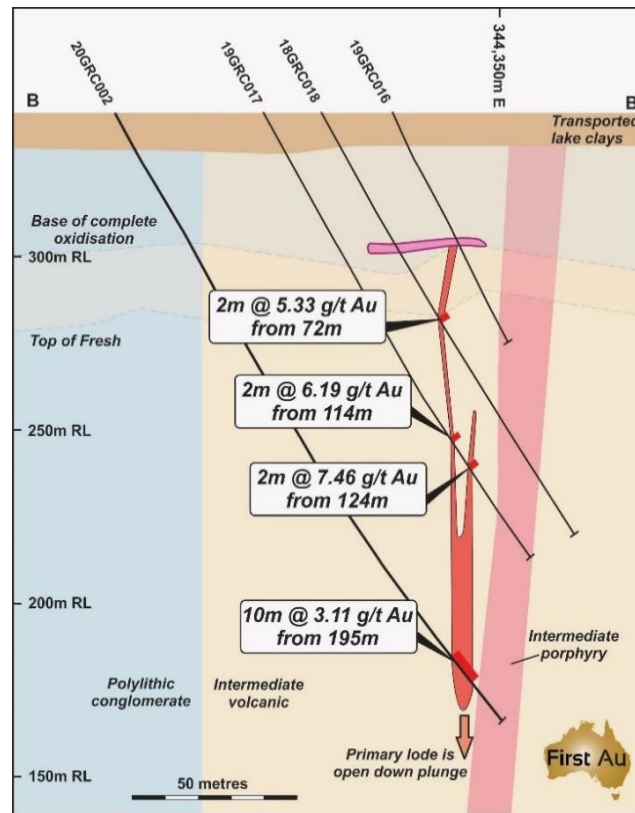


Figure 5. Drilling Cross Section depicting 20GRC004 (see C-C' in Figure 2 for location)

A further ~1000m RC drilling program around Gimlet is proposed but has been placed on temporary hold in light of current health and market considerations. This drilling will further test the potential plunge component to the mineralisation (see Figure 3) and assist in siting the deep diamond hole also planned. Once the RC program is complete, the company will assess whether to upgrade the JORC Resource and examine the open pit mining potential.

East Pilbara Operations

First Au's East Pilbara portfolio consists of the Talga and Tambina gold and/or base metals projects. First Au withdrew from the Emu Creek joint venture (E46/732 and E46/1066) with Atlas Iron Pty Ltd on 23 December, 2019. After a detailed review of the exploration results over the past 18 months the Company concluded that the results generated did not support First Au undertaking the next phase of exploration. All tenements are currently in good standing.

Directors' Report (Cont'd)

REVIEW OF OPERATIONS (Cont'd):

