

First Au Limited (ASX: FAU)

January 2019

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Note: This report is based on information provided by the Company as of January 16, 2019.

Investment Profile	
Share Price January 16, 2019	A\$0.018
12 Month L/H	A\$0.04/ A\$0.017
Issued Capital:	
Ordinary Shares (includes Escrowed)	260.7 m
Listed Options	217.0 m
Unlisted Options	17.5 m
Fully Diluted	495.2 m
Market Capitalisation UD	A\$4.69 m
Cash - September 30, 2018	A\$4.03 m
Enterprise Value	A\$0.66 m

Board and Management	
Mr Bryan Frost: Executive Chairman and MD	
Mr Richard Revelins: Executive Director	
Mr Michael Quinert: Non-Executive Director	
Mr Damon O'Meara: Non-Executive Director	
Mr Denis O'Meara: Founder and Consultant	
Mr Brian Richardson: Exploration Manager and Chief Consulting Geologist	
Dr Gavin England: Consulting Geologist	
Mr Brett Keillor: Consulting Geologist	
Mr David McBain: Company Secretary and CFO	

Major Shareholders	
Mr Bryan Frost	9.13%
Mr Denis O'Meara	7.45%
Board	20.10%
Top 20	34.77%



Mark Gordon - Senior Analyst

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

HIGHLY PROSPECTIVE HOLDINGS

The results of recent drilling have highlighted the potential of the Gimlet Gold Project ("Gimlet"), located just 15km from Kalgoorlie, to host appreciable gold mineralisation.

Gimlet is one of three projects held by the recently re-listed First Au Limited (ASX: FAU, "First Au" or "the Company"; previously Public Holdings (Australia) Ltd), with the others being highly prospective precious and base metals tenements in the Pilbara region of Western Australia, with all being vended in by well known and respected prospectors Denis and Damon O'Meara.

Drilling at Gimlet, which is adjacent to and along strike from Intermin Resources' (ASX: IRC, "Intermin") 289 koz Teal Gold Camp, commenced immediately after the re-listing in June 2018, and has shown that the mineralisation recently mined in an open cut by Intermin continues into the Company's property. The work by First Au has delineated ~500 m strike of both a supergene blanket and underlying steeply dipping shear hosted gold mineralisation, with these open along strike to the north and to the south into Intermin's tenement. The drilling has also intersected some bonanza grades, including 4 m @ 393 g/t Au in fresh vein mineralisation. Further drilling is planned at Gimlet in early 2019, with ongoing results then to be used in an initial Mineral Resource Estimate ("MRE").

Results of historic work at the Pilbara projects, Emu Creek and Talga, has highlighted the potential for significant base metals and or gold discoveries - although appreciable work, including drilling, has been completed on these tenements in some ways they can be considered under-explored. Past work has concentrated on orogenic gold and VMS mineralisation, with very positive results highlighting significant highly prospective areas that require further work. The Talga Project is also prospective for conglomerate gold and pegmatite hosted lithium however no exploration has been undertaken for these styles of mineralisation.

With some A\$4.033 million in the bank as of September 30, 2018, the Company is well cashed up, and in a good position to undertake comprehensive and effective exploration programmes on all projects, with the next field activities, including drilling, commencing in early 2019.

KEY POINTS

Quality projects: Results to date from the three key projects, Gimlet, Emu Creek and Talga have been very encouraging, highlighting their prospectivity to host potentially economically viable gold and base metals mineralisation; the geology of Talga also highlights the lithium and conglomerate gold potential.

Short term gold production opportunity: Subject to delineating a viable MRE and permitting, Gimlet potentially provides a low capex, short term production opportunity through third party ore treatment - this has the capacity to provide appreciable cash flow to fund activities as exhibited by Intermin's recent production from the adjacent Teal Gold Mine.

Standalone opportunity: There may also be the opportunity, through discovery, acquisition or amalgamation to build a critical mass that will support development of a standalone operation at Gimlet - a current example of this is the current merger implementation agreement between Intermin and McPherson's Resources (ASX: MCP).

Well regarded jurisdiction: All of the company's projects are located in Western Australia, a mining powerhouse with well developed and tested legislation and ranked 5th globally in the 2017 Fraser Institute Survey of Mining Companies; in addition there is ready access to skilled labour and services.

Experienced and committed personnel: Company personnel are well respected and have extensive experience in the junior resources space, In addition directors directly and indirectly hold ~20% of the shares in First Au, a key strength that aligns the interests of company personnel with that of the other shareholders.

Leveraged to exploration success: With an enterprise value ("EV") of just A\$0.7 million, First Au is well leveraged to exploration success.

Steady News Flow: We expect to see a steady news flow with ongoing exploration activities, including further drilling commencing in early 2019.

