



FIRSTAU

First Au Limited

ABN 65 000 332 918

Annual Report

For the Year Ended 31 December 2020

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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

Mr Gavin England – Technical Director

Chief Financial Officer:

David McBain

Company Secretary:

Paul Godfrey

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

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Stock Exchange:

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

ASX Code: FAU

Registered Office:

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

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Telephone: (03) 9817 0700

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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 Letter

Dear Shareholder,

It has been a very transformative year for First Au. The biggest development was undoubtedly the acquisition of the Victorian Gold Project in East Gippsland.

Victoria has witnessed a substantial renaissance and rerating as a result of the success of Kirkland Lake's Fosterville gold mine which is currently the world's highest grade and lowest cost gold mine. During 2020 Fosterville produced 640,467 ounces of gold at an average grade of 33.9 g/t with 98.9% gold recoveries. First Au's geological team, in consultation with Geosciences of Victoria, developed a new geological model which describes the movement of tectonic plates about 380 million years ago which saw the Tasmanian plate collide with the Victorian plate folding the band of Ordovician-aged rocks which host our Haunted Stream and Snowstorm projects and shifted the geology south east to the east Gippsland region. Prior to this these projects were along strike to the gold deposits of Bendigo, Stawell and Fosterville. The new geological interpretation shows these rocks are the same as in the Central Victorian Goldfields. First Au's land tenure in the region is very large covering 2,250 Km². The project area contains over 130 historical workings over a major tectonic scale structure with historical grades over an ounce reported. Although the region was mined extensively in the early 1900's there has been little to no modern exploration or drilling. Initial field work yielded numerous high grade rock chips which were announced to the market. We initiated our maiden drilling program at the Snowstorm project during mid-March and we are expecting initial assay results in April.

We also had a very active field season at the Gimlet Gold project, near Kalgoorlie, with multiple drilling and exploration programs successfully completed, including the Western Australian government sponsored EIS drilling. The hole was drilled a total depth of 445.75m and positioned to target the downhole extent of mineralisation at Gimlet. This is the deepest drill hole ever drilled along the Gimlet-Teal mineralised trend. The drill hole was successful in identifying quartz-pyrite-arsenopyrite veining and alteration like what has been observed in previous drilling at Gimlet. A potential new gold lode has been identified from the RC drilling in footwall position at Gimlet. The Gimlet-Teal mineralised corridor extends for several kilometres, suggesting the potential for a larger mineralised system. The Company is proceeding with a study to examine potential resource upgrade and pit optimisation. Results of this work are anticipated to be available shortly.

Over recent years the Company has sought to concentrate its efforts and financial resources on projects that the Board believes will generate the best return for shareholders, being the Victorian gold project and Gimlet. With that aim in mind, we announced in November a proposed joint venture and farm-in agreement with 8Au Limited (JV) in respect to the Talga gold and base metals project in the east Pilbara. The JV is subject to 8Au Limited listing on the ASX before 30 June 2021. Once expenditure milestones are achieved, First Au will retain a 20% free carried interest to a decision to mine stage.

On behalf of the Board, I would like to thank shareholders for their ongoing commitment and support.

Yours Faithfully



Bryan Frost
Executive Chairman and Managing Director

Review of Operations

The Company's primary focus is on the Victorian Gold Project located in the Eastern Goldfields of Victoria and the Gimlet Gold Project located near Kalgoorlie, Western Australia.

Drilling recently commenced at the Snowstorm project (Gippsland, Victoria), with 1200 to 1500m of diamond core drilling targeting the main reef area. Structural mapping and rock chip sampling were undertaken, and are continuing, at both the Snowstorm and Haunted Stream areas, with assays of up to 112 g/t Au reported at Snowstorm (*refer ASX release dated 1 December 2020*). A structural model for the Earnestine target (Haunted Stream) has been developed, with an immediate drilling program planned to commence once drilling permits are granted.

In respect to Gimlet, results from the drilling program undertaken in December 2020 continue to demonstrate strong gold intersections within and below the current Gimlet mineralisation envelope. Best drill results from this phase of drilling include 20m @ 3.7 g/t Au (from 73m) (*refer ASX release dated 29 January 2021*). The Western Australian Government Exploration Incentive Scheme (EIS) funded diamond hole was completed in December 2020, to a total depth of 445m (*refer ASX release dated 29 January 2021*). Several low-grade intersections were encountered over a 60m zone, with best 10m @ 0.6 g/t Au. A potential new gold lode has been identified from the RC drilling in footwall position at Gimlet. The Gimlet-Teal mineralised corridor extends for several kilometres, suggesting the potential for a larger mineralised system. The Company is proceeding with a study to examine potential resource upgrade and pit optimisation. Results of this work are anticipated to be available shortly.

On 20 November 2020, the Company announced that the Talga gold and base metals project, located in the east Pilbara region of Western Australia, became the subject of a joint venture and farm-in agreement with 8AU Limited. The joint venture is subject to 8AU Limited listing on the Australian Securities Exchange by 30 June 2021. Recently, the Company completed IP data processing and the interpretation at the Razorback prospect which generated several strong anomalies, with 10 new targets for drilling identified (*refer ASX release dated 15 January 2021*).

VICTORIA GOLD PROJECT

SNOWSTORM, HAUNTED STREAM AND SURROUNDING AREAS (Granted EL 006816 and EL5505; Applications EL 006975, EL 006976, EL 006977, EL 005422, EL007408, EL007335, PL007319 and EL007442)

On 3 June 2020 the Company announced that it had entered into a binding term sheet to acquire 80% of the issued share capital of Victorian Goldfields Pty Ltd ("VicGold") which held applications making up the Victorian Goldfields Project ("the Project"). The Company may acquire the remaining 20% of VicGold pursuant to an option upon a decision to mine at the Project (100% interest in total).

The initial project comprised 4 Exploration License Applications (EL 006975, EL 006976, EL 006977 and EL 005422) and one granted Exploration License (EL 006816) in East Gippsland Victoria, located around the towns of Bruthen, Swifts Creek and Dargo (Figure 1.). The flagship Haunted Stream application area, EL 006816, which has now been granted, shows potential for significant high-grade gold continuity, indicated from historical workings and rock chip sampling over an 8 km strike length. Historic mine records from the Victorian Government dating back as far as the 1880's show ore being extracted at above 1 ounce per tonne (*refer ASX release dated 3 June 2020*).

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Review of Operations

The Haunted Stream area contains significant historic workings that have had limited, to no, drilling to effectively test their depth extents. In addition to the historic workings, there occur untested, prospective saddle-reef style zones and numerous under-explored Central Victoria-style orogenic targets, as well as Walhalla and Morning Star analogue exploration opportunities. The gold fertility of the tenement package is also further evident in the long history of alluvial mining in the area.

On 16 November 2020, the Company announced the renewal of Exploration Licence EL 5505 in respect to the Snowstorm Gold Project. This was a requirement for First Au's option over the Snowstorm Project to become active. First Au has 2 years to explore and determine whether to exercise its option on Tenements EL5505 and Application PL007319. The Company also has a 12 month right to continue into a third year of the option term if it so elects. During this period in the Snowstorm area, EL007335, EL007408 and EL007442, was also added to the portfolio and are currently under application.

The Snowstorm Project is located approximately 15 kms (30 minutes' drive) directly north of the VicGold Haunted Stream Project (Figure 1). It has the same Ordovician-aged rocks as Haunted Stream, has historically yielded high-grade gold results and is exhibiting similarities to the same gold targets as the Victorian Gold Project. Snowstorm contains Ordovician sediments (same as Haunted Stream), free gold and sulphide lodes and is "structurally controlled" with walk up drill targets once mapping is completed. Numerous mafic dykes are observed in the area and importantly, occur immediately adjacent to mineralised quartz reefs.

On 1 December 2020, the Company announced results from a rock chip and mapping exercise at the Snowstorm Project. This produced some significant grades, including **112 g/t Au** from an outcropping vein system, with other samples producing grade above 10 g/t Au from the 12 samples taken. Results presented validate the historic sampling reported in the area (*refer ASX release dated 30 October 2020*).

First Au's field program has established that gold mineralisation around the Ernestine / Hibernia workings (see Figures 2 and 3 for locations) is controlled by a series of (ductile) shear zones trending NE-SW and N-S trending (Figure 4), which are interpreted to be related to the Bindian (c.a. 410Ma) Orogeny. This is a critical piece of information in future drill planning and exploration targeting within the region.

These identified shear zones around Haunted Stream, reflect a ductile conjugate set of structures and indicate a mesozonal (3 to 8km) depth of formation. This contrasts with FAU's Snowstorm shear zones (EL5505) which reflect a brittle structural regime (1-3km) depth of formation. Of note, the Bindian Orogeny (c.a. 410Ma) is interpreted to be responsible for the development of the NW and NE striking shear zones suggesting that Haunted Stream was at a deeper crustal level relative to Snowstorm during the Bindian. This knowledge assists in understanding the style of mineralisation to be expected in each area and how it could be targeted differently.

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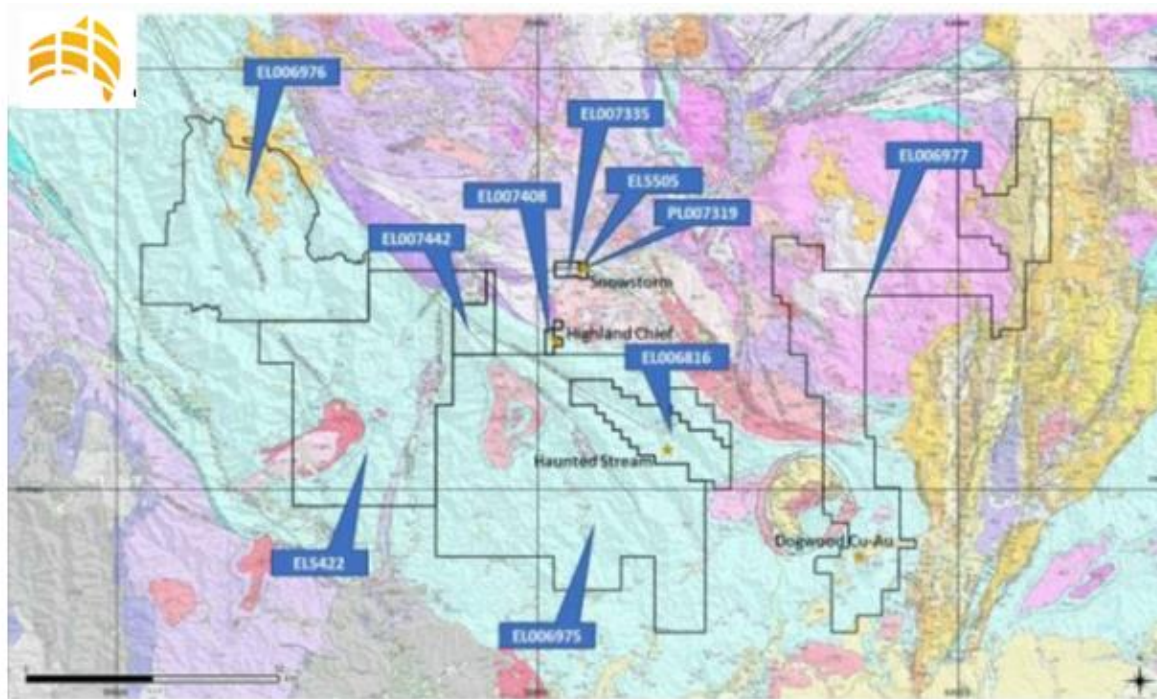


Figure 1. Vic Geological Survey geology map, with FAU tenure overlain within East Gippsland, Victoria (Coordinates in GDA 94, MGA zone 55)

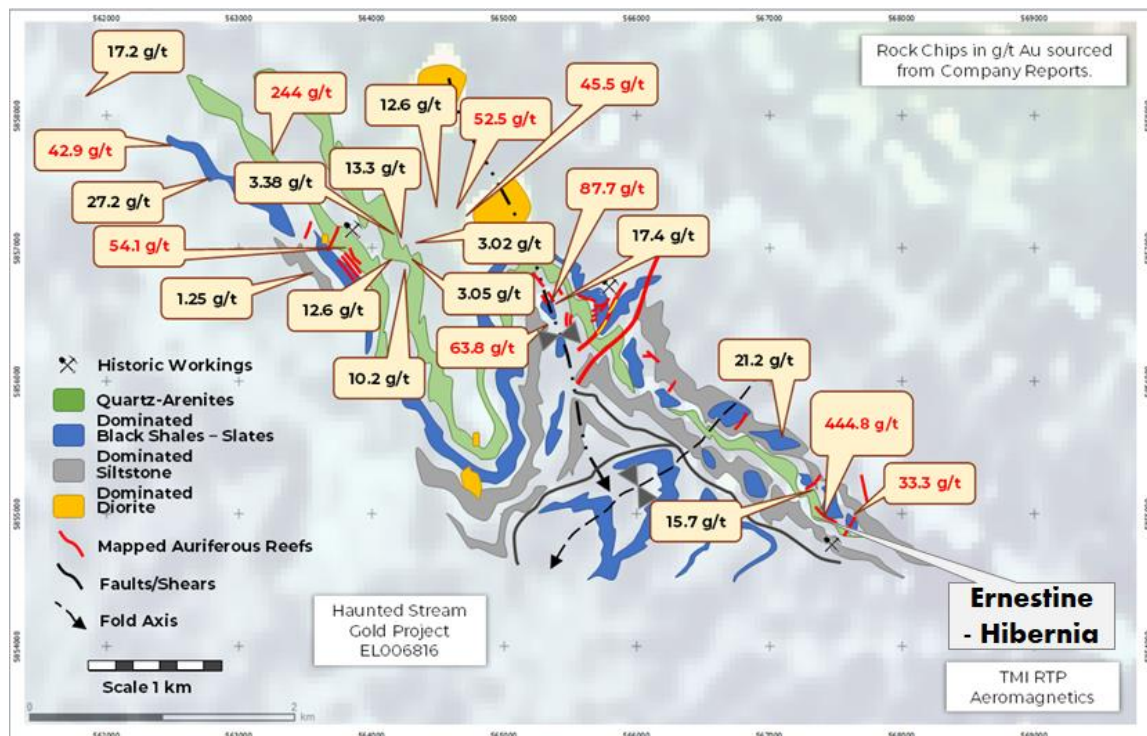


Figure 2: Ernestine – Hibernia location against historic rock chip results and focus of initial drill program at eastern end of Haunted Stream high-grade gold corridor. (Coordinates in GDA 94, MGA zone 55).