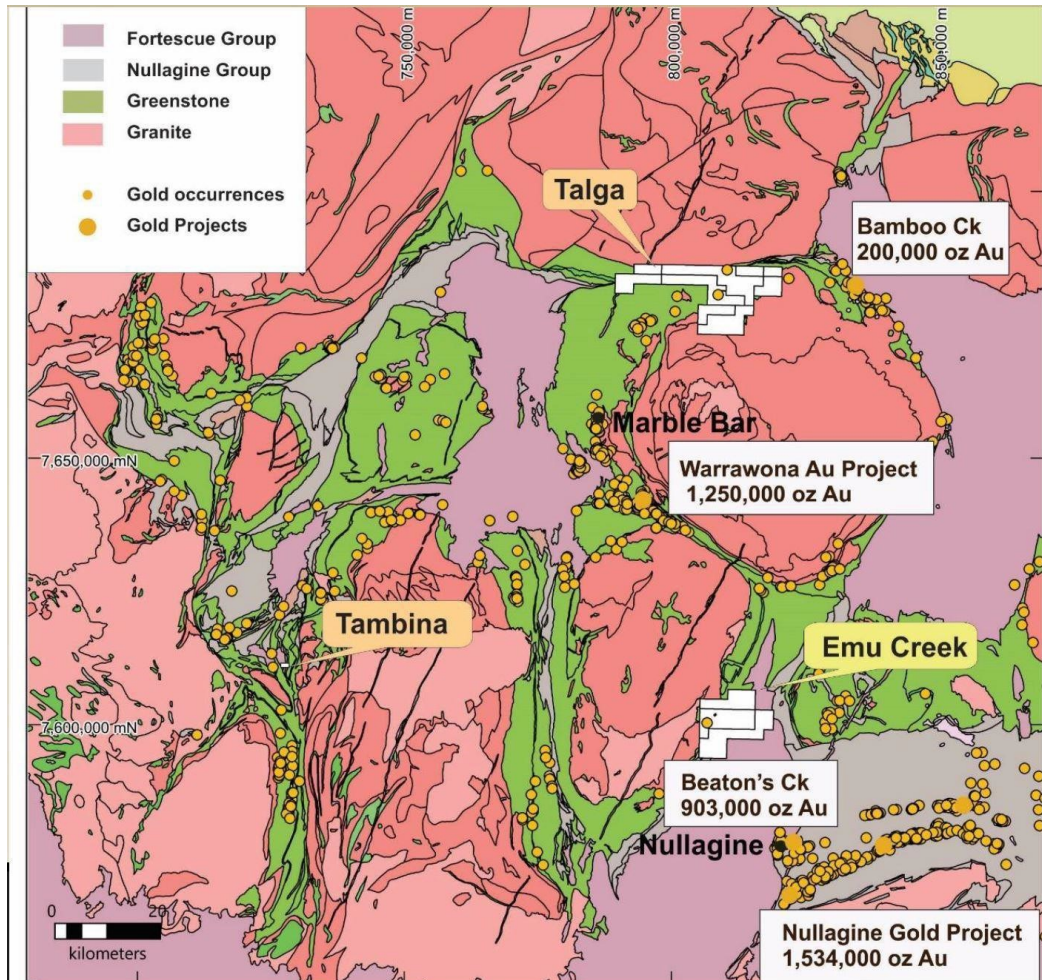


Figure 6. Regional Geology Map

Talga Project (100% owned)

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

Directors' Report (Cont'd) REVIEW OF OPERATIONS (Cont'd):

During the year the Company carried out several field sampling programs, reporting, data compilation and assessment. As reported on 31 January, 2020 in the *Quarterly Activities Report*, the assay results from 4 samples collected in September 2019 were returned with sample L104902 assaying 2.92 g/t Au and sample L104972 assaying 6.26 g/t Au. Further exploration activity, including drilling, is highly warranted given the historical drilling, sampling data and results generated to date. A ground IP survey is also recommended along part of the Razorback Ridge project to determine down dip and along strike extent of the strongly sulphidic gold mineralised chert breccia.

The Company is also re-examining the Eginbah Iron Ore Prospect, which lies 20km along strike from the historic Spinifex Ridge Project. The original vendors of First Au discovered rock samples grading up to 66.44% Fe.

Tambina Project (Earning up to 80%)

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

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

During the latter part of the year the Company withdrew from the Emu Creek Joint Venture and redirected most of its focus to the Gimlet Gold Project which, in the Board's judgment, represented the best allocation of geological and financial capital.

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.

Directors' Report (Cont'd)

Directors:

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

Bryan J Frost - Chairman and Managing Director
Richard Revelins - Executive Director
Damon O'Meara - Non-Executive Director
Michael Quinert - Non-Executive Director

The following person held office as Company Secretary and Chief Financial Officer

David McBain

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

Principal Activities:

The principal activity of the Company is exploration for gold and base metals at its mining tenements in Western Australia. There have been no significant changes that principal activity during the year.

Operating Results:

The net loss for the year ended 31 December 2019 was \$2,778,717 (2018: net loss of \$3,618,380).

Net cash outflow after operating, investing and financing activities was \$2,175,408 (2018: Net inflow including capital raise \$2,915,159). The cash balance of the Company at 31 December 2019 was \$1,043,522 (2018: \$3,218,930).

In this Report, Company also refers to FAU and to the controlled entities.

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

Likely Developments and Expected Results:

Covid-19 is having a significant impact on the world and Australian economy. The Directors' are continuing to monitor developments relating to Covid-19 including the implementation of laws and regulations by State and the Federal Government which may impact ongoing operations and the Company's future financial results. At this stage, the financial impact of Covid-19 on the Company is not able to be estimated. Reference should be made to announcements on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

The Directors' announced to ASX on 7 May 2019 a maiden JORC inferred resource of approximately 68,000 ounces of gold which if mined, is an important Company asset based on the current price of gold. All options are being considered and will be under continuing review. The Directors' recognise there will be difficulties in raising new capital for exploration projects at the present time. Directors have reduced their fees by 50% which will be reviewed in three months' time. Other cost reductions are under consideration.

Significant changes in the state of affairs:

During the year, the Company's share capital increased by \$869,383 net of costs as a result of 37,100,000 new ordinary shares issued.

As part of the initial consideration for the farm-in and joint venture agreement (JV) with West Wits Mining Limited (ASX: WWI) in respect to WWI's Tambina Gold Project in East Pilbara region of Western Australia, the Company paid \$60,000 for a 20% share in the JV and \$180,000 for 20 million shares in WWI.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company during the year under review not otherwise disclosed in this Annual Report.

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 year and to the date of this report.

Dividends Paid or Recommended:

No dividend has been paid or recommended in respect of the year ended 31 December 2019 (2018: Nil).

Directors' Report (Cont'd)

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.

Interest in shares and options:

26,062,856 ordinary shares and 25,108,333 options of which 11,583,333 ordinary shares and attaching options are 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: Corporate finance and corporate advice

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

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.

Directors' Report (Cont'd)

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

Damon O'Meara (Cont'd)

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 13,000,000 deferred consideration subject to the milestone disclosed in Note 7 of the accompanying Financial Statements at 31 December 2019.

Special responsibilities: Non-Executive Director: Tenement management

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 options: 800,000 ordinary shares
800,000 quoted options

Special responsibilities: Non-Executive Director: Chair of Audit Committee

Directorships held in other listed entities

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

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

David W McBain

Qualifications: Company Secretary

Fellow - Chartered Accountants Australia and New Zealand (FCA), member of 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 50 years of professional experience in the areas of company secretarial, business assurance and statutory audits, taxation and business advisory services.