SWOT ANALYSIS

Strengths

- ◆ **Highly prospective and holdings:** The geology and results of work to date highlight the prospectivity of the Company's projects for a number of minerals, including base metals, precious metals and lithium.
- ◆ **Experienced people with skin in the game:** Company personnel have significant experience in the resources sector. In addition insiders hold, directly and indirectly, some 20% of the stock, thus aligning their interests with those of other shareholders.
- ◆ **Jurisdiction:** First Au's key projects, being located in Western Australia are located in well-known and understood mining jurisdictions, with ready access to skilled labour and services.
- ◆ **Nearby mills at Gimlet:** The presence of nearby mills with available capacity could benefit any future operation by the virtue of not having the need for a standalone plant - this will allow mineralisation that may otherwise be economically unviable to be treated, and significantly lower capital costs.
- ◆ **Cashed up:** Having just re-listed after raising A\$6.216 million and as of September 30 having A\$4.03 million in the bank, the Company is cashed up and able to fund projects; in addition, should exploration results be positive and move the share price to over A\$0.06/ share, there is the potential to bring in up to A\$14 million through the conversion of options.

Weaknesses

- ◆ **Rugged areas in the Pilbara:** Some areas of the Pilbara projects are rugged, requiring relatively expensive helicopter exploration support.

Opportunities

- ◆ **Exploration and drilling success:** Given the quality of the exploration ground and the results of work to date, there is a good opportunity for exploration success at all projects and for a viable Resource to be delineated at Gimlet.
- ◆ **Development at Gimlet:** Should a viable Resource be delineated (and with the results of drilling to date looking positive), there is the potential to bring Gimlet into production utilising existing mills - there may also be the opportunity to partner with neighbours on the development of gold resources.
- ◆ **Standalone operation:** There is the opportunity to build the required inventory through exploration success, acquisition or amalgamation - our view is that 2 million ounces of gold in Resources is the minimum required to justify construction of a mill and develop a robust stand alone operation - this assumes a 50% conversion of Resources to Reserves, and a 10 year, 100,000 ozpa operation.
- ◆ **Acquisitions and earn-ins:** This is a perennial opportunity should the right project come up, and in particular to acquire gold Resources to augment any future operation at Gimlet.

Threats

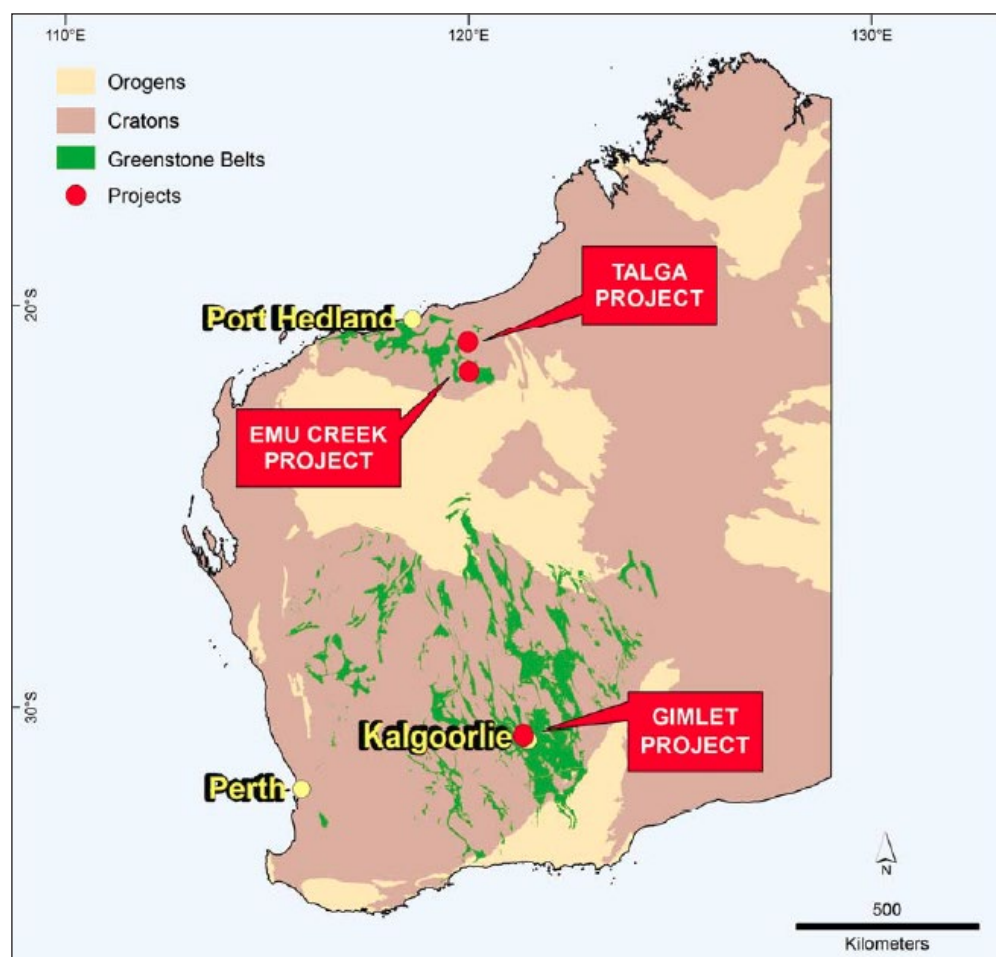
- ◆ **Markets and funding:** These are major threats for resource companies and can turn on a dime – First Au is somewhat insulated from this with cash in the bank, however should things turn they will need to conserve cash which may mean not giving some projects the attention they deserve.
- ◆ **Poor exploration results:** This goes without saying, and is a perennial threat to junior explorers.