Review of Operations

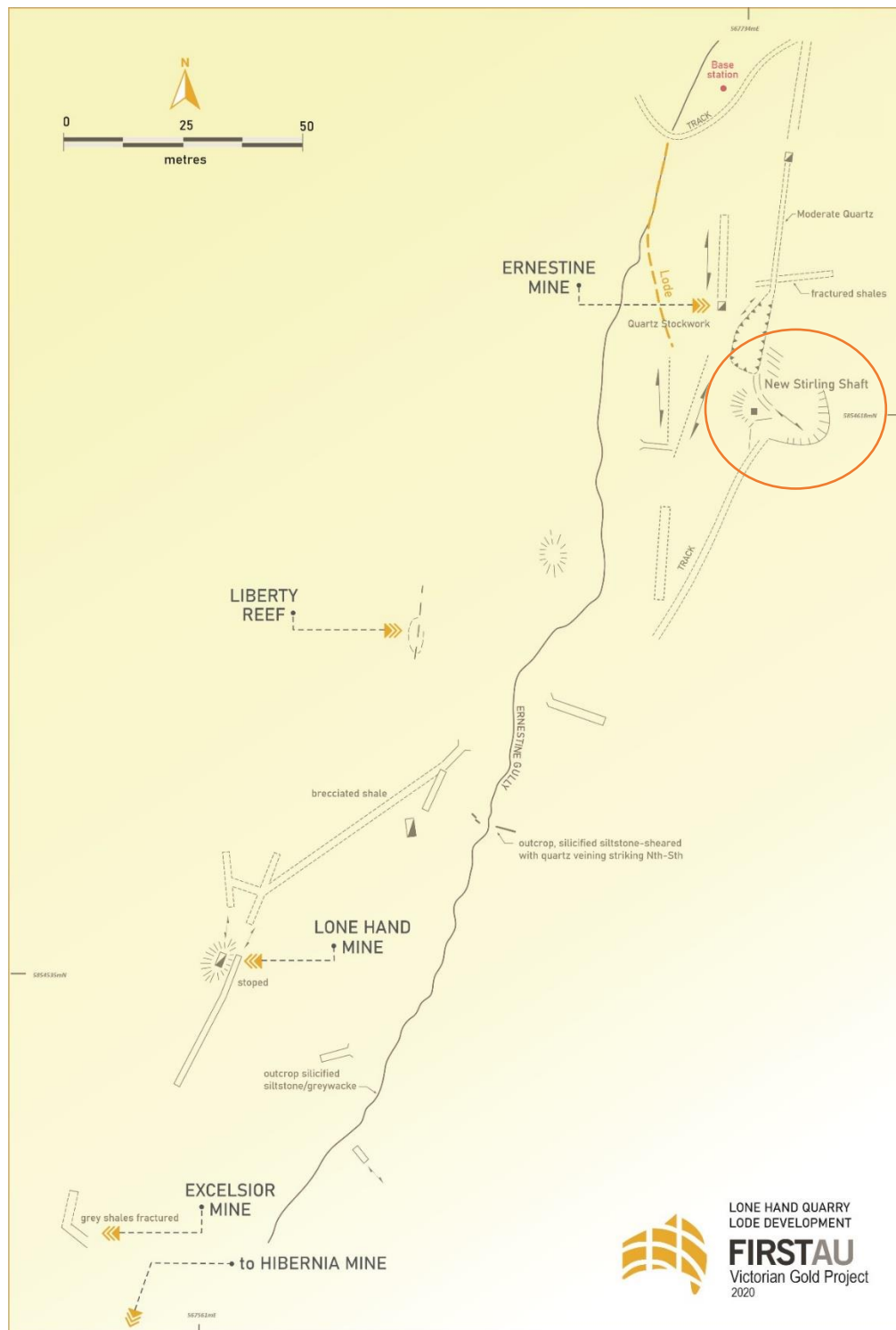


Figure 3: Ernestine to Hibernia mineralised corridor, Haunted Stream EL006816. Note the position of the New Stirling Shaft in relation to the Ernestine Workings. Note new Stirling Workings (orange circle). (Coordinates in GDA 94, MGA zone 55).

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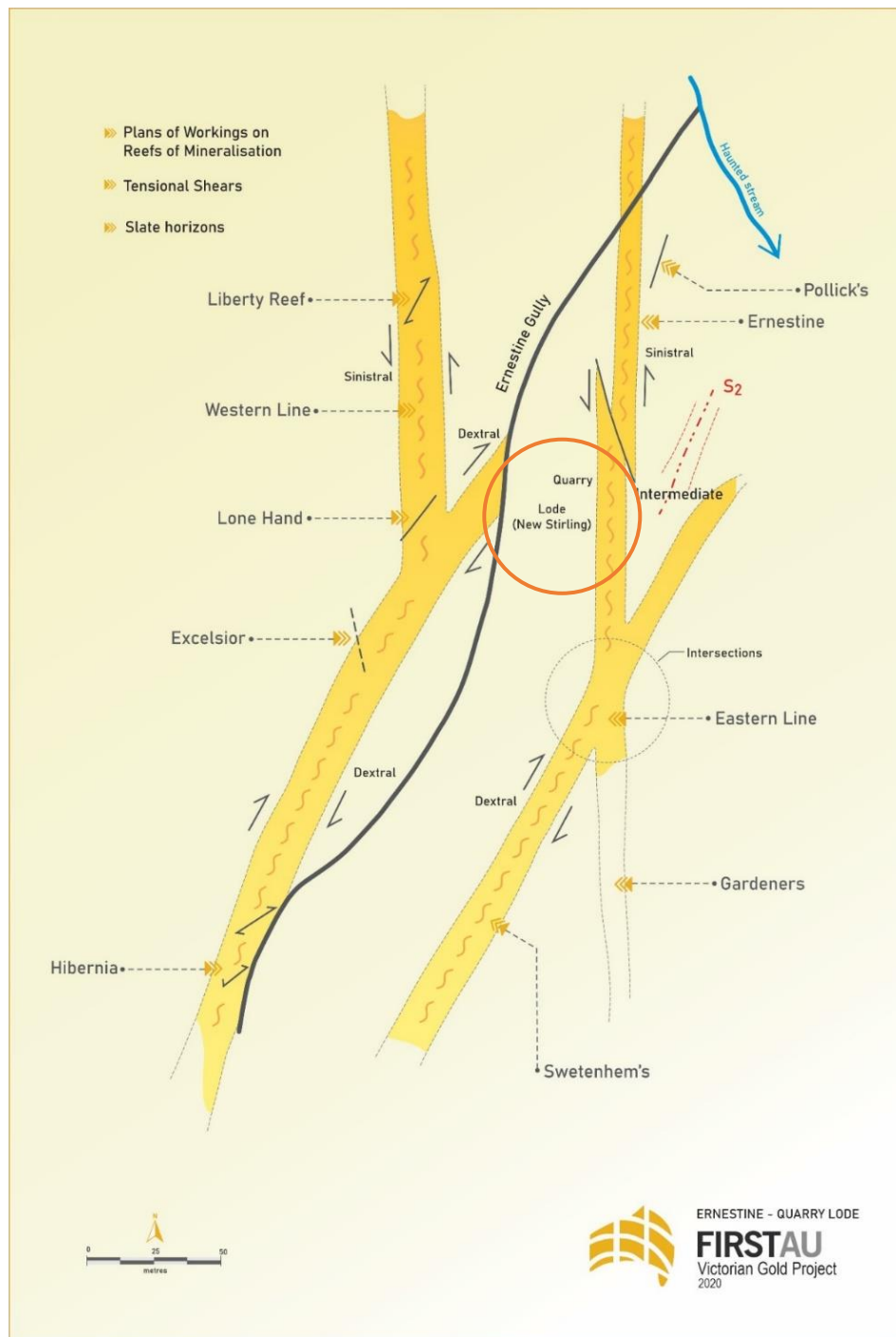


Figure 4: Sketch of Ernestine and Hibernia shear zone network. Note new Stirling Workings (orange circle)

Earlier mapping by the GSV (Geological Survey of Victoria) also identified that mineralisation was controlled by a series of NE trending shears that contained a south plunging linear component. Victorian Government Mining Records of the major primary gold producers in the Omeo region documented the Ernestine's average production grade of 38.9g/t Au for 741 tonnes of ore. Other mining records provide reports regarding historical mining in the area which the Company believes provides further support for the model of mineralisation now being assessed.

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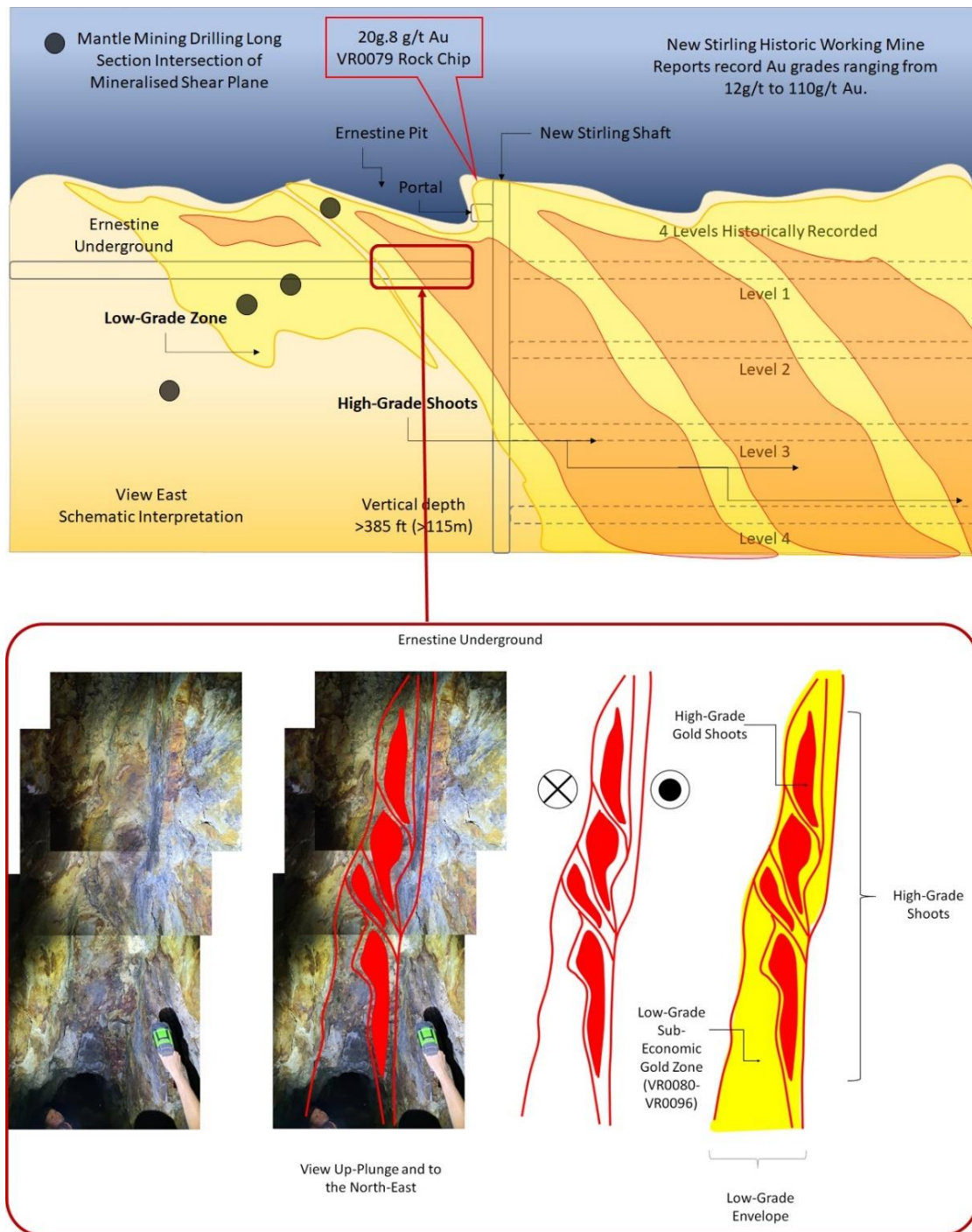


Figure 5: Interpreted geological long section (above) from UG and surface mapping observations.

Surface and underground structural mapping and recent rock-chip analysis by FAU suggests a sub-economic and high-Arsenic (As) up to 1.2% and up to 15m wide, **envelope surrounds higher grades which occur in steep southerly plunging shoots (Figure 5)**. With a strong As (Arsenic) to Au (Gold) correlation observed across many Victorian Gold deposits (e.g. Fosterville), the high As results are interpreted to reflect the alteration system associated with the gold mineralisation, and potentially a proximal mineralisation indicator. The As is generally hosted in arsenopyrite (or as an As-oxide phase in the weathered zone). **This means it is a potential vector to economic mineralisation.** Further

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studies are ongoing to better understand the nature of the distribution of As mineral assemblages, widths of alteration and spatial locations (i.e. where it occurs at surface).

The Company is planning a drill program to test the depth potential and extent of the new mineralisation model. The Ernestine and Hibernia historic workings are located at the eastern end of the Haunted Stream high-grade gold corridor (Figures 4 and 5) and are the focus for the first phase of drilling.

Historic long sections for the Hibernia, Excelsior and Lone Hand also further suggest the system remains untested at depth and further presents exciting targets down-plunge (Figure 6).

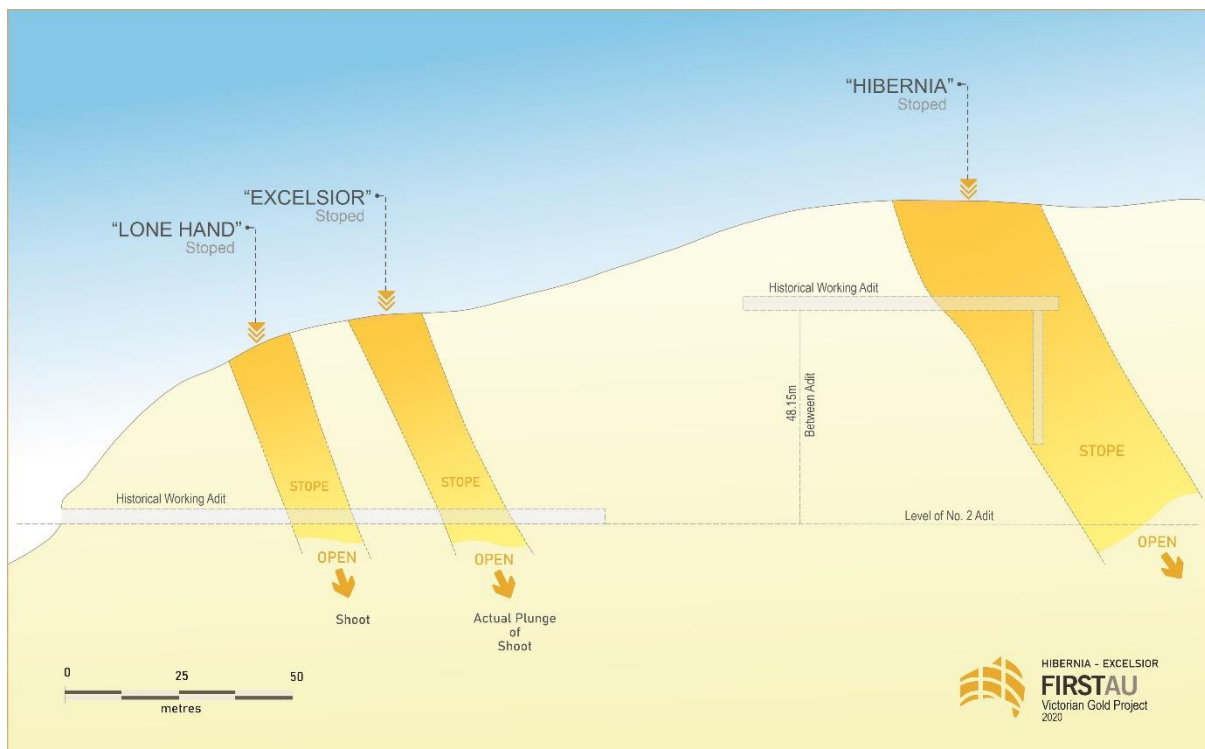


Figure 6: Long section of historical workings across the Hibernia mine corridor - View West

The maiden drilling program for the Snowstorm area (Tenement EL5505) commenced mid-February. The drilling is a result of the recent mapping at Snowstorm, which was undertaken to evaluate and assess the structural controls on gold mineralisation and to assist in drillhole targeting. The diamond drill program will be 1200 to 1500 m. Initial assay results from the drilling are expected to be available shortly.

The recent rock chip program has returned high-grade gold assays up to 86.2 g/t Au (Figure 7: refer ASX release dated 3 February 2021) and supports previous high-grade results up to 112 g/t (refer ASX release dated 1 December 2020).

Gold mineralisation at Snowstorm is hosted by a series of conjugates shear zones and appear intimately associated with a suite of mafic intrusions (sills) that occur sub-parallel to layering (S0).

Specifically, a conjugate series of NW-SE & NE-SW trending shear zones, as well as an ~EW trending shear system crosscut the project area. Across this domain, the rock-pile is deformed by a series of Z-kink band folds, resulting from the interplay of dextral NW-SE trending and sinistral NE-SW trending shear zones (Figures 8 and 9).

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At Snowstorm, auriferous quartz veins are hosted by shear zones that crosscut the project area. The NW-SE striking lodes range from 0.5m to 2m wide comprising laminated shear veins and carbonaceous shales. NE-SW lodes range from 0.3m to 1m wide comprising stylolitic quartz veins often containing visible Stibnite (Sb). The presence of Stibnite, coupled with the orientation of brittle conjugate shear zones suggest that Snowstorm is a high-level, epizonal system (c.f. Fosterville stibnite-Gold Mineralisation association).

Rock chip analysis in conjunction with litho-structural surface and underground mapping assists in providing a geometric, architecture that allows First Au's geologists to better visualise potential target locations along strike and down-dip of the surface. The nature of high-grade gold mineralisation observed to date at Snowstorm presents a unique opportunity to test a high-grade system to depth with the current drill program.