Directors' Report (Cont'd)

Directors' Meetings:

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2019 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
Bryan Frost	11	11	3	3
Richard Revelins	11	11	3	3
Damon O'Meara	11	11	3	3
Michael Quinert	11	11	3	3

Events after the Reporting Date:

No matters or circumstances, with the exception of the Coronavirus, 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.

Covid-19 is having a significant impact on the world and Australian economy. The Directors' are continuing to monitor developments relating to Covid-19 including the implementation of laws and regulations by State and the Federal Government which may impact ongoing operations and the Company's future financial results. At this stage, the financial impact of Covid-19 on the Company is not able to be estimated. Reference should be made to announcements on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

The Directors' announced to ASX on 7 May 2019 a maiden JORC inferred resource of approximately 68,000 ounces of gold which if mined, is an important Company asset based on the current price of gold. All options are being considered and will be under continuing review. The Directors' recognise there will be difficulties in raising new capital for exploration projects at the present time. Directors have reduced their fees by 50% which will be reviewed in three months' time. Other cost reductions are under consideration.

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 2019 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:

Ordinary shares and options in the Company held directly, indirectly or beneficially by each KMP during the financial year was as follows:

SHARES

Bryan Frost
Richard Revelins
Damon O'Meara
Michael Quinert

Balance at Beginning of Year	Purchased On-Market	Balance at End of Year
25,108,333	954,523	26,062,856
6,000,000	-	6,000,000
20,491,250	-	20,491,250
8,000,000	-	8,000,000

OPTIONS

Bryan Frost
Richard Revelins
Damon O'Meara
Michael Quinert

Balance at Beginning of Year	Purchased On-Market	Balance at End of Year
25,108,333	-	25,108,333
6,000,000	-	6,000,000
-	-	-
800,000	-	800,000

1. This table includes escrowed shares.
2. Bryan Frost and Richard Revelins are Directors and shareholders in Peregrine Corporate Ltd which holds 6,000,000 shares and 6,000,000 unquoted options in the Company. These securities are disclosed in the balance of securities held by both Bryan Frost and Richard Revelins and are escrowed until 15 June 2020. The unquoted options expire 1 March 2021.
3. Bryan Frost securities include an additional 5,583,333 shares and options that are escrowed until 15 June 2020. The options are exercisable at \$0.06 each. 1,583,333 expire 15 December 2020 and 4,000,000 expire 1 March 2021.
4. Damon O'Meara securities are escrowed until 15 June 2020.
5. All other options expire 15 December 2020.

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

Details of Remuneration for Year Ended 31 December 2019:

The following remuneration was paid during the year:

Directors	Role	Short term benefits	Post - employment benefits	Total
		Fees \$	\$	\$
Bryan Frost	Director and strategic services	130,000	-	130,000
Bryan Frost	CEO services	120,000	-	120,000
		<u>250,000</u>	-	<u>250,000</u>
Richard Revelins	Director and strategic services	40,000	-	40,000
Richard Revelins	Consultancy and management services	100,000	-	100,000
		<u>140,000</u>	-	<u>140,000</u>
Damon O'Meara	Director and strategic services	40,000	-	40,000
Michael Quinert	Director and strategic services	40,000	-	40,000
		<u>470,000</u>	-	<u>470,000</u>

Agreements with Directors:

Each Director 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. In the case of the Chairman and Managing Director, twelve months written notice of termination is required. 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.

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
30 March 2020

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 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
30 March 2020

**First Au Limited
and Controlled Entities**

ABN 65 000 332 918

**Statement of Profit or Loss
and Other Comprehensive Income
For the Year Ended 31 December 2019**

	Note	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
Revenue	2	13,120	47,873
Exploration expenses		(2,021,949)	(1,296,203)
Prospectus and re-listing expenses		-	(1,317,734)
Public relation and promotion		(100,731)	(144,500)
Administration expenses		(669,157)	(907,816)
Loss before income tax	2	<u>(2,778,717)</u>	<u>(3,618,380)</u>
Tax expense	3	-	-
Net Loss for the year		<u>(2,778,717)</u>	<u>(3,618,380)</u>
Total Comprehensive Loss for the year		<u>(2,778,717)</u>	<u>(3,618,380)</u>
Earnings (Loss) per ordinary share	7d	2019 Cents/share	2018 Cents/share
Basic earnings (loss) per share		(1.01)	(2.21)
Diluted earnings (loss) per share		(0.54)	(1.25)

The accompanying notes form part of these financial statements.