OVERVIEW

BACKGROUND AND PROJECT OVERVIEW

- ◆ First Au is an ASX listed junior diversified explorer with its focus on gold and base metals in Western Australia (Figure 1).
- ◆ The Company was reinstated to the ASX on June 14, 2018, following the acquisition of the projects by the then Public Holdings (Australia) Ltd, recompliance with Chapters 1 and 2 of the Listing Rules and the change of name to First Au Limited - as part of the relisting, the Company raised A\$6.216 million (before costs) at a subscription price of A\$0.04/share, with each share also having an attached, A\$0.06 listed option.
- ◆ The amount raised was reasonable, given the “sideways” nature of the market at the time, with the capital raised close to midway between the minimum (A\$5.5 million) and maximum (A\$7.5 million) subscriptions.
- ◆ The consideration for the three projects, all vended in by interests associated with Mr Denis and Mr Damon O’Meara, was 32.5 million shares and 3.5 million options.
- ◆ The key focus is Gimlet, located adjacent to Intermin Resources (ASX: IRC) Teal Gold Mine, 15 km NW of Kalgoorlie; the Company commenced drilling immediately following the relisting, with the results to date being very promising.
- ◆ The Company also has significant exploration planned over the Pilbara projects, and will also consider other acquisitions, including gold projects to augment potential production from Gimlet.

Figure 1: FAU project location map



Source: FAU

FINANCIAL POSITION

- ◆ As of September 30, 2018 the Company had \$4.033 million in the bank and no significant debt; this follows on from the raising of A\$6.216 million before costs (A\$5.812 million after costs) in June 2018.

- ◆ In the September quarter the Company spent A\$0.493 million on exploration, and A\$0.650 million on administration and corporate costs; part of the corporate costs related to the relisting.
- ◆ The conversion of options (all currently out of the money) has the potential to bring in ~A\$14 million.

CAPITAL STRUCTURE

- ◆ FAU currently has 260.7 million shares, 217.0 million listed options and 17.5 million unlisted options on issue - these include escrowed securities with details shown in Tables 1 and 2.
- ◆ The largest shareholder is the Chairman, Mr Bryan Frost, with direct and indirect interests in 25.1 million shares, or 9.13% of the Company, with Mr Damon O'Meara holding 20.5 million shares, or 7.45%.
- ◆ Total insiders interests are 20.10%, with the top 20 holding 34.77%.

Table 1: Ordinary Shares

Ordinary Shares		
Number	Escrow Date	Notes
228,650,084	N/A	
20,491,250	15/06/2020	Consideration shares for project acquisition
11,000,000	15/06/2020	Corporate advisor securities
583,333	15/06/2020	Conversion of convertible notes
260,724,667		Total

Source: FAU

Table 2: Options

Options					
Expiry Date	Escrow Date	Number	Exercise Price	Cash on Exercise	Type
15/12/2020	N/A	215,463,270	A\$0.06	\$12,782,796	Listed
15/12/2020	15/06/2020	1,583,333	A\$0.06	\$95,000	Listed
1/03/2021	15/06/2020	17,500,000	A\$0.06	\$1,050,000	Unlisted - acquisition and advisor options
Total		234,546,603	N/A	\$14,072,796	