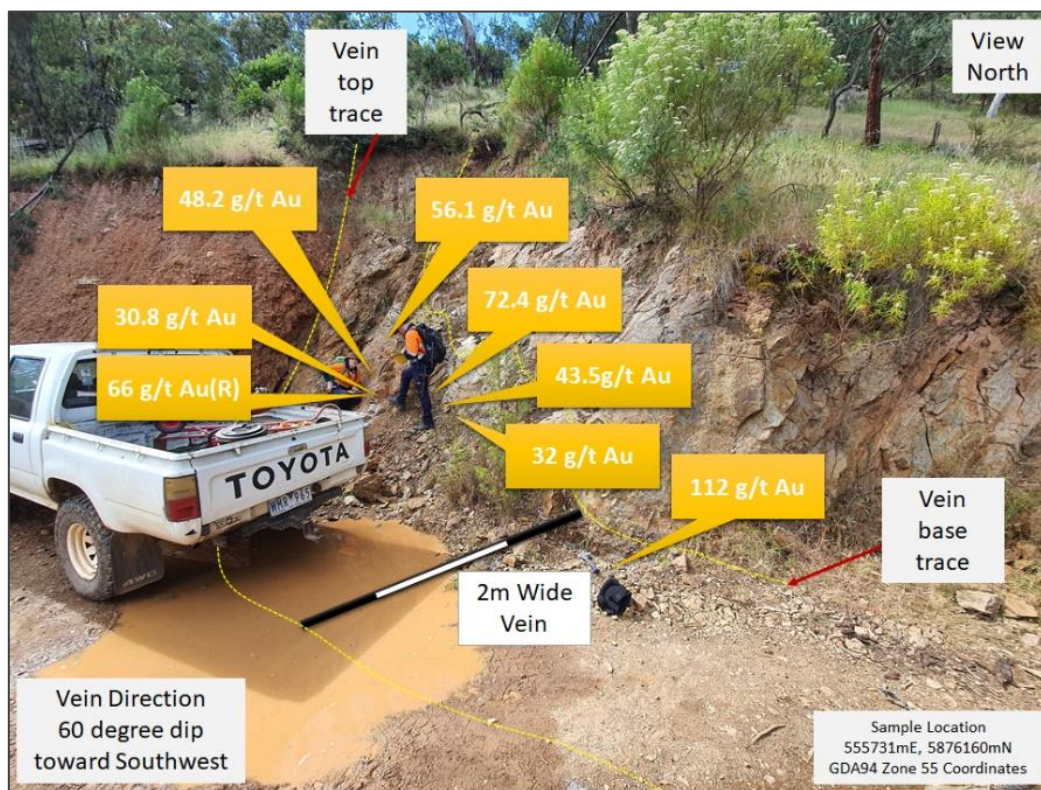


Figure 7: ~2m wide mineralisation vein with high-grade gold rock chip assays.

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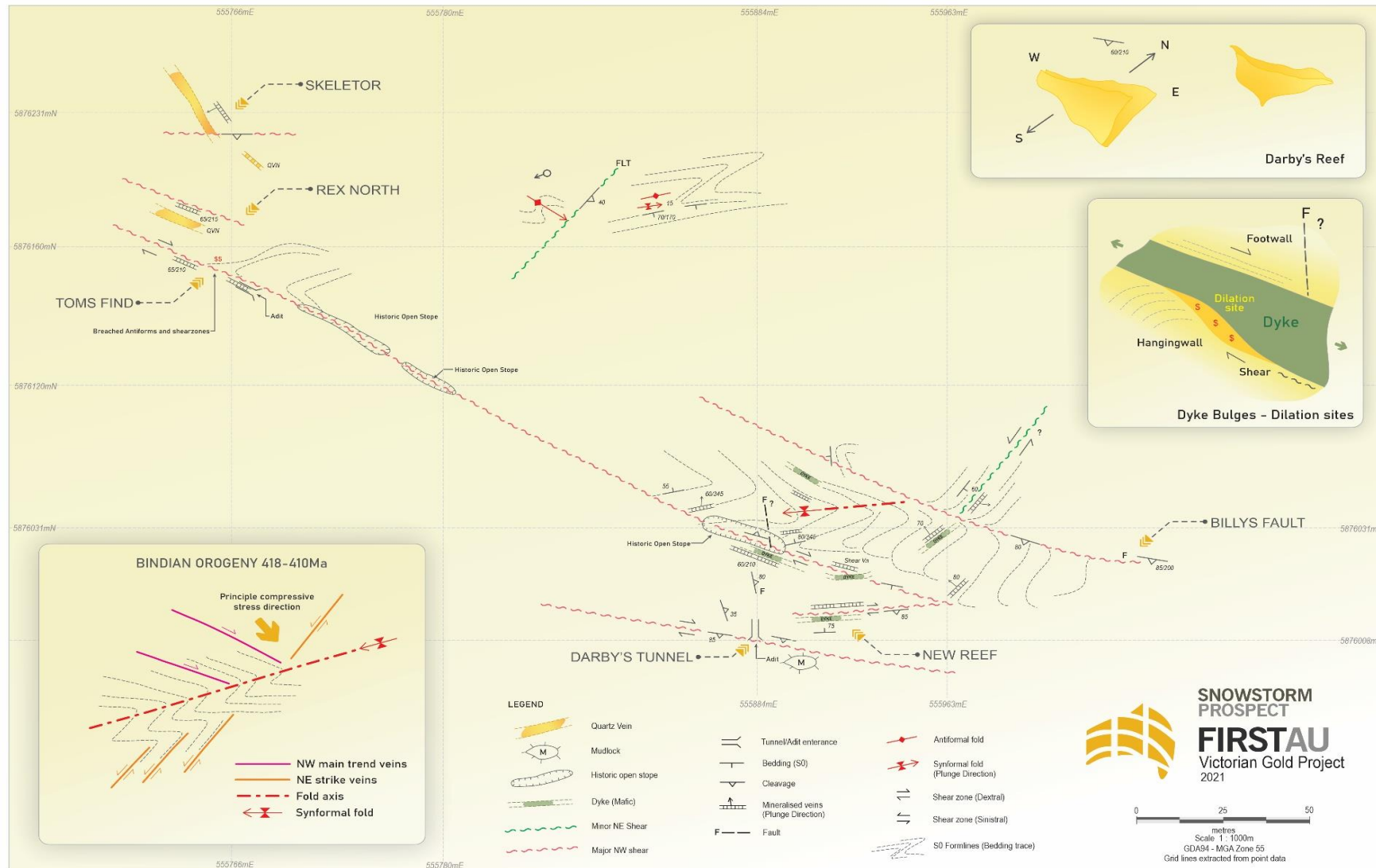


Figure 8: Geological map / structural interpretation of Snowstorm (Coordinates in MGA94 Zone 55).

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Figure 9: >350m strike potential for the NW trending high-grade auriferous reefs at Snowstorm (Coordinate in MGA94 Zone 55).

KALGOORLIE REGION

GIMLET (EL26/174, M26/849 Application & E24/216)

The 100% owned Gimlet Gold project occurs 15 km north west of Kalgoorlie, Western Australia. The main tenement (EL26/174 and M26/849 Application) occupies 9.6 km² in area and adjoins the tenements of Horizon Minerals containing the Teal, Jacques Find and Peyes gold deposits (289,000 oz Au). It is also within close trucking distance of five gold mills within the Kalgoorlie area, with several offering toll treatment of ore to third parties (Figure 10). The geology in the tenement is prospective for gold, dominated by metamorphosed felsic and intermediate volcanic rocks of Black Flag Group of the Kalgoorlie Terrane, Yilgarn Craton. This Archean geology is overlain by Cainozoic sediments, including some areas covered with salt lakes, which has previously inhibited the effectiveness of some of the historic exploration. Drilling in 2018 and 2019 by FAU produced a 69,000 Oz Au Inferred Resource at Gimlet (*refer ASX release dated 7 May 2019*). The Gimlet-Teal mineralised corridor extends for several kilometres, suggesting the potential for a larger mineralised system.

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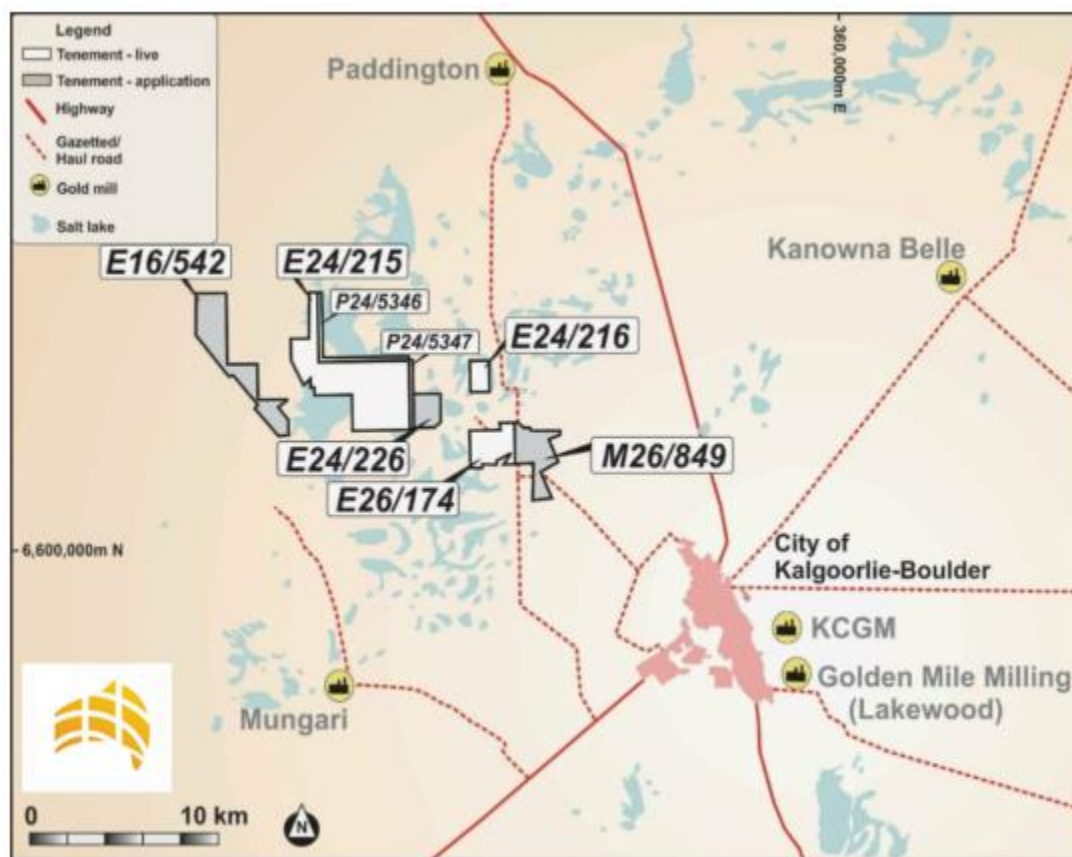


Figure 10. FAU tenure around the Kalgoorlie Region, including Gimlet

FAU commenced a RC drilling program at the Gimlet Gold Prospect in November 2020. This program consisted of 15 RC holes (2,160 m in total) and focused on drilling around the current Resource area, as well as other exploration targets (see Figure 11).

The drilling at Gimlet (*refer ASX release dated 29 January 2021*) provided some additional extent below the mineralisation envelope and infill drill coverage for a potential new resource estimate (Figures 12, 13 and 14). Assay results are presented in Table 1.

This included intersection of **17m @ 3.7 g/t Au** from 170m (drillhole 20GRC013), **20m @ 3.7 g/t Au** from 72m (drillhole 20GRC015) and **9m @ 4.8 g/t Au** from 145m (drillhole 20GRC012) within the fresh zone. The drilling also tested gaps in the oxide position of the resource and returned **2m @ 4.1 g/t Au** from 45m (drillhole 20GRC014) and **2m @ 1.5 g/t Au** from 46m (drillhole 20GRC015). In addition, the drilling also identified a new lode position east of the current main lode, which will now be a target for future programs (Figure 14). This included **2m @ 3.0 g/t Au** from 67m (drillhole 20GRC011) and **2m @ 2.7 g/t Au** from 142m (drillhole 20GRC017).

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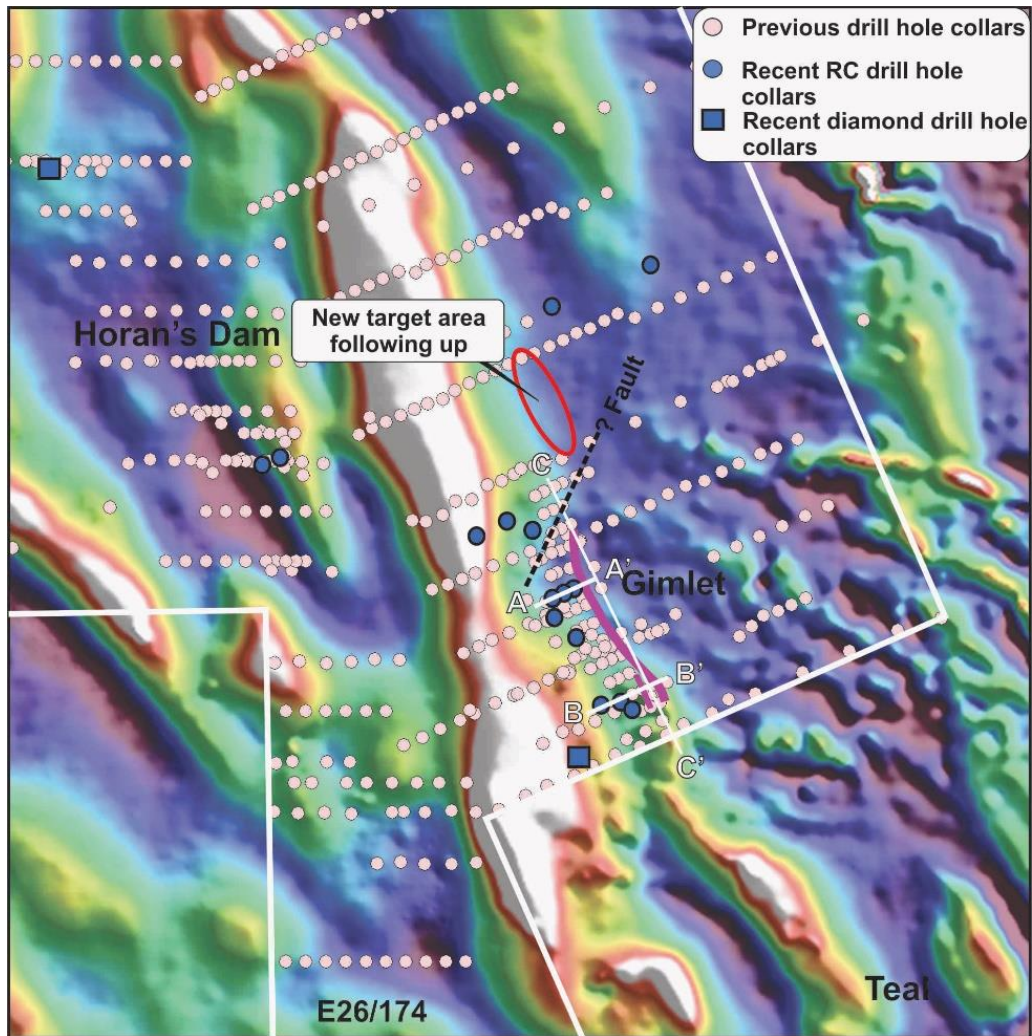


Figure 11 TMI image depicting the recent RC and diamond holes at Gimlet (labelled). Also note location of cross sections (Figures 15 and 17) and long section (Figure 16). Image also depicts new target area identified through new structural study (Coordinates are in GDA MGA94 Zone 51)