**First Au Limited
and Controlled Entities**

ABN 65 000 332 918

**Statement of Financial Position
As at 31 December 2019**

	Note	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,043,522	3,218,930
Financial asset measured at fair value through other comprehensive income	4	180,000	-
Other receivables	5	62,823	84,660
TOTAL CURRENT ASSETS		1,286,345	3,303,590
NON-CURRENT ASSETS			
Exploration and evaluation	6	1,510,299	1,450,299
TOTAL NON-CURRENT ASSETS		1,510,299	1,450,299
TOTAL ASSETS		2,796,644	4,753,889
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		70,852	123,109
Borrowings		-	15,654
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		70,852	138,763
NET ASSETS		2,725,792	4,615,126
EQUITY			
Issued capital	7	10,705,489	9,816,106
Convertible note reserve		-	-
Share based payment reserve		72,500	72,500
Accumulated losses		(8,052,197)	(5,273,480)
TOTAL EQUITY		2,725,792	4,615,126

The accompanying notes form part of these financial statements.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Statement of Changes in Equity For the Year Ended 31 December 2019

	Share Capital	Convertible Note Reserve	Share Based Payment Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	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 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
Net loss for the year	-	-	-	(2,778,717)	(2,778,717)
Mining consultancy fees converted to shares: 1 million shares at fair value \$0.02 each including free attaching options exercisable at \$0.06 on or before 15 December 2020	20,000	-	-	-	20,000
Capital received from Investors including free attaching options	927,500	-	-	-	927,500
Less Commission paid for capital raise:					
Capitalised fees related to capital raise	(58,117)	-	-	-	(58,117)
Balance at 31 December 2019	10,705,489	-	72,500	(8,052,197)	2,725,792

The accompanying notes form part of these financial statements.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Statement of Cash Flows For the Year Ended 31 December 2019

		Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(830,100)	(2,013,713)
Payment for exploration		(2,266,595)	(1,178,464)
Interest received		13,120	47,873
GST received from ATO		294,439	320,740
Net cash used in operating activities	8	<u>(2,789,136)</u>	<u>(2,823,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Tenement acquisitions - stamp duty on tenements acquired at date of re-listing		-	(132,799)
Investment in shares	15a	(180,000)	-
Investment in joint venture	15a	<u>(60,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(240,000)</u>	<u>(132,799)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received from capital raising		927,500	6,216,000
Fees paid for capital raising		(58,117)	(404,040)
Proceeds received from Goldtree Minerals Pty Ltd		-	43,907
Proceeds from borrowings		-	27,180
Repayment of borrowings		(15,655)	(11,525)
Net cash provided by financing activities		<u>853,728</u>	<u>5,871,522</u>
Net (decrease) / increase in cash and cash equivalents held		(2,175,408)	2,915,159
Cash and cash equivalents at 1 January		3,218,930	303,771
Cash and cash equivalents at 31 December		<u>1,043,522</u>	<u>3,218,930</u>

The accompanying notes form part of these financial statements.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Summary of Significant Accounting Policies

a) Corporate Information

First Au Limited ('FAU') 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.

b) 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.

c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of FAU and all of the subsidiaries as set out in Note 18. Subsidiaries are entities that FAU controls. FAU 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.

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

d) Revenue and Other Income

Interest revenue is recognised using the effective interest method.

e) 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.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2019

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

f) 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.

g) 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.

h) Exploration and Development Expenditure

- Acquisition of the mining tenements (exploration licence): 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 6.
- All other expenditure on exploration and evaluation is expensed as incurred.
- 20% share in WWI Tambina Gold Project was capitalised during the year. Refer Note 6.

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.

i) 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.

j) 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.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2019

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

j) Share Based Payment Reserve (Cont'd)

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.

k) Restatement of 2018 Expense

Expense has been restated for 2018 year due to re-allocation of key management personnel between exploration and administration expenses.

The company is an exploration company and the Directors recognise that certain key management expenses and administration expenses are directly related to exploration. Expenses incurred during 2018 year have been re-allocated in line with the policy adopted by the Directors for 2019 year.

	2018 Previously disclosed	Change	2018 As Presented
	\$	\$	\$
Exploration expenses	1,101,545	194,658	1,296,203
Prospectus and re-listing expenses	1,317,734		1,317,734
Key management personnel	546,999	(546,999)	-
Public relation and promotion	144,500	-	144,500
Administration expenses	555,475	352,341	907,816
Total Expenses	3,666,253	-	3,666,253

l) 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 consolidated group incurred a net loss of \$2,778,717 for the year ended 31 December 2019 and a net cash outflow after operating, investing and financing activities of \$2,175,408. Net assets of the Company at 31 December 2019 were \$2,725,792.

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.

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

Covid-19 is having a significant impact on the world and Australian economy. The Directors' are continuing to monitor developments relating to Covid-19 including the implementation of laws and regulations by State and the Federal Government which may impact ongoing operations and the Company's future financial results. At this stage, the financial impact of Covid-19 on the Company is not able to be estimated. Reference should be made to announcements on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements

For the Year Ended 31 December 2019

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

l) Going Concern (Cont'd)

The Directors' announced to ASX on 7 May 2019 a maiden JORC inferred resource of approximately 68,000 ounces of gold which if mined, is an important Company asset based on the current price of gold. All options are being considered and will be under continuing review. The Directors' recognise there will be difficulties in raising new capital for exploration projects at the present time. Directors have reduced their fees by 50% which will be reviewed in three months' time. Other cost reductions are under consideration.

Market value of shares in West Wits Mining Ltd (ASX: WWI) at reporting date was \$0.0090 per share for 20 million shares- refer Note 4. At 19 March 2020, the market value was \$0.0090 per share.