Source: FAU

PROJECT DESCRIPTIONS

GIMLET - FAU 100%

Location and Tenure

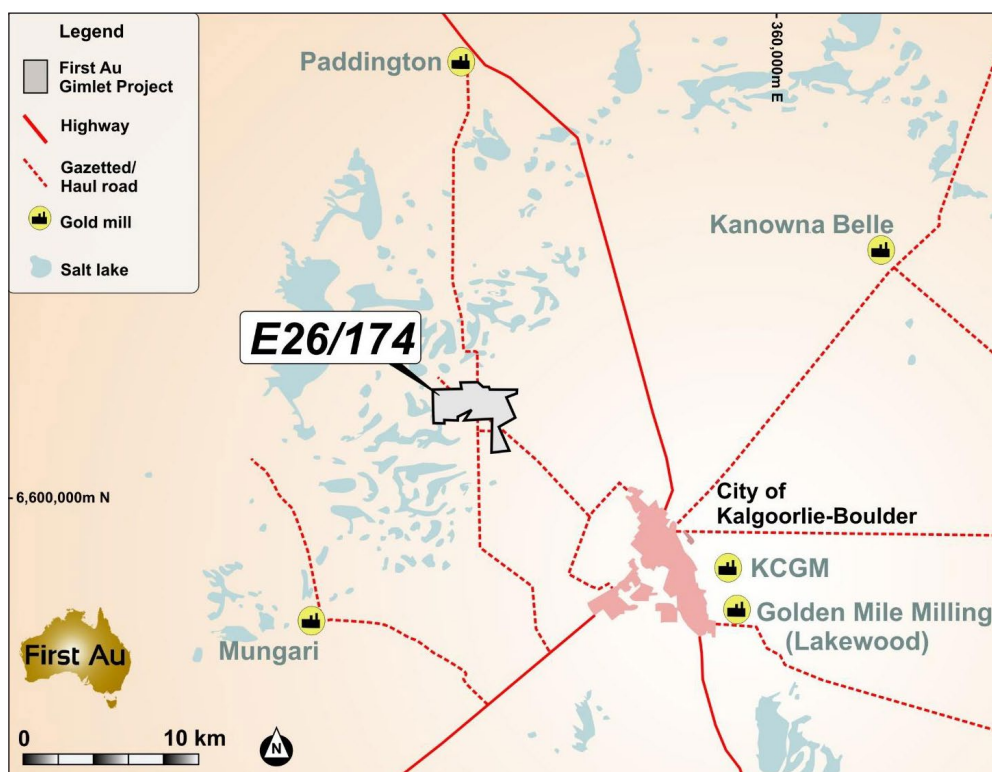
- ◆ Gimlet comprises one granted exploration licence (EL26/174, ~9.6 km²), located approximately 15 km NW of Kalgoorlie in Western Australia (Figures 1 and 2) - the tenement is in good standing.
- ◆ The Project is readily accessible, and close to services, infrastructure and mills.

Regional Geology and Mineralisation

- ◆ Gimlet is located within the Kalgoorlie Terrane, a tectonic element of the Eastern Goldfields Superterrane of the Neo-archaeon Yilgarn Craton.
- ◆ The Kalgoorlie Terrane is subdivided into a number of fault-bounded sub-terrane, with Gimlet located within the Ora Banda block, which is bounded by the Zulieka Shear to the west and the NNW trending Abattoir Shear to the east; the Abattoir Shear is a splay off the major Bardoc - Boulder/Lefroy Shear Zones, that control major deposits in the region including the Golden Mile at Kalgoorlie and Paddington deposits.
- ◆ These shear zones (both ductile and brittle) act as the conduits for the mineralising fluids, with reactions of the gold bearing fluids with wall rocks commonly controlling the deposition of the gold mineralisation.

- ◆ Two main types of mineralisation are present; generally shallow supergene gold, formed through the precipitation of remobilised gold in oxide material near the interface between fresh and oxidised material; and fresh orogenic-style mineralisation which is generally either disseminated within wall rocks or hosted in veins within the shears.
- ◆ Orogenic gold mineralisation can extend to significant depths.