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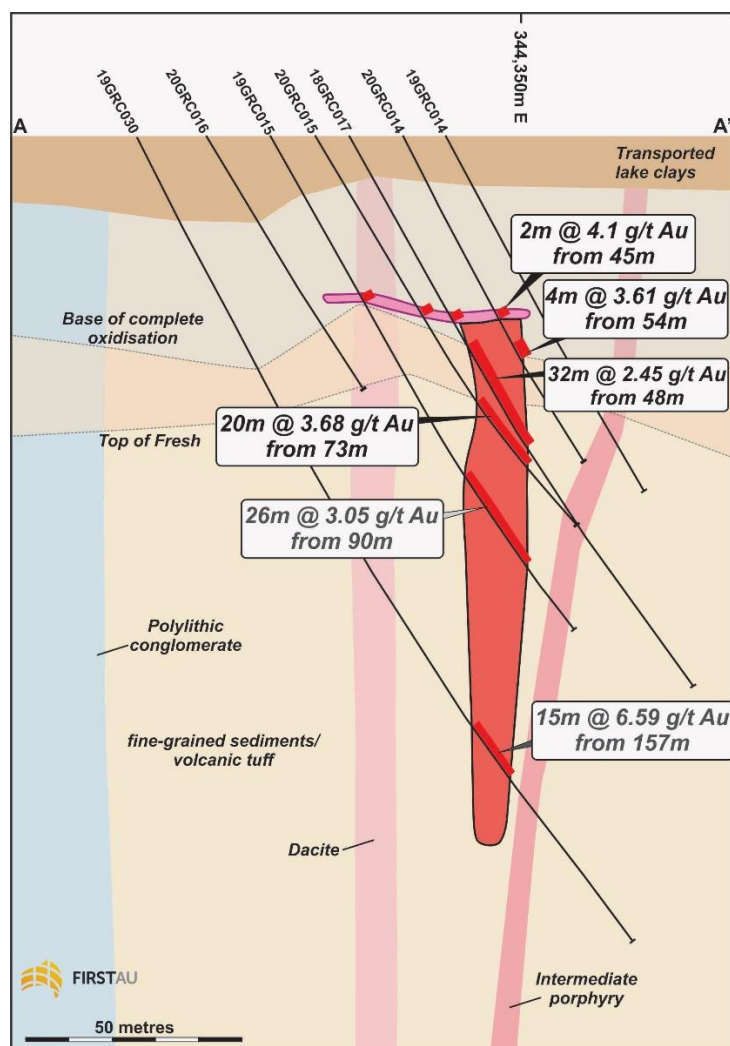


Figure 12. Drilling cross section (See Figure 14 for location) showing drillholes 20GRC014, 20GRC015 and 20GRC016

Exploration drilling at Horan's Dam (see Figure 11) continued to identify mineralisation in the oxide zone, with drill hole 20GRC019 having the best results of **1m @ 1.9 g/t Au** (from 38m). This is consistent with historic drilling in the area, which identified anomalous Au, in a shallow horizontal blanket of ~ 3km in strike length. The source of this anomalism is still unknown, with the two RC holes at Horan's Dam failing to identify any quartz-sulphide lodes within the fresh zone. Further exploration is planned to test other potential structures identified from the previous IP and SAM geophysical survey conducted by First Au in the area.

The IP target drilled NE of Gimlet identified minor alteration but did not intersect any significant mineralisation.

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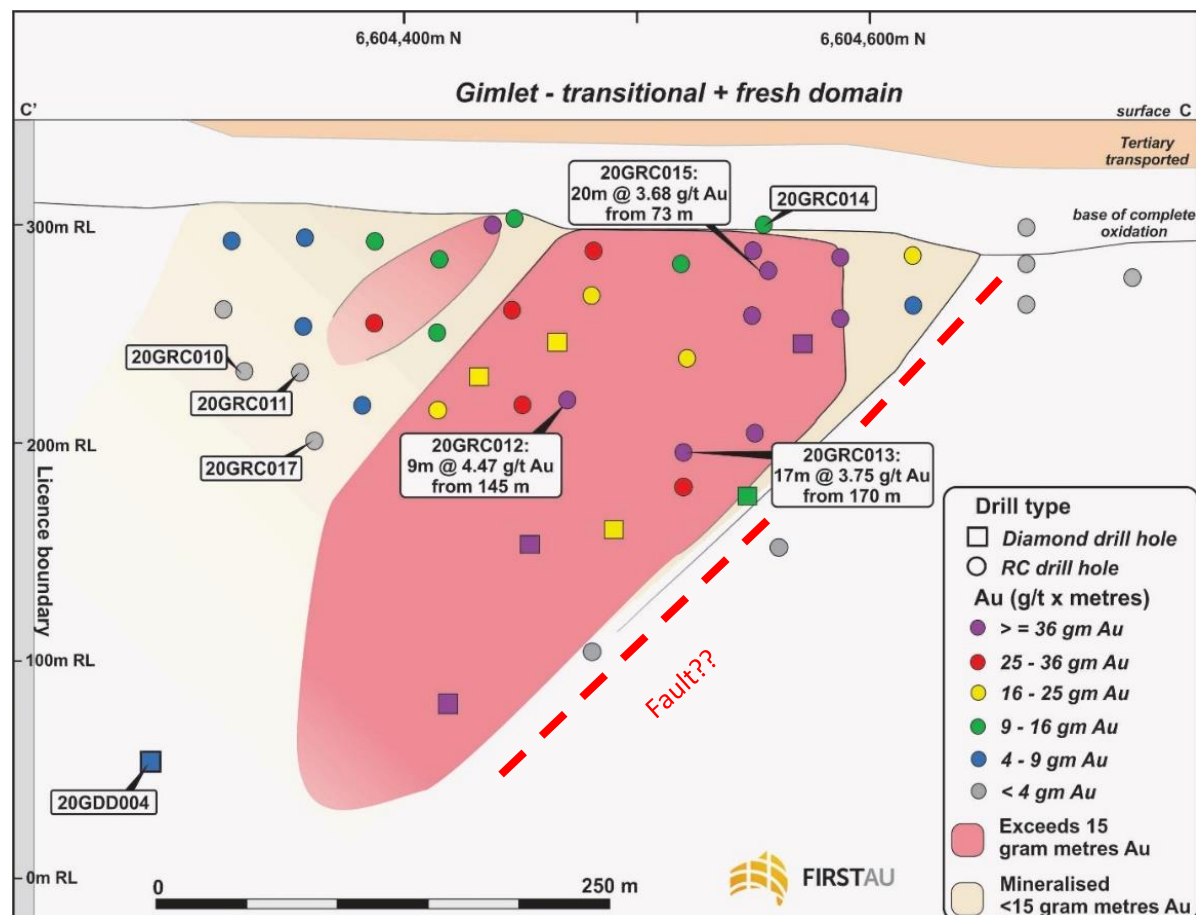


Figure 13. Drilling long section (See Figure 1 for location) showing pierce point of recent drill holes

The Company commenced a diamond drilling program at the Gimlet Gold Prospect in December 2020 with assay results released on 29 January 2021. This program consisted of 2 holes to a total depth of 572 m. Assay results are presented in Table 1.

Drillhole 20GDD004 was drilled a total depth of 445.75m and positioned to target the downhole extent of mineralisation at Gimlet. mineralised trend. The drill hole was partly funded by the WA Government Exploration Incentive Scheme (EIS) awarded to First Au and is the deepest drill hole ever drilled along the Gimlet-Teal mineralised trend. The drill hole was successful in identifying quartz-pyrite-arsenopyrite veining and alteration like what has been observed in previous drilling at Gimlet. This mineralisation was dispersed over several zones within a 60m interval and suggesting the mineralisation still exists at depth. The best intersect was **10m @ 0.6 g/t Au** from 376.5m, including **1m @ 2.4 g/t Au**.

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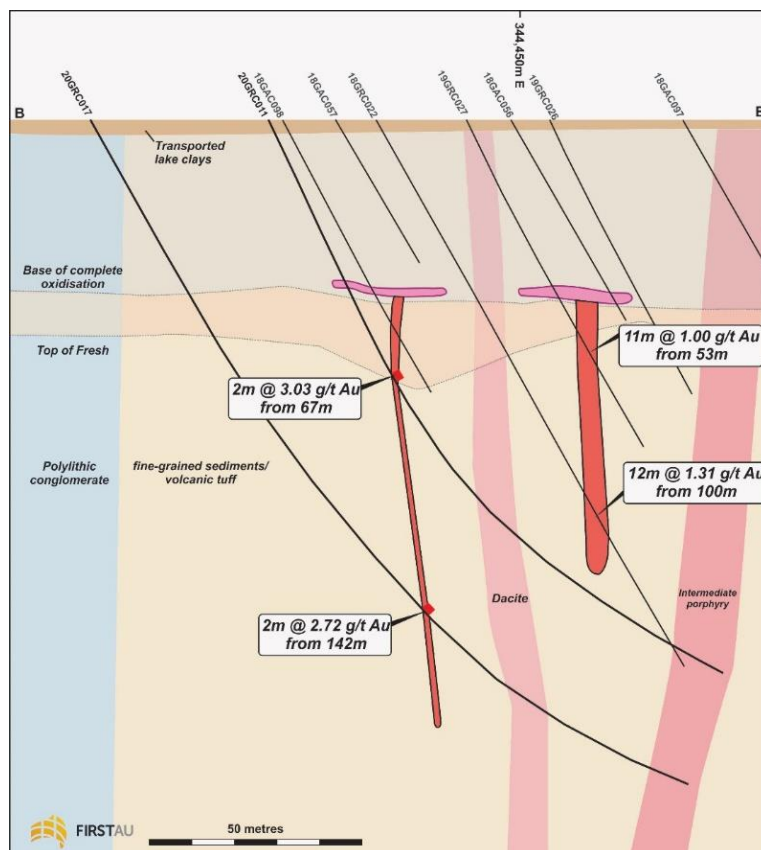


Figure 14. Drilling cross section (See Figure 14 for location) showing drillholes 20GRC017 and 20GRC011, with mineralisation in new footwall position

The most important outcome from this deep diamond hole and the previous 3 diamond drillholes drilled in March 2020 (refer ASX release dated 4 March 2020), has been that the increased knowledge of litho-structure of the Gimlet mineralised system. This has been through geology, alteration, and structure logging by First Au and geological consultants “Model Earth”.

Table 1: Assay Results

Hole id	Depth from (m)	Depth to (m)	Interval (m)	Grade (ppm Au)
20GRC005				NSI
20GRC006	81	86	5	0.24
20GRC007				NSI
20GRC008				NSI
20GRC009				NSI
20GRC010	51	54	3	0.32
	127	132	5	0.20
20GRC011	67	69	2	3.03
20GRC012	120	121	1	1.32

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	142	143	1	1.31
	145	154	9	4.47
20GRC013	170	187	17	3.75
20GRC014	45	47	2	4.1
	54	58	4	3.61
	60	61	1	1
20GRC015	46	48	2	1.52
	62	63	1	1.2
	73	93	20	3.68
20GRC016	38	40	2	0.52
20GRC017	142	144	2	2.72
20GRC017	188	189	1	1.15
20GRC018				NSI
20GRC019	38	39	1	1.87
20GDD004	325	326	1	1.04
	342.85	343.25	0.4	1.41
	349	349.5	0.5	2.36
	377	378	1	2.41
20GDD005	120.6	221	0.4	0.85

Work on a new resource upgrade for Gimlet is underway. The Company has been waiting on multi-element geochemistry to proceed, which will assist in looking at potential silver credits. Additional work includes a scoping level pit optimisation study to examine potential cut off grades as they apply.

A further aircore drilling program is proposed to follow. This program will target Binduli (or Crane) - style Au mineralization, where potential lies on the western portion of the Gimlet tenement.

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WHITE FLAG (E1 16/215 option agreement for 80%, P24/5346, P24/5347, EL24/226 and E16/542 Application)

The geology on the tenement has similarities to that observed in a large portion of the Gimlet Tenement EL24/215 and is dominated by White Flag Formation (Black Flag Group) intermediate volcanic sediments and NW trending porphyries of the Kalgoorlie Terrane. The tenement also contains a WSW-ENE striking Proterozoic dolerite dike. The stratigraphy is positioned on the western flank of the Mt Pleasant anticline. The obvious structural feature present is the NW striking Mako Shear, which is a continuation to the north of the mineralised Binduli Shear, (containing the Janet Ivey Deposit). The Wedgetail Prospect (located on the lake) occurs in an area of potential magnetic destruction of faulted Vulcan dolerite, which hosts gold mineralisation along strike at the Vulcan Prospect to the south.

A planned 30 drill hole air core program has been delayed until such time as the lake becomes dryer and allows drilling access (Figure 15).

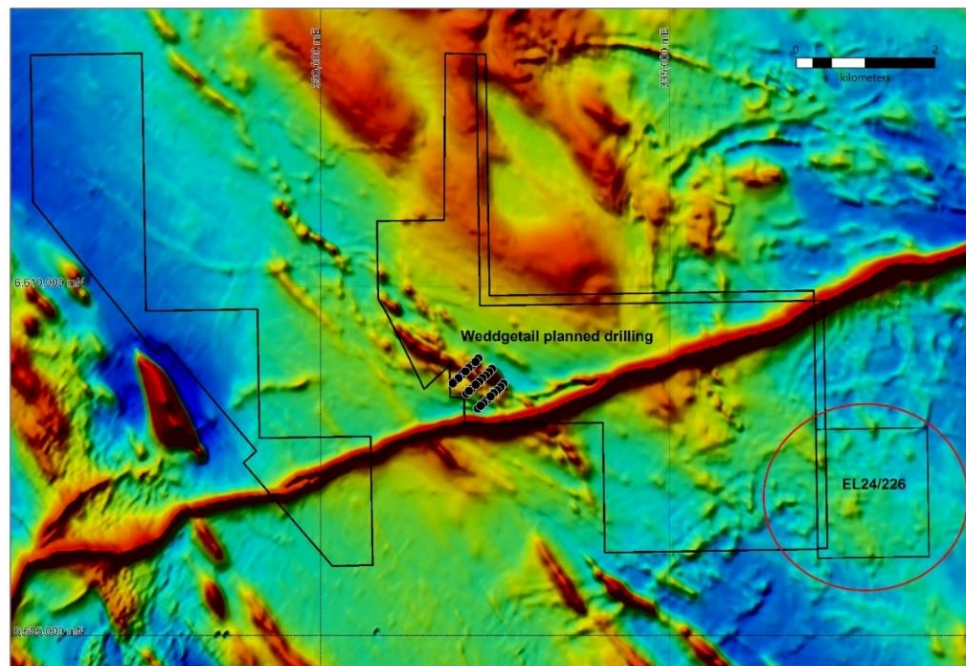


Figure 15. A: TMI magnetic image of White Dam Project, showing FAU tenure and Wedgetail Prospect planned aircore drill program over disrupted magnetic zone within interpreted Vulcan Dolerite

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Review of Operations

PILBARA PROJECTS

The Company's East Pilbara portfolio consists of the Talga and Tambina gold and/or base metal project. All tenements are in good standing.