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

m) 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.

n) Adoption of New and Revised Accounting Standards:

AASB 16 Leases, has been issued. The Directors have reviewed the standard and based on the current operations of the Company, the standard will not have a material impact on reported financial position or performance of the Company as the Company has no leases.

Based on an analysis performed to date of accounting standards for application in future periods, none of the standards on issue not yet effective would have a material impact on the reported position or performance of the company.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2019

	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
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	13,120	47,873
<i>Expenses:</i>		
Amounts received or due and receivable by the auditors:		
Auditing the financial statements	28,000	27,000
Audit - other services	-	-
Key management personnel remuneration included in exploration and administration expenses (refer Note 1k)	470,000	546,999
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
Goldtree Minerals Pty Ltd shares and options	-	382,093
Other expenses	-	268,126
Total Prospectus and re-listing expenses:	-	1,317,734
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% (2018 : 30%)	833,615	1,085,514
Tax effect of:		
Non-allowable items	(17,586)	(391,026)
Benefit of tax losses not recognised	(816,029)	(694,488)
Income tax attributable to entity	-	-

A tax rate of 30% (2018: 30%) has been adopted rather than a rate of 27.5%. To be eligible for a rate of 27.5% the Company must satisfy a section of the Income Tax Act that requires no more than 80% of its assessable income to be classified as base rate passive income. The Company only income source is from interest and this is regarded as base rate passive income. As interest income exceeds 80% of assessable income, the Company is not eligible for a tax rate of 27.5%.

A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses as at this stage it is not probable that future taxable profits will be derived. Tax losses approximate \$5,247,000 and capital losses approximate \$2,021,000 as at year end.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2019

	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
4. Financial Asset Measured at Fair Value Through Other Comprehensive Income:		
Shares in listed investment at fair value measured through other comprehensive income	180,000	-
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 - \$0.009 per share for 20 million shares		
5. Other Receivables:		
Other receivables is represented by GST receivable and prepayments.	62,823	84,660
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.		
6. Exploration and Evaluation:		
20% share in WWI Tambina Gold project (refer Note 15a)	60,000	-
Acquisition of Mining Tenements: Fully paid ordinary shares and options issued as consideration		
• Vendor shares: 32.5 million shares issued at \$0.04	1,300,000	1,300,000
• Vendor options issued for acquisition of mining tenements: 3.5 million options exercisable at \$0.06 each on or before 1 March 2021 at fair value of \$0.005 each	17,500	17,500
Stamp duty on mining tenement acquisitions	132,799	132,799
Total cost of mining tenement acquisitions	1,510,299	1,450,299

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.

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

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Issued Capital and Options:

	Parent Entity Share Capital	Parent Entity Number of shares	Parent Entity Number of Options
	\$		
Balance at 31 December 2018	9,816,106	260,724,667	230,546,603
Mining consultancy fees converted to shares: 1 million shares at fair value \$0.02 each including free attaching options exercisable at \$0.06 on or before 15 December 2020	20,000	1,000,000	1,000,000
Capital received from Investors including free attaching options exercisable at \$0.06 on or before 15 December 2020.	927,500	37,100,000	55,650,000
Less Commission paid for capital raise:			
Capitalised fees related to capital raise	(58,117)	-	-
Balance at 31 December 2019	10,705,489	298,824,667	287,196,603

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

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 30 months after quotation date with the exception of 13,500,000 options which expire on or before 1 March 2021.

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 2019, two of the three criteria for triggering payment of the Deferred Consideration Shares have been met being minimums for grade and total ounces contained. The Company is of the opinion that the third minimum requirement pertaining to ore tonnage also needs to be satisfied to trigger the requirement for allotment of the Deferred Consideration Shares. Exploration work being conducted on the Gimlet tenement subsequent to 31 December 2019 may lead to an increase in tonnage requiring a restatement of the JORC Resource which in turn could satisfy the third metric of the Milestone and trigger the requirement for allotment of the Deferred Consideration Shares.

No adjustments has been made to the Financial Statements at reporting date based on the allotment 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 milestone being achieved at each reporting date up until expiry of the Deferred Consideration Shares.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2019

7. Issued Capital and Options (Cont'd):

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.

	Parent Entity	Parent Entity
	No of shares	No of shares
Securities classified as restricted for 24 months are:		
Shares	32,074,583	32,074,583
Options	15,083,333	15,083,333

7d. Earnings (Loss) per ordinary share:

	31 Dec 2019	31 Dec 2018
	Cents/share	Cents/share
Basic earnings (loss) per share ('EPS')	(1.01)	(2.21)
Diluted earnings (loss) per share ('EPS')	(0.54)	(1.25)
	No of shares	No of shares
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	274,682,445	163,645,778
Weighted average number of ordinary shares and options used in the calculation of basic diluted EPS	513,261,131	289,165,595
	\$	\$
Net loss for the year used in the calculation of basic and diluted earnings per share	(2,778,717)	(3,618,380)

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 exploration for gold and base metals.

In addition, Directors have repaid borrowings and issued shares in lieu of payment for certain services (refer Note 7).