Figure 2: Gimlet project location



Source: FAU

Local Geology and Mineralisation

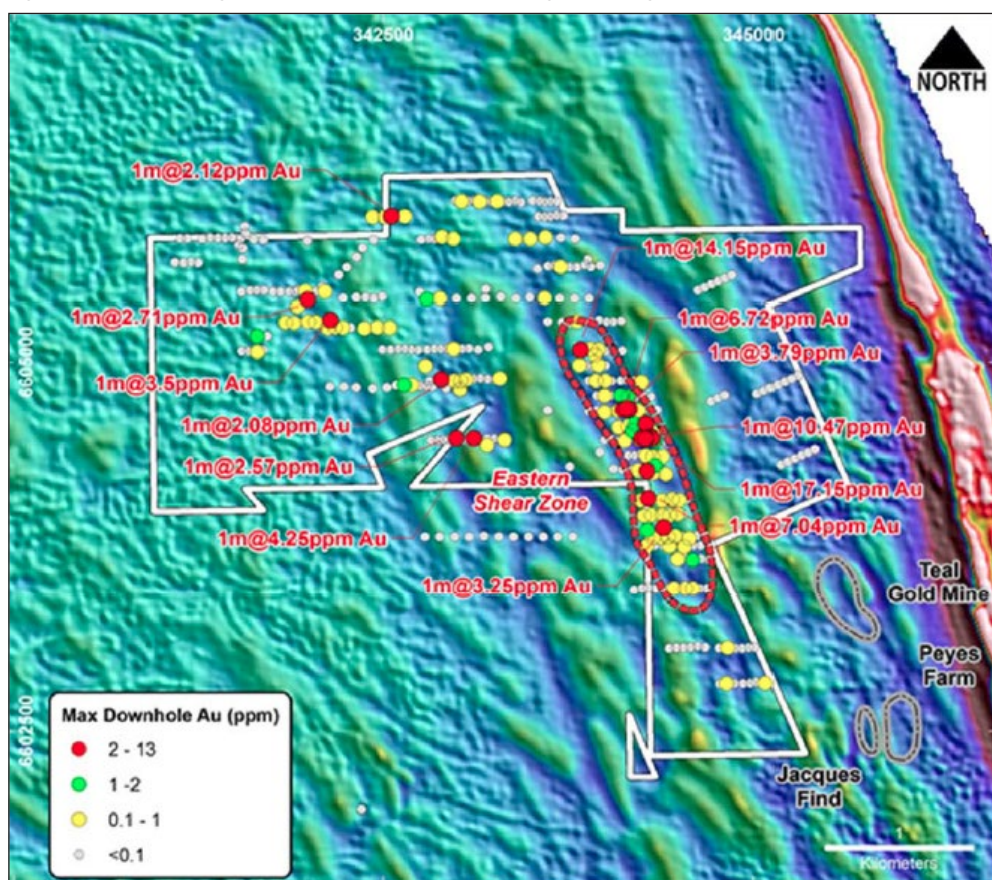
- ◆ Mineralisation identified at Gimlet is controlled by NNW trending shears within felsic volcanics and sedimentary units of the strongly sheared and greenschist facies metamorphosed Black Flag and White Flag Beds - these generally trend NNW, parallel to the regional structure.
- ◆ The mineralisation at Gimlet (Figure 5) occurs both as a generally flat-lying supergene blanket and veins within the steeply dipping shear zones - this mineralisation is similar to and occurs along strike from and in parallel shears to that at Intermin's Teal Gold Project immediately to the south, which includes the Teal, Peyes Farm and Jacques Find deposits, with combined Resources of 4.25 Mt @ 2.11 g/t Au, for 288,833 oz of contained gold.
- ◆ Intermin has recently completed mining at Teal, with this recovering 21,836 oz from 228,850 tonnes of ore; material was trucked 22 km north to Norton Gold Fields Paddington Mill as well as 20 km to the Lakewood Mill.
- ◆ The area is covered by appreciable surficial material, masking the underlying Archaean geology (which is weathered to a depth of ~40 m); this surficial material includes salt lake sediments up to 40 m thick, sandplain and paleochannel sediments.
- ◆ Fresh mineralisation is associated with pervasive carbonate and silica-sericite alteration, with gold mineralisation hosted by quartz-carbonate-arsenopyrite vein arrays within the shear zones.

Historical Exploration

- ◆ Due to the cover, there was only minimal exploration at Gimlet until the 1990s with exploration accelerating following that - this has included several campaigns of aircore and reverse circulation ("RC") drilling.
- ◆ A key outcome has been the identification of a NNW trending 100 ppm supergene gold anomaly, with a strike length of ~3.6 km and a width of 400 m over the Eastern Shear Zone (Figure 3) - this is on a parallel structure to that hosting Intermin's Teal, Peyes Farm and Jacques Find deposits which are located on parallel structures.

- ◆ Scattered anomalism also occurs along what is interpreted as another parallel shear to the west of the Eastern Shear Zone and to the north of Teal - the latter has been the focus of recent activities.

