

FIRST AU LIMITED

Directors Quinert and O'Meara Statement to Shareholders

A copy of the statement received from Michael Quinert and Damon O'Meara, Directors of the Company, is set out below. The statement is being provided to shareholders in accordance with Section 203D of the Corporations Act.

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This statement is provided by Michael Quinert and Damon O'Meara for circulation to First Au Limited ("FAU" or "the Company") shareholders.

A shareholder, 7 Enterprises Pty Ltd ("7 Enterprises"), has requisitioned resolutions for the forthcoming AGM as follows:

- Resolution 5A to appoint Daniel Raihani as a director. Mr Raihani is the sole director of 7 Enterprises
- Resolution 5B to appoint Lei Shi as a director
- Resolution 6A to remove Damon O'Meara as a director – **VOTE AGAINST**
- Resolution 6B to remove Michael Quinert as a director – **VOTE AGAINST**

There are material inconsistencies and apparent misconceptions in the 7 Enterprises statement circulated to members (released to ASX on 27/04/2023) and in its conduct in the matter generally.

1. 7 Enterprises has asserted that by proposing the PG Exploration acquisition, the so called "Lithium play", the Board acted in a manner inconsistent with the strategic direction of the Company as a gold explorer focused on its Victorian Gold Project (VGP).

The assertion by 7 Enterprises is not correct.

- FAU has consistently maintained VGP as its primary strategic focus. On two occasions after the announcement of the PG proposal FAU has publicly reaffirmed its commitment to the VGP as its primary focus (refer ASX announcement 22/03/2023 and Annual Report released 31/03/2023). 7 Enterprises chose to ignore these public affirmations in its statement, presumably to create a false impression that FAU had changed its focus, when clearly, it had not.
- The ASX reviewed the PG proposal and advised that the transaction would not have required a change in the nature or scale of activities. This decision was consistent with the fact that VGP remained the primary undertaking and focus of FAU.
- FAU had already arranged for a drilling exploration program at VGP to commence as soon as the proceeds of the recent placement had been received. This drilling program at VGP has since commenced (announced 09/05/2023).

As such the assertion by 7 Enterprises that the FAU Board had changed the Company's strategic direction is simply not substantiated by the facts. **To be clear the Board of FAU maintains VGP as the primary and strategic focus of the Company.**

2. 7 Enterprises asserted that the recent placement was too dilutive and should not proceed. **This assertion lacks credibility given:**
- 7 Enterprises itself participated in the placement without complaint
 - 7 Enterprises and Mr Raihani were fully aware of the PG “Lithium play” when it committed to participate in the placement.
 - Mr Raihani actively arranged for at least one other party to participate in the placement.
 - 7 Enterprises failed to disclose in its statement that on at least 2 occasions it has proposed to FAU that it provide funding through a convertible note as an alternative to the placement. This suggests a motive for why 7 Enterprises **reversed its position** to now reject the placement it had previously supported.
 - 7 Enterprises implored the Company in writing to withdraw both the PG Lithium proposal and the placement resolutions from consideration of members at the recent EGM. This showed us:
 - that 7 Enterprises failed to appreciate the contractual obligations FAU had to third parties in connection with those matters, or worse, was prepared for FAU to deliberately breach those obligations.
 - sought to deny other members their entitlement to vote on the proposal.
 - that 7 Enterprises was exaggerating when it stated in writing that in seeking the withdrawal of these resolutions Mr Raihani represented the view of “all” shareholders, which was clearly not the case.
3. 7 Enterprises has accused us of failing to meaningfully engage with it regarding its concerns. However, 7 Enterprises did not respond to an invitation of all board members to meet and discuss these matters with Mr Raihani. Rather than respond to that written invitation, 7 Enterprises issued the requisitions for these resolutions. At no time has Mr Raihani sought to speak to or meet with Messrs Quinert or O’Meara and indeed has never met with either of the persons he seeks to remove as directors.

Quinert and O’Meara are committed to FAU. We have worked hard since the restructure of the Board last year to stabilise the Company. Progress made includes:

- Reviewing all aspects of the business to dispose of non-core assets and implement significant and ongoing cost reductions.
- Successfully undertaking the placement in a difficult market environment to ensure financial stability.
- Appointed Ryan Skeen to Managing Director and provided him with strong support and guidance.
- Delivered on the commitment to proceed with drilling Haunted Stream at VGP with the program now underway.

We believe we have the personal experience and attributes to continue to lead FAU.

Michael Quinert

- Over 30 years as a partner in a commercial law firm including extensive experience advising multiple ASX listed companies.
- Corporate lawyer at ASX in Melbourne 1987 to 1989.
- Has recently led listed company West Wits Mining Limited (ASX: WWI) through a full definitive feasibility study and all permitting which has WWI now poised to commence a 55,000 oz steady state gold mine with a 16 year life of mine.
- Acted as a director and adviser to multiple listed and unlisted companies in Australia, UK, Europe, and North America over many years.
- Holds university degrees in law and economics.

Damon O'Meara

- Extensive experience in hands on exploration programs across remote regions of Australia and elsewhere.
- Strong network across Australian mining exploration sector both personally and through the standing of the O'Meara family, it being behind many of Australia's important mining discoveries.
- Co-founded and leads Outback Trees Australia which undertakes rehabilitation programs for major mining houses across remote Australia.
- Skilled in pegging, maintaining and reporting on exploration tenements.
- Long experience of engaging with native title holders to negotiate and resolve access arrangements.

To maintain stability and leadership at FAU Quinert and O'Meara recommend as follows.

- Resolution 6A to remove Damon O'Meara as a director – **VOTE AGAINST**
- Resolution 6B to remove Michael Quinert as a director – **VOTE AGAINST**



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Michael Quinert



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Damon O'Meara