8. Cash Flow Information:

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

	Consolidated Group	Parent Entity
	31 Dec 2019	31 Dec 2018
	\$	\$
Net loss for the year	(2,778,717)	(3,618,380)
Non-cash flows from ordinary activities:		
Shares and options issued in lieu of services rendered	20,000	450,000
Shares and options issued to Goldtree Minerals Limited Noteholders	-	382,093
Changes in assets and liabilities:		
(Increase)/Decrease in other receivables	21,837	(66,480)
Increase/(Decrease) in trade and other payables	(52,256)	30,810
Other adjustments	-	(1,607)
Net cash used in operating activities	(2,789,136)	(2,823,564)

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2019

	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
8. Cash Flow Information (Cont'd):		
Significant non-cash items		
Purchase of tenements - refer Note 6 Exploration and Evaluation	60,000	1,317,500

- 9. Contingent Liabilities:**
The Company is not aware of any contingent liabilities.

10. Capital and Other Commitments:

The Company holds various mining tenements in Western Australia. Due to the nature of the Company's operations in exploring areas of interest within the Mining Tenements held by the Company, it is difficult to forecast the nature or amount of future expenditure. It is a condition of the licence that the Company incur the following minimum level of expenditure in order to retain present interests in Mining Tenements.

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.

	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
The approximate minimum level of expenditure requirements are set out in the following:		
Within one year	262,000	330,000
One year or later and no later than five years	2,528,900	2,600,000

Right to earn up to a maximum aggregate 80% joint venture interest by sole funding joint venture expenditure of up to \$500,000 within 3 years from the commencement date of the JV Agreement with West Wits Mining Limited in the Tambina Gold project. Refer Note 15a.

FAU has the right to explore for up to three years on a tenement owned by Kesli Chemicals Pty Ltd. In addition to a yearly option rights fee of \$25,000, FAU can exercise an option to take up to 85% ownership for a cash payment of \$250,000 prior to the expiry of the three year term which commenced 8 July 2019.

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 to raise additional capital during the year. Peregrine received a commission of \$58,117 as set out in the Statement of Changes in Equity and Note 7. A proportion of the fees received were paid to other AFSL holders who participated in the placement of securities.

Michael Quinert is a Director and Partner in the legal firm, Quinert, Rodda & Associates which received legal fees of \$47,712 on normal commercial terms.

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

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2019

	Controlled Entities 31 Dec 2019 \$	Parent Entity 31 Dec 2018 \$
13. Key Management Personnel Remuneration:		
The following are the details of remuneration:		
Short term benefits	470,000	546,999
Refer to the Remuneration Report contained in the Directors' Report for details of Remuneration and Equity.		

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

14a. Interest rate risk:

Interest rate risk is managed with a mixture of cash at bank 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.

	Controlled Entities 31 Dec 2019	Parent Entity 31 Dec 2018
The effective interest rates of cash and cash equivalents of the Company at the reporting date are set out below:		
Average interest rate	0.72%	2.78%

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 exploration programs, 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.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2019

14d. Credit risk:

The only receivables are GST receivables and therefore an expected credit loss has not been recognised.

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.

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. Investment in Joint Ventures:

15a. On 13 March 2019, FAU announced to the ASX that it had 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:

- a. Payment of \$60,000 for a 20% share in the JV. Also refer Note 6: Exploration & Evaluation.
- b. 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. Also refer Note 4: Financial Assets.
- c. 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.
- d. 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.
- e. Upon FAU earning an aggregate 80% JVI, the participants will be liable to contribute to JV expenditure in proportion to their respective interests.
- f. FAU shall be the manager of the JV on and from the formation date and throughout the earning phase.
- g. FAU must ensure that the Mining Leases remain in good standing.

15b. On 23 December 2019, FAU announced to the ASX that it had withdrawn from the Emu Creek Joint Venture (E46/732 and E46/1066) with Atlas Iron Pty Ltd. The Announcement advised that the Company had elected to do so to prioritise its funding and in-house resources towards the Gimlet Gold Project, located near Kalgoorlie.

16. Critical Accounting Estimates and Judgements:

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

Impairment:

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Key assets that have been assessed for impairment are financial assets (Note 4) and exploration and evaluation costs (Note 6).

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2019

16. Critical Accounting Estimates and Judgements (Cont'd):

Key Judgements:

Exploration and Evaluation:

The Company has maintained capitalised costs associated with the acquisition of mining tenements as set out in Note 6: Exploration and Evaluation as it is considered these costs are likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The Directors consider that such capitalised costs should not be written off since feasibility studies in such tenement areas have not yet concluded.

Deferred Consideration Shares:

As stated in Note 7b. no adjustments has been made to the Financial Statements at reporting date based on the allotment 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 milestone being achieved at each reporting date up until expiry of the Deferred Consideration Shares.

17. Events after the reporting date:

No matters or circumstances, with the exception of the Coronavirus, 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.