Figure 3: Gimlet, showing historical aircore drill results on magnetics image

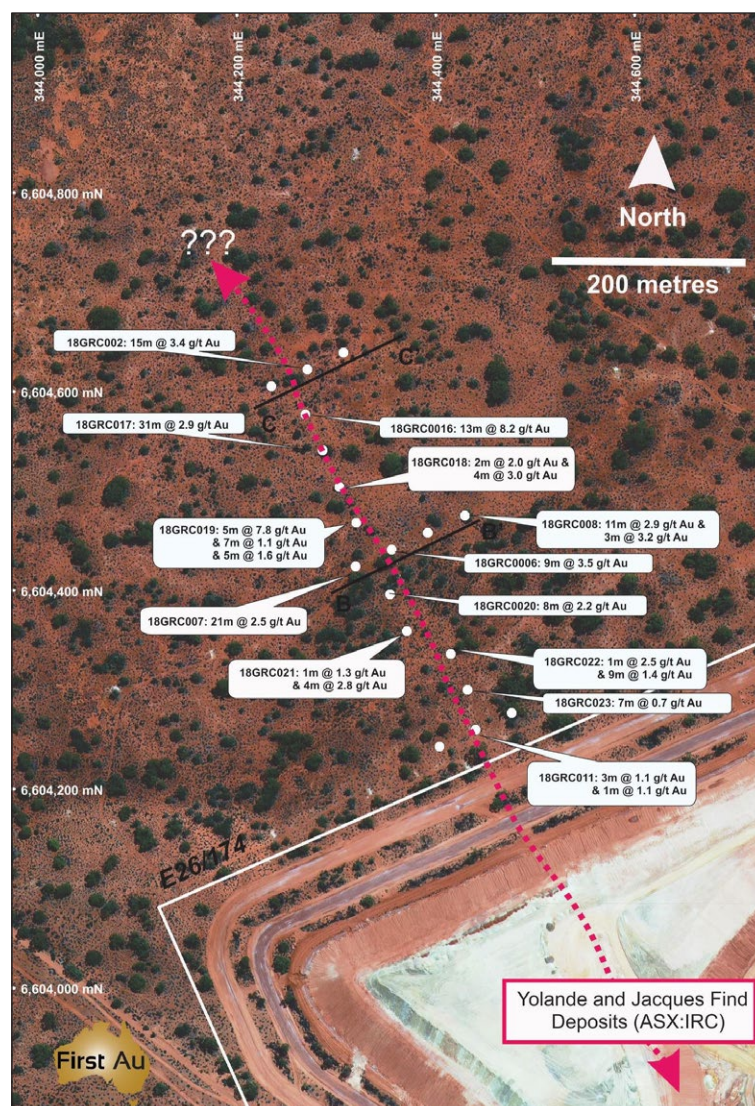


Source: FAU

Current Activities

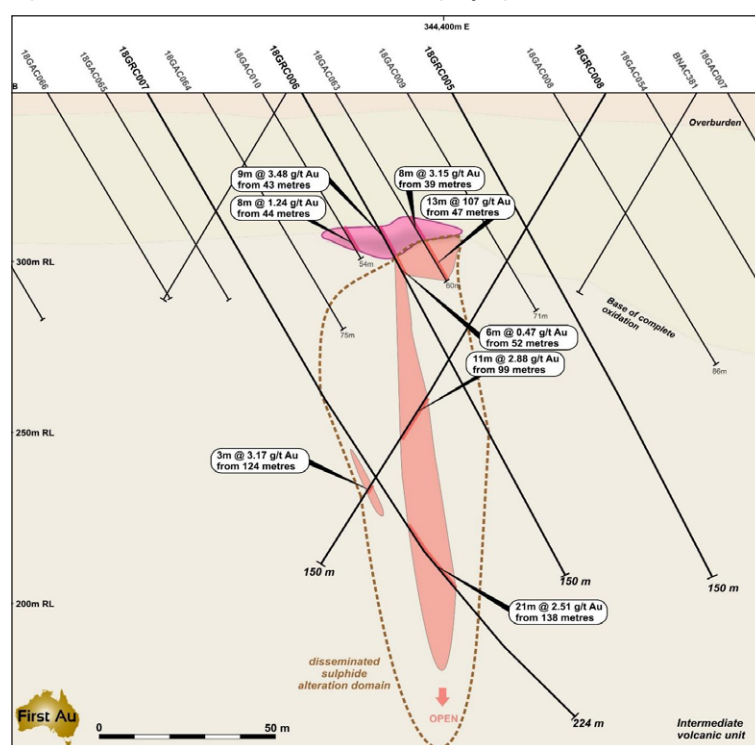
- ◆ The Company commenced drilling at Gimlet immediately following relisting - the initial phase included a 95 hole aircore and one diamond hole drilling programme for 6,958m, largely concentrated along strike to the north of Teal.
- ◆ This returned some spectacular intersections, including 4m @ 393 g/t Au, confirming the potential of the sulphide shear hosted mineralisation.
- ◆ More recently, the Company has completed an 18 hole RC drilling programme for 2,908m on the same structure, with this returning very strong results - this confirmed both supergene and primary mineralisation for a strike length of 500 m north from the southern tenement boundary, and still open at depth and along strike to the NNE (Figures 4 and 5).
- ◆ Selected intersections include:
 - Hole 18GRC016 – 13m @ 8.2 g/t Au from 67m (including 2m @ 16.1 g/t Au from 69m & 1m @ 40 g/t Au from 77m)
 - Hole 18GRC017 – 31m @ 2.1 g/t Au from 48m (including 1m @ 22 g/t Au from 69 m)
 - Hole 18GRC002 – 15m @ 3.4 g/t Au from 64m (including 3m @ 9.7 g/t Au from 66m)
 - Hole 18GRC007 – 21m @ 2.5 g/t Au from 138m (including 2m @ 12.8 g/t Au from 148m & 2m @ 5.8 g/t Au from 157m)
 - Hole 18GRC006 – 9m @ 3.5 g/t Au from 43m
 - Hole 18GRC019 – 5m @ 7.8 g/t Au from 63m (including 3m @ 11.5 g/t Au from 63m)
- ◆ This work has identified a supergene zone up to 50 m wide, and with thicknesses varying between 2 m and 31 m along the entire strike length tested; the thickness of the primary lode mineralisation ranged up to ~10 m true width.
- ◆ As is normal with this style of mineralisation there is pinching and swelling along strike and down dip, as well as varying grades.