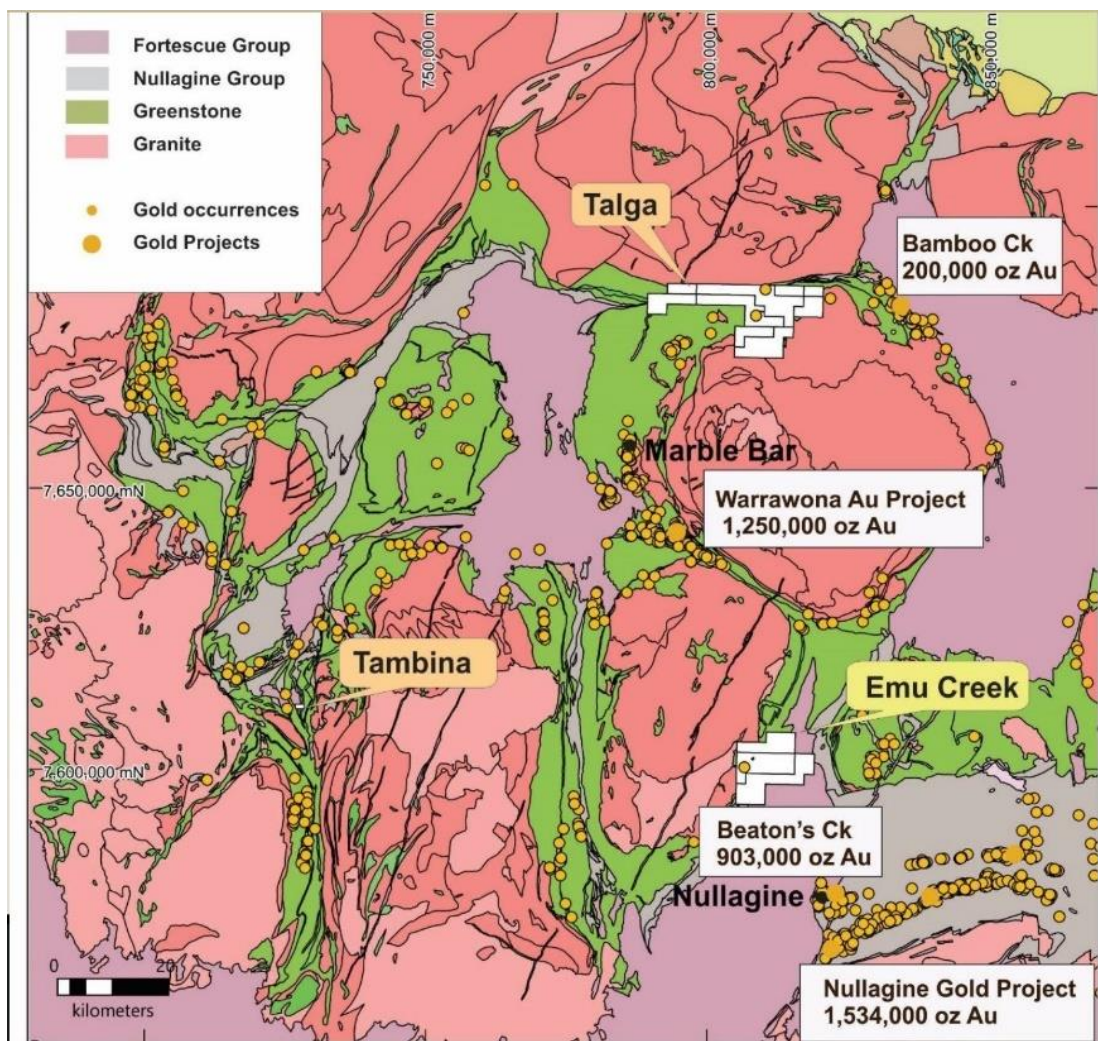


Figure 16. Regional geology with FAU projects

TALGA (EL45/3679, EL45/5595, EL45/5596, E45/3857, EL45/4137, EL45/5571 & EL45/4615)

The Talga Project is located approximately 50 km NE of Marable Bar, consisting of 7 exploration tenements and contains the Razorback gold and Cord Valley VMS prospects (Figure 17) within Pilbara Craton greenstones, as well as DSO Fe and lithium opportunities.

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During the reporting period the Talga Project became the subject of a joint venture and farm-in agreement with 8AU Limited, subject to 8AU Limited listing on the Australian Securities Exchange by 30 June 2021 (refer ASX releases dated 20 November 2020 and 5 January 2021).

Razorback shear-hosted Au Prospect consist of a tabular shear zone containing 2 to 5 g/t Au intersections identified in drilling and rock chip, and is >350 m strike length. It also contains a 3km gold in soil anomaly, associated with a sheared and brecciated chert / basalt contact. New structural targets have been identified from a recent study (refer ASX release dated 15 January 2021).

The “Cord Valley” contains several known gold and base metal prospects hosted in brecciated ferruginous chert bands along a ~ 15 km strike length, in volcanic rocks of the Warrawoona Group, Pilbara Craton. Anglo American and Esso Exploration first identified this gossanous band in the 1970's; however, the bulk of the exploration (including EM and Drilling) in the area was undertaken by Mining Projects Group Limited from 2007 to 2012, who suggested mineralisation was potentially VMS (Volcanic Massive Sulphide) in origin. Drilling identified massive to semi -massive sulphides containing economic to sub economic grade Cu, Ag and Au a several prospects.

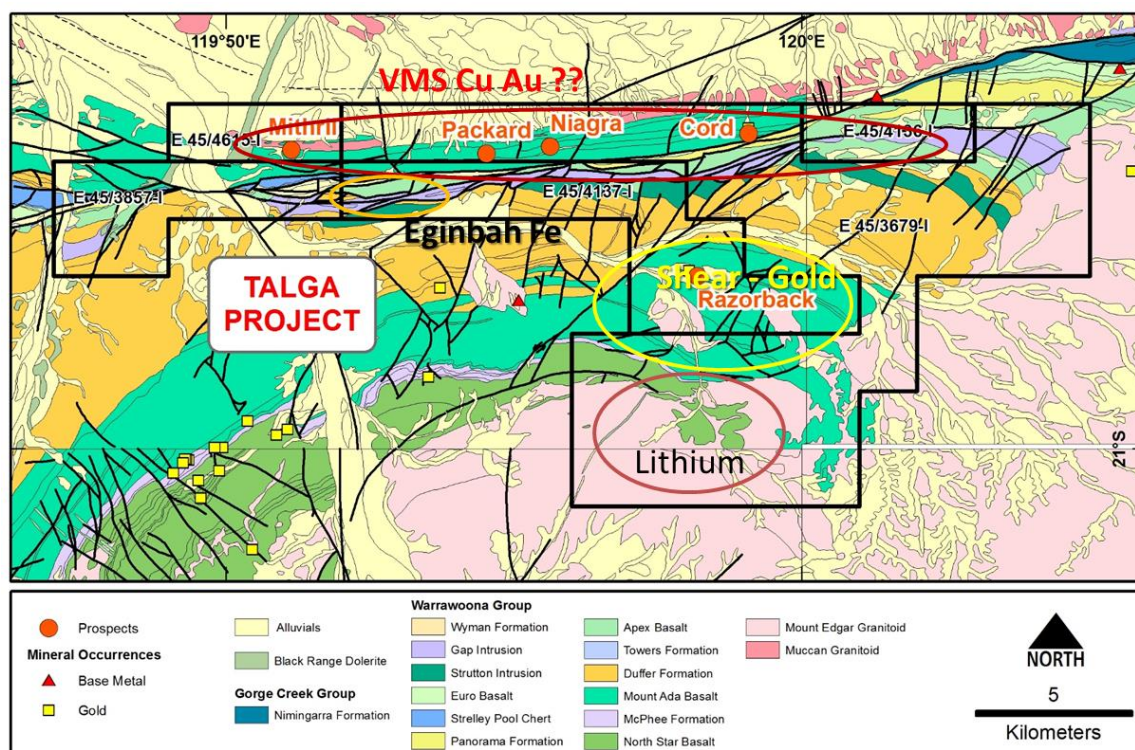


Figure 17. Talga Tenements, showing the known exploration target areas

Results from a detailed 2 km² gradient array resistivity/IP survey, covering 4km of strike, at the Razorback prospect undertaken during October-November 2020, were presented to the company during the reporting period. An initial orientation survey over the known gold mineralisation showed a distinct IP anomaly thought to be due to disseminated sulphides associated with the gold mineralization. IP and Resistivity anomalies,

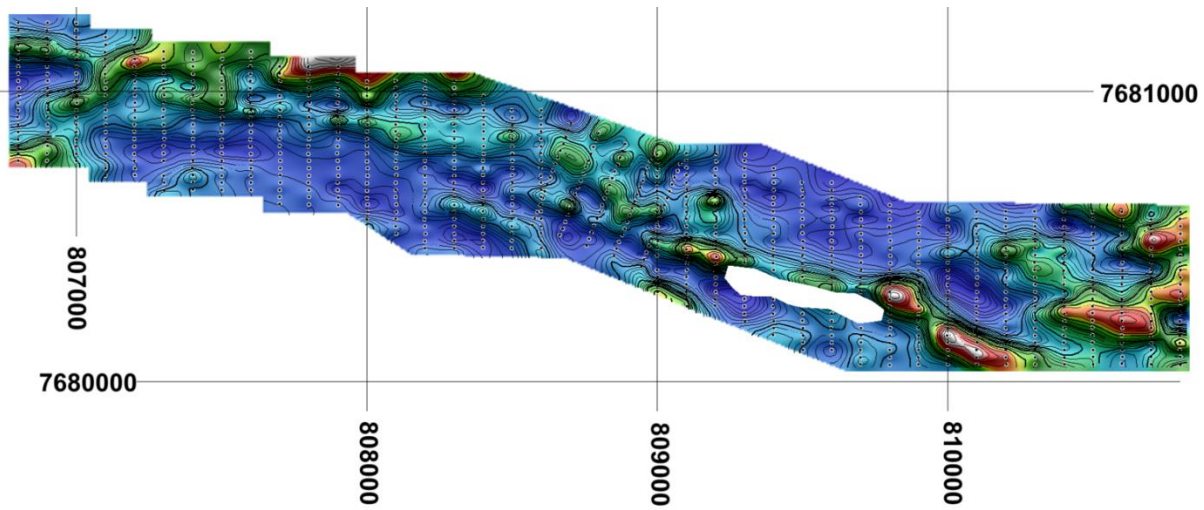
First Au Limited

(ASX: FAU)

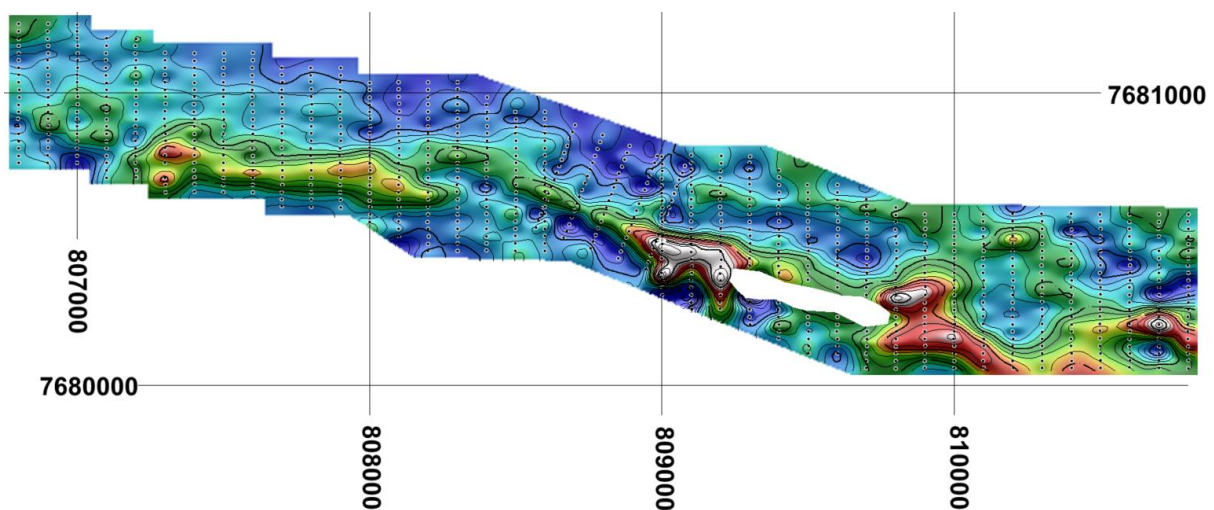
Review of Operations

and possible structures have been identified in the survey data. A total of 11 gold targets have been identified for drilling, which include extensions to two targets that have already been drilled and shown to have mineralization (Figure 18).

Merged Apparent Resistivity image (non-linear colour stretch) with contours



Merged Chargeability image (non-linear colour stretch) with contours



First Au Limited

(ASX: FAU)

Review of Operations

Interpretation classifying survey anomalies.

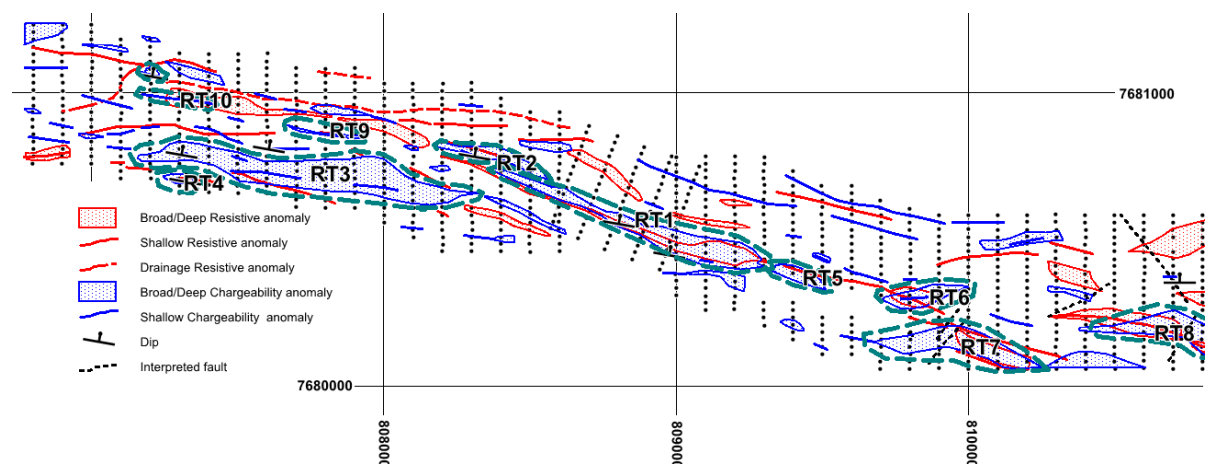


Figure 18. Ip/ Chargeability images, with interpretation of survey, with target identification at Razorback IP Surevy. (Co-ords MGA94, zone 50)

TAMBINA (M45/990, M45/991 & M45/988)

Tambina project consists of 3 mining leases containing Archaean conglomerate gold at surface. The project is a joint venture with West Wits Mining Limited. Work during the reporting period was confined to desk top studies and data analysis. No field work was carried out during the reporting period.

COMPETENT PERSONS STATEMENT

The information in this review of operations 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 declares in accordance with the transparency principles of the JORC Code that he has a personal financial interest in the transaction referred to in this Public Report in that he controls G L England Pty Ltd an entity which owns 5% of the issued shares of Victorian Goldfields Pty Ltd. Dr England has also been appointed to the board of directors of FAU as Technical Director. 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

The Directors present their financial report for the consolidated entity consisting of First Au Limited ('Company' or 'FAU') and the entities it controls (consolidated entity or group) for the year ended 31 December 2020.

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 - Executive Chairman and Managing Director
Richard Revelins - Executive Director
Damon O'Meara - Non-Executive Director
Michael Quinert - Non-Executive Director
Gavin England – Technical Director appointed 16 October 2020

David McBain held office as Chief Financial Officer. Mr McBain also held the office of Company Secretary until 3 March 2021.

Paul Godfrey held office as Company Secretary on and from 3 March 2021.

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 interests in mining tenements located in Western Australia and Victoria. There have been no significant changes to the principal activity during the year.

Operating Results:

The net loss for the year ended 31 December 2020 was \$2,381,986 (2019: net loss restated \$3,273,042). Net cash inflow after operating, investing and financing activities was \$70,236 (2019: Net outflow \$2,175,408). The cash balance of the Company at 31 December 2020 was \$1,113,758 (2019: \$1,043,522).

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

Likely Developments and Expected Results:

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

Significant changes in the state of affairs:

During the year, the Company's share capital increased by \$2,458,996 net of costs due to placement of 206,259,969 shares and the share purchase plan. Share capital also increased due to shares given in consideration for:

- Deferred consideration shares, 13 million shares at fair value \$247,000, upon passing the necessary criteria following announcement of a JORC compliant resource on Gimlet. Refer ASX announcement 25 August 2020 and Appendix 2A lodged 25 August 2020 and
- VicGold vendors, 25 million shares at fair value \$340,000 upon achieving Milestone 1 being grant of an exploration licence for EL 006975. Refer ASX announcement 9 October 2020, Appendix 2A.

The Company announced to the ASX on 3 June 2020 that it was acquiring control of a Victorian gold project centred on Haunted Stream historical gold workings in East Gippsland and including newly interpreted orogenic gold and porphyry copper targets. This has resulted in the Company undertaking exploration work in East Gippsland, Victoria in addition to existing exploration in Western Australia.

A principal activity has changed as a wholly owned subsidiary company commenced active share trading during the year in listed company shares.

Directors' Report (Cont'd)

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.

Options:

A total of 30,500,000 unquoted options were issued to key management personnel and the management team during the year. This is a share-based payment related to participation in the Employee Security Ownership Plan.

Dividends Paid or Recommended:

No dividend has been paid or recommended in respect of the year ended 31 December 2020 (2019: Nil).