Covid-19 is having a significant impact on the world and Australian economy. The Directors' are continuing to monitor developments relating to Covid-19 including the implementation of laws and regulations by State and the Federal Government which may impact ongoing operations and the Company's future financial results. At this stage, the financial impact of Covid-19 on the Company is not able to be estimated. Reference should be made to announcements on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

The Directors' announced to ASX on 7 May 2019 a maiden JORC inferred resource of approximately 68,000 ounces of gold which if mined, is an important Company asset based on the current price of gold. All options are being considered and will be under continuing review. The Directors' recognise there will be difficulties in raising new capital for exploration projects at the present time. Directors have reduced their fees by 50% which will be reviewed in three months' time. Other cost reductions are under consideration.

18. Interests in Subsidiary Companies:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			31 Dec 2019	31 Dec 2018
Lions Share Gold Ltd	19 February 2019	Melbourne	100%	-
LGH Nominees Pty Ltd	27 August 2019	Melbourne	100%	-

The Companies did not trade during the period to 31 December 2019.

19. Parent Entity information

19a. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	31 Dec 2019 \$	31 Dec 2018 \$
Balance Sheet		
Current assets	1,246,345	3,303,590
Non-current assets	1,510,499	1,450,299
Total assets	<u>2,756,844</u>	<u>4,753,889</u>
Current liabilities	(71,052)	(138,763)
Total liabilities	<u>(71,052)</u>	<u>(138,763)</u>
Net Assets	<u>2,685,791</u>	<u>4,615,126</u>

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2019

19. Parent Entity information (Cont'd)

19a. Summary financial information (Cont'd)

Shareholders' equity		
Issued capital	10,705,489	9,816,106
Share based payment reserve	72,500	72,500
Accumulated losses	(8,092,198)	(5,273,480)
Total Equity	<u>2,685,791</u>	<u>4,615,126</u>
 Profit or loss for the year	(2,778,717)	(3,618,380)
Other Comprehensive Loss	(40,000)	-
Total comprehensive loss for year	<u>(2,818,717)</u>	<u>(3,618,380)</u>

19b. Guarantees entered into by the parent entity

FAU has not entered into any guarantees in the current financial year in relation to the debts of its subsidiaries (2018: nil)

19c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2019 or 31 December 2018.

19d. Contractual commitments for the acquisition of property, plant and equipment

At 31 December 2019, FAU had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: nil).

First Au Limited and Controlled Entities

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Directors' Declaration

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

1. The financial statements and notes set out on pages 18 to 34 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 2019 and of the performance for the year ended on that date of the Company and Consolidated Group.
2. In the Director's opinion, there are reasonable grounds to believe that the Company and Consolidated Group will be able to pay their 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
30 March 2020

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

Opinion

We have audited the financial report of First Au Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated financial position as at 31 December 2019 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(I), "Going Concern" in the financial report which indicates that the company incurred a net loss of \$2,778,717 for the year ended 31 December 2019. In addition the company had a net operating cash outflow of \$2,789,136 for the year ended 31 December 2019. As stated in Note 1(I), this event along with other matters as set forth in note 1(I), including any potential impact of the COVID-19 coronavirus on the group, 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 \$1,510,299 as at 31 December 2019. 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 \$2,778,717 for the year ended 31 December 2019 and had net operating cash outflows of \$2,789,136 for the year ended 31 December 2019 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.

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 2019, 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.

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.

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

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

**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 2019.

In our opinion, the Remuneration Report of First Au Limited, for the year ended 31 December 2019, 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.

McLean Delmo Bentleys Audit Pty Ltd



**Rod Hutton
Partner**

Hawthorn
30 March 2020

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:

	No. of Share Holders	Share Securities	Shares %	No. of Option Holders	Option Securities	Options %
100,001 and Over	389	278,444,449	93.18%	274	273,631,905	95.28%
10,001 to 100,000	354	19,683,428	6.59%	209	13,024,037	4.53%
5,001 to 10,000	13	90,004	0.03%	11	71,736	0.02%
1,001 to 5,000	164	277,410	0.09%	122	210,522	0.07%
1 to 1,000	1,177	329,376	0.11%	968	258,403	0.09%
Total	2,097	298,824,667	100%	1,584	287,196,603	100%

There were 1,461 holders of less than a marketable parcel of ordinary shares.

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

3. Ordinary Fully Paid Shares: Top 20 Holders (ungrouped) as of 31/12/2019:

		Shares	% Units
1	OUTBACK TREES OF AUSTRALIA PTY LTD	8,190,000	2.74%
2	GREAT SANDY PTY LTD	6,581,250	2.20%
3	ANNE MAREE RICHARDSON	6,500,000	2.18%
4	QUEENSLAND M M PTY LTD	6,083,333	2.04%
5	PEREGRINE CORPORATE	6,000,000	2.01%
6	DRILLABIT PTY LTD	5,720,000	1.91%
7	FARCAM PTY LTD	5,000,000	1.67%
7	OCEANIC CAPITAL PTY LTD	5,000,000	1.67%
8	TALEX INVESTMENTS PTY LTD	4,260,000	1.43%
9	ST BARNABAS INVESTMENTS PTY LTD	3,893,000	1.30%
10	ALLEKIAN EXCHANGE PTY LTD	3,760,000	1.26%
11	MR MARK G CREASY	3,666,667	1.23%
12	CLAYTON DODD	3,655,000	1.22%
13	CANTORI PTY LTD	3,508,606	1.17%
14	ANDORYKA HOLDINGS PTY LTD	3,500,000	1.17%
15	MR MARTIN MONTULL	3,400,000	1.14%
16	MR RICHARD MICHAEL FREMLIN	3,262,030	1.09%
17	NEWPORT PRIVATE WEALTH PTY LTD	3,200,000	1.07%
18	QUEENSLAND MM PTY LTD	3,000,000	1.00%
18	AWD CONSULTANTS PTY LTD	3,000,000	1.00%
19	ACTIONETTE PTY LTD	2,800,000	0.94%
20	RLS ENGINEERING PTY LTD	2,750,000	0.92%
	Total	96,729,886	32.37%
	Balance of register	202,094,781	67.63%
	Grand total	298,824,667	100.00%