Figure 4: Gimlet 2018 RC drilling, showing structural trend



Source: FAU

Figure 5: Gimlet drill section on hole B-B' showing supergene and vein mineralisation



Source: FAU

Intermin's Teal Activities

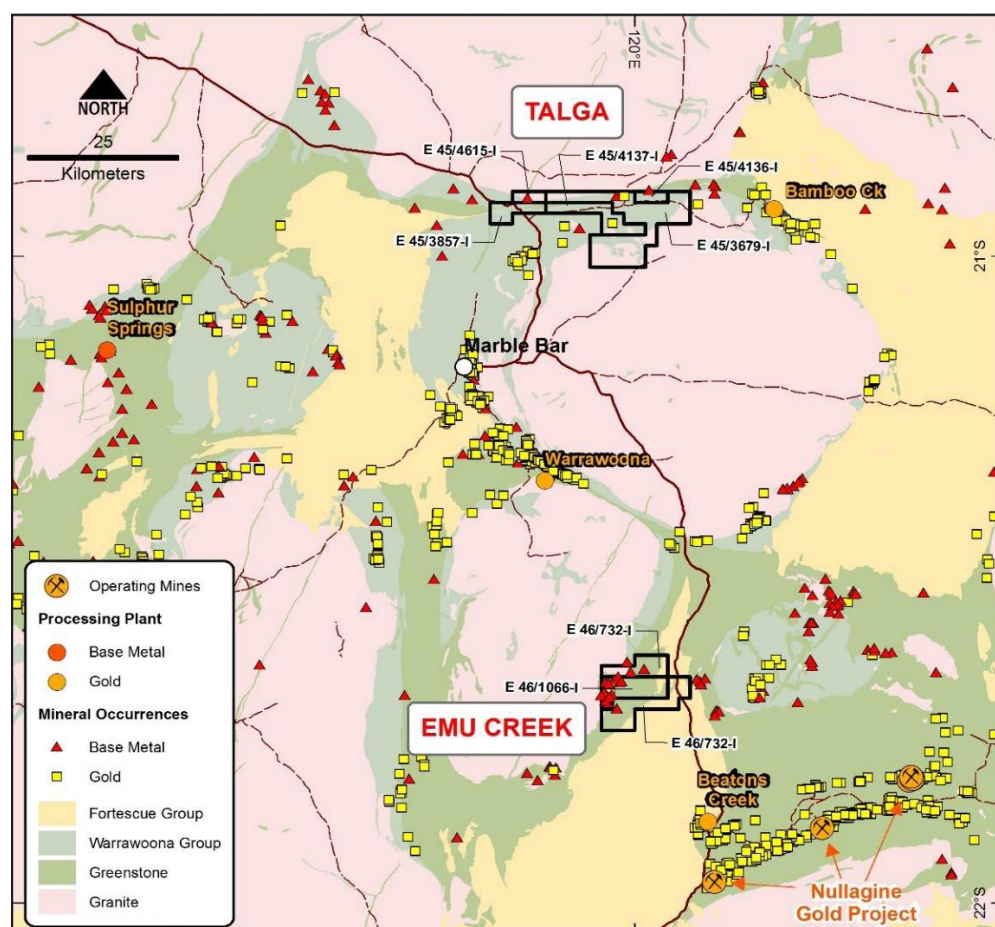
- ◆ Between the December, 2016 and June, 2018 quarters Intermin produced 21,836 oz of gold from 228,850 t of ore grading at 3.2 g/t, with recoveries of 93% from both supergene and transitional material - this was well above the Feasibility Study scenario of 171,000 t @ 3.21 g/t Au for 17,723 contained ounces of gold.
- ◆ The style and orientation of the mineralisation is similar to that recognised at Gimlet; Intermin mined ~400 m strike length of the supergene mineralisation with the edge of the mined area ~400 m SSE of the Gimlet EL boundary.
- ◆ Treatment was undertaken at both the Paddington and Lakewood mills, and with site operations carried out under an agreement with Resource Mining Pty Ltd ("RMPL").
- ◆ Under the terms of the agreement, RMPL received 25% of the free cash flow (after Intermin's recovery of the A\$2.1 million discovery cost) in return for funding 50% of the upfront capital cost of A\$4.5 million - the bulk of this cost related to the pre-stripping to 25m depth.
- ◆ Cash operating costs were in the order of A\$1,000/oz, resulting in a healthy free cash flow from the operation.
- ◆ Work subsequent to the cessation of mining has included Resource expansion drilling in the Teal Gold Camp, and advancing development studies for Jacques Find and Peyes Farm.