Information Relating to Directors, Chief Financial Officer and Company Secretary:

Bryan J Frost

Qualifications: Investment Banker

Experience: Mr Frost is Executive Chairman and Managing Director of First Au Limited (ASX: FAU) and Executive Chairman of Peregrine Corporate Limited. 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.

Interest in shares and options: 28,272,196 ordinary shares
21,000,000 unquoted options

Special responsibilities: Executive 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 Executive Director of First Au Limited (ASX: FAU) and Director and co-founder of Peregrine Corporate Limited. Mr Revelins is also a Managing Director at Cappello Group Inc in Los Angeles, USA. Mr Revelins has over 35 years of experience with international investment banks in the area of corporate finance and corporate advice. 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
11,000,000 unquoted options

Special responsibilities: Executive Director: Corporate finance and corporate advice

First Au Limited

ABN 65 000 332 918

Directors' Report (Cont'd)

Information Relating to Directors, Chief Financial Officer and Company Secretary (Cont'd):

Richard Revelins(Cont'd)

*Directorships held in
other listed entities
during the three years
prior to the current*

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

*Interest in shares and
options:*

26,276,383 ordinary shares
3,000,000 unquoted options.

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 has over 35 years' experience as a commercial lawyer and over 25 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. Mr Quinert is Chairman of ASX listed West Wits Mining Limited (ASX: WWI), a company with active gold mining activities in South Africa and Australia, and is a non-executive Director of First Graphene Limited (ASX:FGR), a company that is a leading supplier of high-performing graphene products..

*Interest in shares and
options:*

1,085,113 ordinary shares
6,000,000 unquoted options

Special responsibilities:

Non-Executive Director: Chair of Audit Committee

*Directorships held in
other listed entities*

during the three years

prior to the current year:

Executive Chairman of West Wits Mining Limited; Non-Executive Director of First Graphene Limited; Director of Manalto Limited – resigned March 2017; Director of Covata Limited – resigned September 2017.

Length of service:

Appointed to the Board on 8 June 2018

Directors' Report (Cont'd)

Information Relating to Directors, Chief Financial Officer and Company Secretary (Cont'd):

Gavin England

Qualifications: PhD (Geology) from the University of Western Australia and BSc (First Class) in Geology from Curtin University, Western Australia (Dux of Year), post-graduate Research Fellow at the University of Edinburgh

Experience: Dr England has been spearheading First Au's exploration effort for the past two years as Chief Consulting Geologist. Dr England was also instrumental in securing First Au's acquisition of interests in the VicGold Project comprising gold leases in the East Gippsland region of the Victoria Goldfields. Dr England has extensive local and international experience with many mining companies including Normandy Group, Consolidated Minerals, Gold Field, Lion Ore, Impact Minerals, White Cliff Nickel, Energy and Minerals Australia and Magnetite Mines (previously Royal Resources).

Interest in shares and options: 5,276,669 ordinary shares

Special responsibilities: Non-Executive Director: Technical

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

Length of service: Appointed to the Board on 16 October 2020

David W McBain

Qualifications: Chief Financial Officer
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 held the position of Company Secretary of FAU from September 2006 to 3 March 2021. He has over 50 years of professional experience in the areas of company secretarial, business assurance and statutory audits, taxation and business advisory services.

Paul Godfrey

Qualifications: Company Secretary
Bachelor of Law (Honours), Bachelor of Legal Studies

Experience: Paul is a Senior Associate at law firm Quinert Rodda & Associates and has practiced exclusively in corporate and commercial law since his admission in February 2017. Paul has held the position of Company Secretary from 3 March 2021.

Directors' Meetings:

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2020 and the number of meetings attended by each Director. The below includes Director meetings held by written circulating resolution:

	<i>Directors' meetings</i>		<i>Audit Committee</i>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bryan Frost	25	25	2	2
Richard Revelins	25	25	2	2
Damon O'Meara	24	24	2	2
Michael Quinert	25	25	2	2
Gavin England	8	7	0	0

Note: Gavin England was appointed as a Director on and from 16 October 2020.

Directors' Report (Cont'd)

Events after the Reporting Date:

No matters or circumstances, with the exception the matters set out in this section and the ongoing effects of 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, there has been no material financial impact on the Company. Reference should be made to announcements on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

Talga Farm-In:

- a) 8AU and First Au Limited ("FAU") entered into a farm-in and joint venture agreement ("Talga Agreement") dated 5 January 2021 under which 8AU can earn up to an 80% interest in the tenements forming the Talga Gold and Base Metals Project located in the East Pilbara region of Western Australia ("Talga Project").
- b) Commencement of the farm-in and joint venture is conditional upon a number of conditions being satisfied, due diligence and required regulatory approvals being obtained.
- c) The following are conditions precedent:
 - 8AU receiving confirmation from the ASX that it will admit 8AU to the Official List of the ASX subject to typical administrative and completion conditions.
 - The Tenements not being withdrawn or revoked prior to the completion date (listing on ASX).
 - No event occurring prior to the completion date which adversely affects the rights or interests proposed to be acquired by 8AU.
- d) 8AU will acquire a 50.1% undivided and unencumbered interest in the tenements as a tenant in common ("Stage 1 Interest") upon:
 - 8AU making a payment on the date upon which all conditions precedent other than there being no material adverse event having been satisfied ("Effective Date") of a maximum of \$180,000, as reimbursement of expenditure incurred by FAU directly in connection with IP survey costs prior to the date of the Talga Agreement, at which time 8AU will be deemed to have a 10% interest in the Tenements; and
 - 8AU incurring Expenditure of not less than \$300,000 within one (1) year of the Effective Date ("Stage 1 Period"), at which time the interest of 8AU in the tenements will increase by 40.1%, from 10% to 50.1%.
- e) If 8AU earns the Stage 1 Interest, then 8AU will hold a 50.1% interest and FAU will hold a 49.9% interest in the tenements as tenants in common. Subject to satisfaction of the conditions precedent, 8AU is committed to incurring the Expenditure required to acquire the Stage 1.
- f) Subject to 8AU earning the Stage 1 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 19.9% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 2 Interest") by incurring aggregate Expenditure (inclusive of Expenditure incurred in connection with obtaining the Stage 1 Interest) of not less than \$600,000 within two (2) years of the Effective Date ("Stage 2 Period"). 8AU may exercise its right to acquire the Stage 2 Interest by giving the Company notice in writing within 21 days from the end of the Stage 1 Period. In the event 8AU elects to exercise its right to acquire the Stage 2 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 2 Interest.

In the event that 8AU does not make an election to earn the Stage 2 Interest within 21 days from the end of the Stage 1 Period, the parties will be in a joint venture where 8AU will hold a 50.1% interest and the Company will hold a 49.9% interest.

If 8AU earns the Stage 2 interest then 8AU will hold a 70% interest and the Company will hold a 30% interest in the Tenements as a tenants in common.

Directors' Report (Cont'd)

Events after the Reporting Date:

- g) Subject to 8AU earning the Stage 2 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 10% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 3 Interest") by incurring aggregate Expenditure (inclusive of aggregate Expenditure incurred in connection with obtaining the Stage 1 Interest and Stage 2 Interest) of not less than \$900,000 within three (3) years of the Effective Date ("Stage 3 Period"). 8AU may exercise its right to acquire the Stage 3 Interest by giving the Company notice in writing within 21 days from the end of the Stage 2 Period. In the event 8AU elects to exercise its right to acquire the Stage 3 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 3 Interest. In the event that 8AU does not make an election to earn the Stage 3 Interest within 21 days from the end of the Stage 2 Period, the parties will be in a joint venture where 8AU will hold a 70% interest and the Company will hold a 30% interest. If 8AU earns the Stage 3 interest then 8AU will hold a 80% interest and the Company will hold a 20% interest in the Tenements as a tenants in common. From the point at which 8AU earns the Stage 3 Interest, the Company will be free-carried through to a decision to mine in respect of the Talga Project.
- h) References above to "Expenditure" means all outgoing (including rents, rates, survey fees and other fees and charges under any applicable legislation or otherwise directly connection with the Tenements) and all costs and expenses incurred by or on behalf of 8AU in respect of any activity directly connected to the discovery, location and delineation of minerals on the Tenements and any activities which are reasonably incidental thereto including, without limitation, undertaking feasibility studies, drilling, maintaining the Tenements and accessing the land on which the Tenements are located.

Placement Completed:

The Company announced to the ASX on 17 February 2021 that it had completed a placement of 75,294,118 ordinary shares at \$0.017 (1.7 cents) each to new and existing sophisticated and professional investors raising \$1.28 million.

Options Lapsed:

13,500,000 options lapsed on 1 March 2021. These options had an exercise price of \$0.06 (6 cents). Refer announcement 2 March 2021.

Rights Issue Prospectus:

- a) On 17 February 2021, the Company announced a proposed Options Rights issue.
- b) On 15 March 2021, the Company announced a supplementary prospectus and advised 'that its non-renounceable pro-rata rights issue offer of 4 new options for every 5 shares held at 7:00pm (AEDT) on 23 February 2021 at an issue price of \$0.005 (0.5 cents) per new option to raise approximately \$2.45 million before costs has been amended as follows:
- Having regard to the recent reduction in the prevailing gold price, amending the exercise price of new options from \$0.028 (2.8 cents) to \$0.02 (2 cents).
 - The closing date of the rights issue has been extended to 5:00pm (AEST) on 9 April 2021.

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 to the Court under Section 237 of the *Corporations Act 2001* for leave 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.

Directors' Report (Cont'd)

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 2020 has been received and a copy is attached.

Remuneration Report – (Audited)

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

	Balance at Beginning of Year	Received / (disposed)	Balance at End of Year
Bryan Frost	26,062,856	2,209,340	28,272,196
Richard Revelins	6,000,000	-	6,000,000
Damon O'Meara	20,491,250	5,785,133	26,276,383
Michael Quinert	800,000	285,113	1,085,113
Gavin England	5,276,669	-	5,276,669

OPTIONS

	Balance at Beginning of Year	Received / (disposed)	Balance at End of Year
Bryan Frost	25,108,333	(4,108,333)	21,000,000
Richard Revelins	6,000,000	5,000,000	11,000,000
Damon O'Meara	-	-	3,000,000
Michael Quinert	800,000	5,200,000	6,000,000
Gavin England	-	-	-

1. This table considers aggregate movement in Director holdings as a result of the acquisition and/or disposal of securities.

2. The disposal of options in each case was a result of the expiry of such options in accordance with their terms.

2. This table does not include any options that may be subscribed for by Directors under the rights issue the subject of the prospectus dated 18 February 2021 as supplemented by the supplementary prospectus dated 15 March 2021.

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

Details of Remuneration for Year Ended 31 December 2020:

The following remuneration was paid during the year:

Directors	Role	Short term benefits Fees \$	Share-based Payments Unlisted Options \$	Post - employment benefits \$	Total \$
Bryan Frost	Director and strategic services	130,000	-	-	130,000
	CEO services	120,000	-	-	120,000
	Share-based payments	-	9,854	-	9,854
		250,000	9,854	-	259,854
Richard Revelins	Director and strategic services	40,000	-	-	40,000
	Consultancy and management services	120,000	-	-	120,000
	Share-based payments	-	5,375	-	5,375
		160,000	5,375	-	165,375
Damon O'Meara	Director and strategic services	40,000	-	-	40,000
	Share-based payments	-	5,375	-	5,375
Michael Quinert	Director and strategic services	40,000	-	-	40,000
	Share-based payments	-	2,688	-	2,688
Gavin England	Director - Technical	198,737	-	-	198,737
Total Key Management Personnel Remuneration		688,737	23,292	-	712,029

Share based payments represents the expense related to participation in the Employee Security Ownership Plan as measured by the fair value of unquoted options on grant date proportionally allocated over the vesting period in accordance with AASB 2 – share-based payments.

Bryan Frost and Richard Revelins are Directors and shareholders of Peregrine Corporate Ltd an AFSL company which received a commission of \$93,204 during the year. The commission was paid on issues of equity securities and a proportion of the commission was paid out to other qualified parties who assisted with the issue of the equity securities.

Michael Quinert is a Partner in the legal firm, Quinert Rodda & Associates which received fees during the year of \$91,547 on normal commercial terms.

Agreements with Directors:

Each Director other than Gavin England entered into an Agreement with the Company upon re-listing during June 2018. Gavin England entered into an Agreement with the Company at the time of his appointment on 16 October 2020. 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.

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

Options:

The below table shows options issued as remuneration during the year ended 31 December 2020. All options expire on 14 October 2023, being 3 years from the issue date of options:

RECIPIENT*	Exercise: \$0.03 Vest: 18 months from the issue date	Exercise: \$0.03 Vest: 24 months from the issue date	Exercise: \$0.035 Vest: 30 months from the issue date	Exercise: \$0.035 Vest: 30 days prior to the expiry date	TOTAL
Bryan Frost	2,750,000	2,750,000	2,750,000	2,750,000	11,000,000
Richard Revelins	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
Michael Quinert	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
Damon O'Meara	750,000	750,000	750,000	750,000	3,000,000
Total	6,500,000	6,500,000	6,500,000	6,500,000	26,000,000

** options may have been issued to nominee(s) of recipients as advised to the Company.*

This concludes the Remuneration Report which has been audited.

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

Bryan Frost
Executive Chairman and Managing Director
29 March 2021

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FIRST AU LIMITED**

In accordance with the requirements of Section 307C of the Corporations Act 2001, as lead auditor for the audit of First Au Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) 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
29 March 2021

**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 2020**

		Controlled Entities	Controlled Entities Restated
	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue	2	691,658	13,120
Expenses			
Exploration expenses		(2,280,139)	(2,021,949)
Public relation and promotion		(84,609)	(100,731)
Administration expenses		(708,896)	(669,157)
Evaluation and exploration restated	1p	-	(494,325)
Loss before income tax	2	<u>(2,381,986)</u>	<u>(3,273,042)</u>
Income Tax expense	3	-	-
Net Loss for the year		<u>(2,381,986)</u>	<u>(3,273,042)</u>
Other Comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain (Loss) on fair value investment measured through other comprehensive income		19,523	-
Corporate Advisor fees - options lapsed		<u>5,000</u>	<u>-</u>
Total Comprehensive Loss for the year		<u>(2,357,463)</u>	<u>(3,273,042)</u>
		2020	2019
Earnings (Loss) per ordinary share		Cents/share	Cents/share
Basic earnings (loss) per share		(0.76)	(1.19)
Diluted earnings (loss) per share		(0.36)	(0.64)

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 2020**

		Controlled Entities	Controlled Entities Restated
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,113,758	1,043,522
Other receivables	4	178,069	62,823
Other financial assets	5	320,508	180,000
TOTAL CURRENT ASSETS		<u>1,612,335</u>	<u>1,286,345</u>
NON-CURRENT ASSETS			
Exploration and evaluation	6	2,227,966	1,015,974
Motor vehicles	7	86,023	-
TOTAL NON-CURRENT ASSETS		<u>2,313,989</u>	<u>1,015,974</u>
TOTAL ASSETS		<u>3,926,324</u>	<u>2,302,319</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		473,595	70,852
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		<u>473,595</u>	<u>70,852</u>
NET ASSETS		<u>3,452,729</u>	<u>2,231,467</u>
EQUITY			
Issued capital	8	13,751,485	10,705,489
Reserves	9	605,229	72,500
Accumulated losses		(10,903,985)	(8,546,522)
TOTAL EQUITY		<u>3,452,729</u>	<u>2,231,467</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 December 2020

	Share Capital	Share Based Payment Reserve	Contingent Consideration Reserve	Accumulated Losses	Total
	\$	\$		\$	\$
Balance at 1 January 2019	9,816,106	72,500	-	(5,273,480)	4,615,126
Net loss for the year restated. Refer Note 1q	-	-	-	(3,273,042)	(3,273,042)
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	-	(8,546,522)	2,231,467
Net loss for the year	-	-	-	(2,381,986)	(2,381,986)
Other Comprehensive Income	-	-	-		
Fair value movement in listed investment				19,523	19,523
Share placement 11 June 2020	747,000	-	-	-	747,000
Capitalised fees related to capital raise	(28,200)	-	-	-	(28,200)
Securities Purchase Plan 22 July 2020	280,000	-	-	-	280,000
Deferred Consideration Shares 25 August 2020	247,000	-	-	-	247,000
Share placement 6 October 2020	1,553,400	-	-	-	1,553,400
Capitalised fees related to capital raise	(93,204)	-	-	-	(93,204)
VicGold Vendors - shares allotted 9 October 2020	340,000	-	-	-	340,000
Corporate Adviser fees on 1 million options lapsed 15 December 2020	-	(5,000)	-	5,000	-
Milestone shares to VicGold vendors - contingent on grant of exploration licences for tenements	-	-	510,000	-	510,000
Fair value of unlisted options issued as share based payments	-	27,729	-	-	27,729
Balance at 31 December 2020	13,751,485	95,229	510,000	(10,903,985)	3,452,729

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2020

	Note	Controlled Entities 31 Dec 2020 \$	Controlled Entities 31 Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grant funds received		37,158	-
Proceeds from sale of listed shares		1,494,959	-
Payments for listed shares		(971,175)	(180,000)
Payments to suppliers		(788,915)	(830,100)
Exploration costs		(2,186,462)	(2,266,595)
Interest received		444	13,120
GST received from ATO		209,699	294,439
Net cash used in operating activities	10	(2,204,292)	(2,969,136)
CASH FLOWS FROM INVESTING ACTIVITIES			
Tenement acquisitions		(114,992)	-
Motor vehicle purchased		(88,291)	-
Investment in joint venture		-	(60,000)
Net cash used in investing activities		(203,283)	(60,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received from capital raising		2,580,400	927,500
Fees paid for capital raising		(121,404)	(58,117)
Proceeds from borrowings-Insurance Premium		31,418	-
Repayment of borrowings-Insurance Premiums		(12,603)	(15,655)
Net cash provided by financing activities		2,477,811	853,728
Net (decrease) / increase in cash and cash equivalents held		70,236	(2,175,408)
Cash and cash equivalents at 1 January		1,043,522	3,218,930
Cash and cash equivalents at 31 December		1,113,758	1,043,522

The accompanying notes form part of these financial statements.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

1) Summary of Significant Accounting Policies

a) Corporate Information

First Au Limited ('FAU' or 'Company' or 'Group') 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 17. 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.