Refer to Statement of Changes in Equity and 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)

4. Options: Top 20 Holders (ungrouped) as of 31/12/2019:

		Options	% Units
1	M & K KORKIDAS PTY LTD	18,555,000	6.46%
2	DR ROSEMARY ELIZABETH ANNE GREEN	11,500,000	4.00%
3	MR WADE PETER WAGNER	7,000,000	2.44%
4	CS THIRD NOMINEES PTY LIMITED	6,993,000	2.43%
5	QUEENSLAND M M PTY LTD	6,083,333	2.12%
6	BLUE FEATHER (QLD) INVESTMENTS PTY LTD	6,000,000	2.09%
6	PEREGRINE CORPORATE	6,000,000	2.09%
7	MR KONSTANTINOS KORKIDAS	5,000,000	1.74%
7	FARCAM PTY LTD	5,000,000	1.74%
8	TALEX INVESTMENTS PTY LTD	4,890,000	1.70%
9	GOFFACAN PTY LTD	4,200,000	1.46%
10	CLAYTON DODD	4,000,000	1.39%
11	GHJC PTY LIMITED	3,799,999	1.32%
12	GOUSSE HOLDINGS PTY LTD	3,750,000	1.31%
13	MR MARK G CREASY	3,666,667	1.28%
14	MR SHAUN BRENDON ARTHUR SUCKLING	3,507,934	1.22%
15	DRILLABIT PTY LTD	3,500,000	1.22%
16	MR OON TIAN YEOH & MRS ELZBIETA HELENA YEOH	3,000,000	1.04%
16	QUEENSLAND MM PTY LTD	3,000,000	1.04%
16	MR MARK ROBILLIARD	3,000,000	1.04%
17	NEWPORT PRIVATE WEALTH PTY LTD	2,950,000	1.03%
18	LSAF HOLDINGS PTY LTD	2,847,363	0.99%
19	ACTIONETTE PTY LTD	2,800,000	0.97%
20	HENNESSY PACIFIC INVESTMENTS LTD	2,666,667	0.93%
	Total	123,709,963	43.08%
	Balance of register	163,486,640	56.92%
	Grand total	287,196,603	100.00%

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

5. Substantial Shareholders:

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

	Shares	Options
Bryan Frost	26,062,856	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.

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 2019

Tenement #	Tenement name	Title Holder	Tenement Ownership	Size (# blocks)	State	Comments
E26/174	Gimlet	FAU	FAU 100%	5	WA	
M26/849	Gimlet	FAU	FAU 100%	521Ha	WA	
P24/5346	Gimlet	FAU	FAU 100%	116.7 Ha	WA	
P24/5347	Gimlet	FAU	FAU 100%	49.2 Ha	WA	
E45/3679	Talga	FAU	FAU 100%	24	WA	
E45/5595	Razorback	FAU	FAU 100%	2	WA	
E45/5596	Razorback	FAU	FAU 100%	3	WA	
E45/3857	Talga	FAU	FAU 100%	7	WA	
E45/4137	Razorback	FAU	FAU 100%	7	WA	
E45/4615	Talga West	FAU	FAU 100%	3	WA	
E45/5571	Talga Talga	FAU	FAU 100%	11	WA	
E46/1285	Emu Creek	FAU	FAU 100%	5	WA	
E24/216	White Flag	FAU	FAU 100%	1	WA	
E24/215	White Flag	Kesli Chemicals	Kesli Chemicals 100%	8	WA	Refer Note 1
E45/990	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	44.78 Ha	WA	Refer Note 2
E45/991	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	32.95 Ha	WA	Refer Note 2
E45/988	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	27.93 Ha	WA	Refer Note 2

Note 1: Refer Announcement to ASX dated 9 July 2019. FAU has the right to explore for up to three years. In addition to yearly option rights fee of \$25,000, FAU can exercise an option to take up to 85% ownership for a cash payment of \$250,000 prior to the expiry of the three year term.

Note 2: Refer Announcement to ASX dated 13 March 2019. FAU acquired an initial 20% interest in Tambina's three mining leases on payment of \$60,000 and other conditions set out in the announcement that have now been satisfied. FAU has the exclusive right to earn up to a maximum aggregate 80% joint venture interest by sole funding joint venture expenditure up to \$500,000 within three years from the commencement date.