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:

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Notes to the Financial Statements For the Year Ended 31 December 2020

- 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) Tax Consolidation

The FAU and its wholly-owned Australian resident entities have formed a tax-Consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is FAU. The members of the tax-consolidated Group are FAU, LGH Nominees Pty Ltd and Lions Share Gold Pty Ltd. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised where applicable in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Where applicable current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by FAU (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

h) 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.

i) 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.

All other expenditure on exploration and evaluation is expensed as incurred.

The capital cost of the mining tenements have been recognised as an asset based on:

- The rights to tenure of the area of interest are current, and;
- Exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.
- Exploration and evaluation assets are measured at cost.

Acquisition costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon the area is made.

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.

j) 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.

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Notes to the Financial Statements For the Year Ended 31 December 2020

k) Share Based Payment Reserve

Equity-settled share based compensation benefits are provided to Directors and Shareholders and represent awards of shares or options in consideration for the rendering of services or purchase of assets. The cost of equity-settled transactions are recognised as an expense with a corresponding increase in share based payment reserve.

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 \$2,381,986 for the year ended 31 December 2020 and a net cash inflow after operating, investing and financing activities of \$70,236. Net assets of the Company at 31 December 2020 were \$3,452,729.

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, there has been no material financial impact on the Company. Reference should be made to announcements on ASX after the reporting period as these announcements comment on likely developments that may affect future results.

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

m) Segments:

Exploration and Evaluation Segment

The parent entity is involved in exploration and development in both Western Australia and Victoria.

Share Trading:

A subsidiary company trades in listed securities quoted on the ASX.

n) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the FAU 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 (that is, trade date accounting is adopted).

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

Share trading sales and purchases are recognised based on 'ASX Settlement Date' when the Group becomes a party to the contractual provisions of the share trade invoice.

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Notes to the Financial Statements For the Year Ended 31 December 2020

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 Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

o) Adoption of New and Revised Accounting Standards:

The Group has adopted all new standards effective 31 December 2020 and none of them had an impact on the financial position or performance of the Group.

p) 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.

i) Key Estimates:

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

ii) Key Judgements:

Exploration and Evaluation

The Group capitalises the initial cost in acquiring tenements expenditure relating to exploration and evaluation. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such initial capitalised costs should not be written off since feasibility studies and exploration in such areas may have not yet concluded. All other exploration costs are expensed as incurred.

Share based payments – options

Unquoted Options were granted to key management personnel. The fair value of the options has been calculated using Black-Scholes option pricing model. Judgement has been applied to determine the share price volatility and other inputs to the model.

q) Restatement of 2019 Balances

Restatement of 2019 figures due to withdrawal from the Emu Creek Joint Venture with Atlas Iron Pty Ltd.

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.

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Notes to the Financial Statements
For the Year Ended 31 December 2020

An amount of \$494,325 represented consideration in the form of shares transferred to the vendors when FAU re-listed during 2018. This amount has been expensed to the Statement of Profit or Loss for the year ended 2019.

	2019 Previously disclosed \$	Change \$	2019 Restated \$
Statement of Financial Position			
Exploration and Evaluation for Parent and Consolidated Entity	1,510,299	(494,325)	1,015,974
Total Assets for Parent Entity	2,756,844	(494,325)	2,262,519
Total Assets for Consolidated Entity	2,796,644	(494,325)	2,302,319
Net Assets for Parent Entity	2,685,791	(494,325)	2,191,466
Net Assets for Consolidated Entity	2,725,792	(494,325)	2,231,467
	2019 Previously disclosed \$	Change \$	2019 Restated \$
Statement of Profit or Loss and Other Comprehensive Income for Parent and Consolidated Entity			
Evaluation and exploration expensed	-	(494,325)	(494,325)
Total Comprehensive Loss for the Year	(2,778,717)	(494,325)	(3,273,042)
Income Tax Note for Consolidated Entity			
Prima facie income tax on loss at 30%	833,615	148,298	981,913
Non-allowable items	(17,586)	-	(17,586)
Benefit of tax losses not recognised	(816,029)	(148,298)	(964,327)
Income tax attributable to the group	-	-	-
Earnings (Loss) per ordinary share			
Basic earnings (loss) per share	(1.01)		(1.19)
Diluted earnings (loss) per share	(0.54)		(0.64)

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Notes to the Financial Statements For the Year Ended 31 December 2020

	Consolidated Group	Consolidated Group Restated
	31 Dec 2020	31 Dec 2019
	\$	\$
2. Revenue and Expenses:		
The following revenue and expense items are relevant in explaining the financial performance for the year:		
<i>Revenue:</i>		
Fair value movement of listed investment through Profit or Loss	644,767	-
Grant from Department of Mines, Industry Regulation and Safety	46,447	-
Interest received - bank accounts	444	13,120
	<u>691,658</u>	<u>13,120</u>
<i>Expenses:</i>		
Auditing the financial statements	29,150	28,000
Audit - other services	-	-
Depreciation	2,268	-
Key management personnel remuneration included in exploration and administration expenses (refer Note 14)	712,029	470,000
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 net loss for year at 26% (2019 : 30%)	619,316	981,913
Prima facie income tax on Gain (Loss) on fair value investment measured through other comprehensive income for year at 26% (2019 : 30%)	(5,076)	-
Tax effect of:		
Non-allowable items	(32,387)	(17,586)
Benefit of tax losses not recognised	<u>(581,853)</u>	<u>(964,327)</u>
Income tax attributable to the group	<u>-</u>	<u>-</u>

A tax rate of 26% (2019: 30%) has been adopted as the entity is a base rate entity. To be eligible for a rate of 26% 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. In the prior year the Company's only income source was from interest and this is regarded as base rate passive income. In the prior year as interest income exceeded 80% of assessable income, the Company was not eligible for a tax rate of 27.5% (rate applicable for the 2019 year).

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 \$7,853,252 (excluding tax losses for which the same business test must be passed of \$2,021,300) and capital losses approximate \$2,724,521 as at year end.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

	Consolidated Group 31 Dec 2020 \$	Consolidated Group 31 Dec 2019 \$
4. Other Receivables:		
Other receivables is represented by GST receivable, prepayments and sundry debtors	178,069	62,823
The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. All other receivables are within initial trade terms.		
5. Other Financial Asset:		
Shares held for trading in listed investments	320,508	180,000
Shares in listed investments at fair value 31 December 2019	180,000	-
Net share movements during the year	223,761	-
Plus increase to fair value - investments measured through profit or loss	(102,776)	-
Less decrease to fair value at 31 December 2020 - investment measured through other comprehensive income	19,523	-
Shares in listed investments at fair value 31 December 2020	320,508	-
Fair value measurement is based on Level 1 fair value hierarchy on market value of shares at reporting date.		
	Consolidated Group	Consolidated Group Restated
6. Exploration and Evaluation:		
Vendor shares at fair value issued to acquire tenements at Gimlet and Talga in Western Australia. Refer Note 1p	955,974	955,974
20% share in WWI Tambina Gold project. Refer Note 16	60,000	60,000
Deferred consideration shares issued to vendors *	247,000	-
Mines of Sterling. Refer Note 12e	40,000	-
Vendors shares at fair value and cash issued to acquire tenements held in Victorian Goldfields Pty Ltd and its subsidiary company	414,992	-
Fair value of shares to be issued to VicGold Vendors in relation to Milestone One and Two based on recognition and measurement principals that the event will occur resulting in exploration licences being issued for tenements in relation to those milestones. Refer Explanatory Memorandum, Notice of Meeting lodged ASX 10 August 2020	510,000	-
Total cost of mining tenement acquisitions	2,227,966	1,015,974

* Deferred consideration shares: 13 million shares issued on satisfaction of a milestone arising from the JORC resource identified at Gimlet. Refer ASX announcement 25 August 2020.

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Notes to the Financial Statements For the Year Ended 31 December 2020

7. Motor Vehicle

Exploration vehicle - at cost	88,291	-
Accumulated depreciation	(2,268)	-
Written down value	<u>86,023</u>	<u>-</u>

8. Issued Capital and Options: 8a.

	Parent Entity Share Capital	Parent Entity Number of shares	Parent Entity Number of Options
	\$		
Balance at 31 December 2019	10,705,489	298,824,667	287,196,603
Share placement 11 June 2020	747,000	74,700,000	-
Capitalised fees related to capital raise	(28,200)	-	-
Securities Purchase Plan 22 July 2020	280,000	27,999,970	-
Deferred Consideration Shares 25 August 2020	247,000	13,000,000	-
Share placement 6 October 2020	1,553,400	103,559,999	-
Capitalised fees related to capital raise	(93,204)	-	-
VicGold Vendors - shares allotted 9 October 2020	340,000	20,000,000	-
Listed options lapsed 15/12/2020	-	-	(273,696,603)
Unlisted Options issued to Directors and management team	-	-	30,500,000
Balance at 31 December 2020	<u>13,751,485</u>	<u>538,084,636</u>	<u>44,000,000</u>

13.5 million unlisted options lapsed 1 March 2021

Unlisted options issued during the year

A total of 30,500,000 unquoted options were issued to key management personnel and the management team during the year. This is a share based payment related to participation in the Employee Security Ownership Plan.

8b. Earnings (Loss) per ordinary share:

	31 Dec 2020	31 Dec 2019 Restated
	Cents/share	Cents/share
Basic earnings (loss) per share ('EPS')	(0.76)	(1.19)
Diluted earnings (loss) per share ('EPS')	(0.36)	(0.64)
	No of shares	No of shares
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	313,226,372	274,682,445
Weighted average number of ordinary shares and options used in the calculation of basic diluted EPS	667,696,130	513,261,131
	\$	\$
Net loss for the year used in the calculation of basic and diluted earnings per share	<u>(2,381,986)</u>	<u>(3,273,042)</u>

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

8c. 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.

	Consolidated Group	Consolidated Group
	31 Dec	31 Dec
	2020	2019
	\$	\$
9. Reserves:		
Share Based Payment Reserve	95,229	72,500
Contingent Consideration Reserve	510,000	-
	<u>605,229</u>	<u>72,500</u>

Contingent Consideration Reserve represents fair value of shares to be issued to VicGold Vendors in relation to Milestone One and Two based on recognition and measurement principles that the event will occur resulting in exploration licences being issued for tenements in relation to those milestones. Refer Explanatory Memorandum, Notice of Meeting lodged ASX 10 August 2020 for details of Milestones One and Two.

Share based payment reserve includes an amount of \$27,729 for 30,500,000 unlisted options and represents an expense related to participation in the Employee Security Ownership Plan as measured by the fair value of the options on grant date proportionally allocated over the vesting period.

The fair value of the options have been valued by Black-Scholes adopting three year Government Bond rates at grant date and a volatility of 100%.

	Consolidated Group	Consolidated Group Restated
	31 Dec	31 Dec
	2020	2019
	\$	\$
10. Cash Flow Information:		
Reconciliation of cash flows from operations with net loss for the year		
Total Comprehensive Loss for the Year	(2,381,986)	(3,273,042)
Non-cash flows from ordinary activities:		
Shares and options issued in lieu of services rendered	27,729	20,000
Depreciation	2,268	-
Evaluation and exploration expensed. Refer restatement Note 1q	-	494,325
Gain (Loss) on fair value investment measured through Profit or Loss	102,778	-
Changes in assets and liabilities:		
(Increase)/Decrease in other receivables	(116,407)	21,837
(Increase)/Decrease in other financial assets	(223,761)	(180,000)
Increase/(Decrease) in trade and other payables	385,087	(52,256)
Net cash used in operating activities	<u>(2,204,292)</u>	<u>(2,969,136)</u>

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Notes to the Financial Statements For the Year Ended 31 December 2020

	Consolidated Group	Consolidated Group Restated
	31 Dec 2020	31 Dec 2019
	\$	\$
10. Cash Flow Information (Cont'd):		
Significant non-cash items		
Deferred consideration shares capitalised to tenements	247,000	-
VicGold vendor shares capitalised to tenements	340,000	-
Purchase of tenements - refer Note 6 Exploration and Evaluation	-	60,000

11. Contingent Liabilities:

The Company is not aware of any contingent liabilities.

12. Capital and Other Commitments:

12a. The Company holds various mining tenements in Western Australia and Gippsland Victoria. 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 or by renegotiation of expenditure commitments.

	Consolidated Group	Consolidated Group
	31 Dec 2020	31 Dec 2019
	\$	\$
12b. The approximate minimum level of expenditure requirements are set out in the following:		
Within one year	368,680	262,000
One year or later and no later than five years	2,965,480	2,528,900

12c. 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 16.

12d. 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.

12e. A Deed of Option between FAU and Mines of Stirling Pty Ltd was signed 8 July 2020. An option fee of \$20,000 was paid to the Grantor together with finders fees of \$20,000 to other parties.

The term of the Deed are: payment of option fee of \$20,000 on the first anniversary of commencement date and \$40,000 on the second anniversary of commencement date.

Funding commitments under the Deed are: \$50,000 in the 12 months following commencement, a further \$50,000 in the 12 months commencing on the first anniversary date and a further \$50,000 in the 12 months commencing on the second anniversary date subject to FAU exercising its extension rights under the Deed.

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Notes to the Financial Statements For the Year Ended 31 December 2020

13. 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 \$93,204. A proportion of these 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 \$91,547 on normal commercial terms.

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

Consolidated Group 31 Dec 2020 \$	Consolidated Group 31 Dec 2019 \$
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14. Key Management Personnel Remuneration:

The following are the details of remuneration:

Short term benefits	688,737	470,000
Share based payments	23,292	-
	<u>712,029</u>	<u>470,000</u>

Share based payments represents the expense related to participation in the Employee Security Ownership Plan as measured by the fair value of the options on grant date proportionally allocated over the vesting period.

Refer to the Remuneration Report contained in the Directors Report for details of Remuneration and Equity.

14. Key Management Personnel Remuneration (Cont'd):

Options:

The following table shows unlisted options issued as remuneration during the year ended 31 December 2020. All options expire on 14 October 2023, being 3 years from the issue date of options:

RECIPIENT*	Exercise: 0.03 Vest: 18 months from the issue date	Exercise: 0.03 Vest: 24 months from the issue date	Exercise: 0.035 Vest: 30 months from the issue date	Exercise: 0.035 Vest: 30 days prior to the expiry date	TOTAL
Bryan Frost	2,750,000	2,750,000	2,750,000	2,750,000	11,000,000
Richard Revelins	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
Michael Quinert	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
Damon O'Meara	750,000	750,000	750,000	750,000	3,000,000
Total	6,500,000	6,500,000	6,500,000	6,500,000	26,000,000

* options may have been issued to nominee(s) of recipients as advised to the Company

15. Financial Risk Management:

Financial instruments consist mainly of deposits with banks, other receivables, equity investments 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.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Financial Risk Management (Cont'd):

Financial Risk Exposures:

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

15a. 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.

Due to low interest now offered on funds held in the bank for the year, interest of \$444 was earned for year (2019: \$13,120).

15b. 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 further capital raisings 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.

15c. Equity Price Risk

The Company's exposure to equity price risk is primarily through investments in listed securities. Listed securities are valued at fair value with reference to quoted market price from an active market.

15d. 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.

15e. Credit risk:

Other receivables are represented by GST, prepayments and sundry debtors and there is no expected credit loss to be 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.

15f. 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.

The Directors do not believe that any reasonably possible movement in listed investment would cause a material impact on the reported result for the year. A 15% change would cause an impact of \$48,076 plus or minus.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

15g. 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.

15h. Reclassification of Financial Instruments

Subsequent to initial recognition re-classification of financial liabilities is not permitted. Financial assets are required to be re-classified between fair value through profit and loss, fair value through other comprehensive income and amortised cost when and only when the Group's business model for managing its financial assets has changed such that its previous model would no longer apply. The Group's business model for listed equity investments changed during the year when a decision was made by the Directors to trade these securities through a subsidiary company with the result that movements in fair values are now recorded through the profit and loss rather than other comprehensive income.

16. Investment in Joint Venture:

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:

- Payment of \$60,000 for a 20% share in the JV. Also refer Note 6: Exploration & Evaluation.
- A subscription of \$180,000 for 20,000,000 fully paid ordinary shares at an issue price of \$0.009 (0.9 cents) per share. Also refer Note 5: Financial Assets.
- Exclusive right to earn up to a maximum aggregate 80% joint venture interest (JVI) by sole funding joint venture expenditure of up to \$500,000 within 3 years from the commencement date of the JV Agreement.
- FAU assumes part of the obligations of WWI to issue fully paid shares to the Original Tambina Vendors, subject to the satisfaction of certain milestones under the Sale Contract entered into by WWI and the Original Tambina Vendors. FAU may elect to settle its proportional JV interest by allotting shares in WWI or alternatively allotting shares in FAU on a predetermined basis.
- Upon FAU earning an aggregate 80% JVI, the participants will be liable to contribute to JV expenditure in proportion to their respective interests.
- FAU shall be the manager of the JV on and from the formation date and throughout the earning phase.
- FAU must ensure that the Mining Leases remain in good standing.

17. Interests in Subsidiary Companies:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			31 Dec 2020	31 Dec 2019
Lions Share Gold Ltd	19 February 2019	Melbourne	100%	100%
LGH Nominees Pty Ltd	27 August 2019	Melbourne	100%	100%
Victorian Goldfields Pty Ltd	15 April 2019	Melbourne	80%	-
Jacquian Pty Ltd	11 June 2004	Melbourne	80%	-

Lions Share Gold Ltd did not trade during the year.

LGH Nominees Pty Ltd trades in listed investments.

Victorian Goldfields Pty Ltd and Jacquian Pty Ltd did not trade. These entities hold tenements in East Gippsland upon which FAU has commenced drilling.

The issued capital of Victorian Goldfields Pty Ltd is \$10 of which the minority interests hold 20%.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

18. Parent Entity information

18a. Summary financial information

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

	31 Dec 2020	31 Dec 2019 Restated
	\$	\$
Statement of Financial Position		
Balance Sheet		
Current assets	2,176,507	1,246,345
Non-current assets	1,388,997	1,016,174
Total assets	3,565,504	2,262,519
Current liabilities	(817,043)	(71,052)
Total liabilities	(817,043)	(71,052)
Net Assets	2,748,461	2,191,466
 Shareholders' equity		
Issued capital	13,751,485	10,705,489
Share based payment reserve	605,229	72,500
Accumulated losses	(11,608,253)	(8,586,523)
Total Equity	2,748,461	2,191,466
 Statement of Profit or Loss and Other Comprehensive Income		
Profit or loss for the year	(3,026,730)	(3,273,042)
Other Comprehensive Loss	-	(40,000)
Total comprehensive loss for year	(3,026,730)	(3,313,042)

18b. 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 (2019: nil)

18c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2020 or 31 December 2019.

18d. Contractual commitments for the acquisition of property, plant and equipment

At 31 December 2020, FAU had not entered into any contractual commitments for the acquisition of property, plant and equipment (2019: nil), except for a signed agreement as set out in Events After Reporting Date Note 19a.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

19 Events after the reporting date:

No matters or circumstances, with the exception the matters set out in this section and the ongoing effects of 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.

a) Talga Farm-In:

- i) 8AU and First Au Limited ("FAU") entered into a farm-in and joint venture agreement ("Talga Agreement") dated 5 January 2021 under which 8AU can earn up to an 80% interest in the tenements forming the Talga Gold and Base Metals Project located in the East Pilbara region of Western Australia ("Talga Project").
- ii) Commencement of the farm-in and joint venture is conditional upon a number of conditions being satisfied, due diligence and required regulatory approvals being obtained.
- iii) The following are conditions precedent:
 - 8AU receiving confirmation from the ASX that it will admit 8AU to the Official List of the ASX subject to typical administrative and completion conditions.
 - The Tenements not being withdrawn or revoked prior to the completion date (listing on ASX).
 - No event occurring prior to the completion date which adversely affects the rights or interests proposed to be acquired by 8AU.
- iv) 8AU will acquire a 50.1% undivided and unencumbered interest in the tenements as a tenant in common ("Stage 1 Interest") upon:
 - 8AU making a payment on the date upon which all conditions precedent other than there being no material adverse event having been satisfied ("Effective Date") of a maximum of \$180,000, as reimbursement of expenditure incurred by FAU directly in connection with IP survey costs prior to the date of the Talga Agreement, at which time 8AU will be deemed to have a 10% interest in the Tenements; and
 - 8AU incurring Expenditure of not less than \$300,000 within one (1) year of the Effective Date ("Stage 1 Period"), at which time the interest of 8AU in the tenements will increase by 40.1%, from 10% to 50.1%.
- v) If 8AU earns the Stage 1 Interest, then 8AU will hold a 50.1% interest and FAU will hold a 49.9% interest in the tenements as tenants in common. Subject to satisfaction of the conditions precedent, 8AU is committed to incurring the Expenditure required to acquire the Stage 1.
- vi) Subject to 8AU earning the Stage 1 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 19.9% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 2 Interest") by incurring aggregate Expenditure (inclusive of Expenditure incurred in connection with obtaining the Stage 1 Interest) of not less than \$600,000 within two (2) years of the Effective Date ("Stage 2 Period"). 8AU may exercise its right to acquire the Stage 2 Interest by giving the Company notice in writing within 21 days from the end of the Stage 1 Period. In the event 8AU elects to exercise its right to acquire the Stage 2 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 2 Interest.
In the event that 8AU does not make an election to earn the Stage 2 Interest within 21 days from the end of the Stage 1 Period, the parties will be in a joint venture where 8AU will hold a 50.1% interest and the Company will hold a 49.9% interest.
If 8AU earns the Stage 2 interest then 8AU will hold a 70% interest and the Company will hold a 30% interest in the Tenements as a tenants in common.
- vii) Subject to 8AU earning the Stage 2 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 10% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 3 Interest") by incurring aggregate Expenditure (inclusive of aggregate Expenditure incurred in connection with obtaining the Stage 1 Interest and Stage 2 Interest) of not less than \$900,000 within three (3) years of the Effective Date ("Stage 3 Period"). 8AU may exercise its right to acquire the Stage 3 Interest by giving the Company notice in writing within 21 days from the end of the Stage 2 Period. In the event 8AU elects to exercise its right to acquire the Stage 3 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 3 Interest.

First Au Limited and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 December 2020

19 Events after the reporting date (Cont'd):

In the event that 8AU does not make an election to earn the Stage 3 Interest within 21 days from the end of the Stage 2 Period, the parties will be in a joint venture where 8AU will hold a 70% interest and the Company will hold a 30% interest.

If 8AU earns the Stage 3 interest then 8AU will hold a 80% interest and the Company will hold a 20% interest in the Tenements as a tenants in common.

From the point at which 8AU earns the Stage 3 Interest, the Company will be free-carried through to a decision to mine in respect of the Talga Project.

- viii) References above to "Expenditure" means all outgoing (including rents, rates, survey fees and other fees and charges under any applicable legislation or otherwise directly connection with the Tenements) and all costs and expenses incurred by or on behalf of 8AU in respect of any activity directly connected to the discovery, location and delineation of minerals on the Tenements and any activities which are reasonably incidental thereto including, without limitation, undertaking feasibility studies, drilling, maintaining the Tenements and accessing the land on which the Tenements are located.

b) Placement Completed

The Company announced to the ASX on 17 February 2021 that it had completed a placement of 75,294,118 ordinary shares at \$0.017 (1.7 cents) each to new and existing sophisticated and professional investors raising \$1.28 million.

c) Options Lapsed

13,500,000 options lapsed on 1 March 2021. These options had an exercise price of \$0.06 (6 cents). Refer announcement 2 March 2021.

d) Rights Issue Prospectus

On 17 February 2021, the Company announced a proposed Options Rights issue.

On 15 March 2021, the Company announced a supplementary prospectus and advised 'that its non-renounceable pro-rata rights issue offer of 4 new options for every 5 shares held at 7:00pm (AEDT) on 23 February 2021 at an issue price of \$0.005 (0.5 cents) per new option to raise approximately \$2.45 million before costs has been amended as follows:

- Having regard to the recent reduction in the prevailing gold price, amending the exercise price of new options from \$0.028 (2.8 cents) to \$0.02 (2 cents).
- The closing date of the rights issue has been extended to 5:00pm (AEST) on 9 April 2021.

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 34 to 53 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 2020 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 Executive Chairman and Chief Financial Officer.



Bryan Frost
Executive Chairman and Managing Director
29 March 2021

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

Opinion

We have audited the financial report of First Au Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other 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 the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Group 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 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(l), "Going Concern" in the financial report which indicates that the Group incurred a net loss of \$2,381,986 for the year ended 31 December 2020. In addition the Group had a net operating cash outflow of \$2,204,292 for the year ended 31 December 2020. As stated in Note 1(l), these events or conditions along with other matters as set forth in note 1(l), including any potential impact of the COVID-19 coronavirus on the Group, indicate that a material uncertainty exists that may cast doubt on the Group'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
Exploration and Evaluation Expenditure The Group has capitalised an amount of exploration and evaluation expenditure with a carrying value of \$1,211,992 as at 31 December 2020. This represents the costs associated with acquiring the mining tenements. 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. Exploration and evaluation expenditure is considered to be a key audit matter due to: • The significance of the balance to the Group's 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.	Our audit procedures included, amongst others: • 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: - 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
Going Concern The Group incurred a net loss of \$2,381,986 for the year ended 31 December 2020 and had net operating cash outflows of \$2,204,292 for the year ended 31 December 2020 which indicates a material uncertainty regarding the application of the going concern basis of accounting.	Our procedures included, amongst others: • 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 Group's intentions, and past practices; • We assessed the planned levels of operating expenditure for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business and economic conditions of the Group; • We evaluated the events after reporting date and the impact that such events may have on the Group.

Information Other Than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 31 December 2020, 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 Group 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 Group'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 Group 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 Group'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 Group'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 Group 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 30 to 32 of the Directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of First Au Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group 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 2021

First Au Limited

ABN 65 000 332 918

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 Unlisted Option Holders	Unlisted Option Securities	Unlisted Options %
100,001 and Over	484	515,547,110	95.81%	9	44,000,000	100.00%
10,001 to 100,000	387	21,844,267	4.06%	-	-	-
5,001 to 10,000	12	82,832	0.02%	-	-	-
1,001 to 5,000	163	282,508	0.05%	-	-	-
1 to 1,000	1,181	327,919	0.06%	-	-	-
Total	2,227	538,084,636	100%	9	44,000,000	100%

There were 1,408 holders of less than a marketable parcel of ordinary shares.

Refer to Statement of Changes in Equity and Note 8 to the Financial Statements for further information in relation to shares and options.

3. Ordinary Fully Paid Shares: Top 20 Holders (ungrouped) as at 31/12/2020:

		Shares	% Units
1	MR MALIK MOHAMMED EASAH	59,166,666	11.00
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,016,914	3.91
3	TALEX INVESTMENTS PTY LTD	18,000,000	3.35
4	NOTRE DAME INVESTMENT LIMITED	12,633,334	2.35
5	MYLONITE PTY LTD	10,000,000	1.86
6	ANNE MAREE RICHARDSON	9,337,611	1.74
7	OUTBACK TREES OF AUSTRALIA PTY LTD	8,190,000	1.52
8	QUEENSLAND M M PTY LTD	7,722,407	1.44
9	GREAT SANDY PTY LTD	6,866,383	1.28
10	PEREGRINE CORPORATE	6,000,000	1.12
11	DRILLABIT PTY LTD	5,720,000	1.06
12	ST BARNABAS INVESTMENTS PTY LTD	5,500,000	1.02
12	OCEANIC CAPITAL PTY LTD	5,500,000	1.02
13	MR ANTHONY FARLEIGH MCLEAN	5,285,133	0.98
14	CANTORI PTY LTD	5,208,606	0.97
15	GL ENGLAND PTY LTD	5,000,000	0.93
15	FARCAM PTY LTD	5,000,000	0.93
16	MS YULEI ZENG	4,550,000	0.85
17	DRILLABIT PTY LTD	4,500,000	0.84
18	MR MATTHEW DENIS DELAHUNTY	4,480,000	0.83
19	BAREN PTY LTD	4,163,705	0.77
20	CROESUS MINING PTY LTD	4,000,000	0.74
20	N & J MITCHELL HOLDINGS PTY LTD	4,000,000	0.74
20	TERRANORA LIMITED	4,000,000	0.74
	Total	225,840,759	41.97
	Balance of register	312,243,877	58.03
	Grand total	538,084,636	100.00

Refer to Statement of Changes in Equity and Note 8 to the Financial Statements.

4. Quoted Options: as at 31/12/2020:

There were no quoted options at 31 December 2020.

5. Substantial Shareholders:

FAU has not been advised of any substantial shareholdings.

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

Tenement Schedule - as at 31 December 2020

Mining Leases & Exploration Licences:

Tenement #	Tenement name	Title Holder	Tenement Ownership	State	Comments
E26/174	Gimlet	FAU	FAU 100%	WA	
P24/5346	Gimlet	FAU	FAU 100%	WA	
P24/5347	Gimlet	FAU	FAU 100%	WA	
E45/3679	Talga	FAU	FAU 100%	WA	
E45/5595	Razorback	FAU	FAU 100%	WA	
E45/5596	Razorback	FAU	FAU 100%	WA	
E45/3857	Talga	FAU	FAU 100%	WA	
E45/4137	Razorback	FAU	FAU 100%	WA	
E45/4615	Talga West	FAU	FAU 100%	WA	
E45/5571	Talga Talga	FAU	FAU 100%	WA	
E24/216	White Flag	FAU	FAU 100%	WA	
E24/215	White Flag	Kesli Chemicals	Kesli Chemicals 100%	WA	Refer Note 1
E45/990	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	WA	Refer Note 2
E45/991	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	WA	Refer Note 2
E45/988	Tambina	Tambina Gold	FAU 20%, Tambina Gold 80%	WA	Refer Note 2
EL006816	Haunted Stream	Jacquian Pty Ltd	FAU 80% Jacquian 20%	VIC	
EL5505	Snow Storm	Mines of Stirling	Mines of Stirling 100%	VIC	Refer Note 3

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

Note 3: Refer Announcement to the ASX dated 9 July 2020. FAU announced that it had entered into an option agreement with Mines of Stirling Pty Ltd to acquire an 85% interest (diluting to 80%) in granted exploration licence EL5505 and prospecting licence application PL007319 (Snowstorm project).