EMU CREEK - FAU EARNING 70%

Location and Tenure

- ◆ Emu Creek comprises two granted ELs for 120.9 km² located ~275 km via State Route 138 SE of Port Hedland, in northern Western Australia (Figures 1 and 6) - the historical Copper Hills mine is excised from the tenements, being located within M46/177, held by a private individual.

Figure 6: Emu Creek and Talga Project location and regional geology



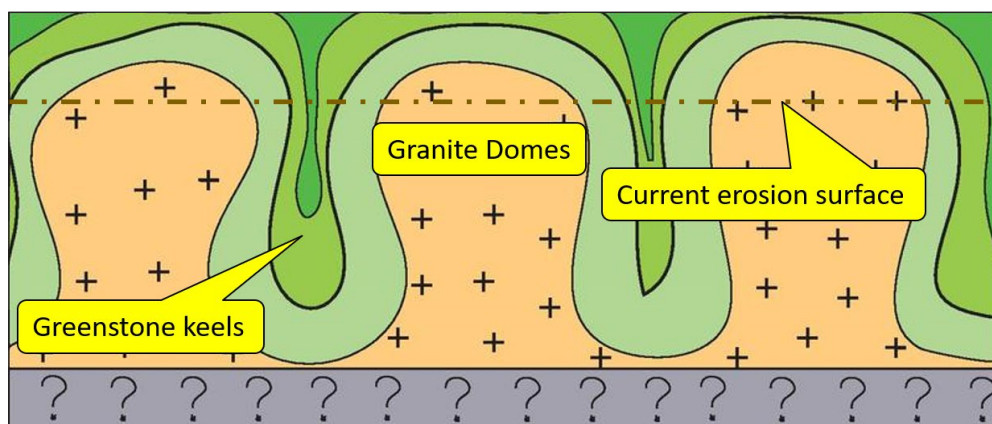
Source: FAU

- ◆ Access is to site via station tracks off State Route 138, with access generally impassable during summer due to wet season rains; the nearest town is Nullagine (25 km, with Millenium Minerals' (ASX: MOY) Nullagine Gold Project plant located some 43 km from the Project.
- ◆ The tenements are subject to a farm-in and joint venture agreement with Atlas Iron (ASX: AGO), which was entered into by Great Sandy Pty Ltd ("Great Sandy") in 2016, with First Au now acquiring Great Sandy's interests.
- ◆ Terms of the Agreement include:
 - First Au has the right to earn a 51% interest in the tenements through the expenditure of A\$190,000 within a 24 month period; and,
 - An additional 19% interest (taking the total to 70%) can be earned by completing a Bankable Feasibility Study within five years of the Agreement date.

Regional Geology and Mineralisation

- ◆ Both Emu Creek and Talga (Figure 6) are situated over the Archaean Pilbara Craton, which is characterised by a number of ovoid granite domes separated by Paleo-archaeo to Meso-archean greenstone belts; the Craton is further subdivided into a number of terranes.
- ◆ The greenstones are largely comprised of a series of volcano-sedimentary successions ranging in age from the Warrawoona Group (3,525 Ma to 3,427 Ma) to the De Grey Supergroup (2,970 Ma to 2,930 Ma) - some older ~3.80 Ga to 3.53 Ga crust has been identified in rare outcrops of gneissic granite and gabbroic anorthosite, making it the oldest identified crust globally.
- ◆ The Pilbara Craton is broadly equivalent in age to the Kaapvaal Craton in South Africa, the host to the Barberton greenstone-associated gold deposits.
- ◆ The granites have been dated at ~3,240 Ma, and there is some argument over the mode of formation of the domes - some argue that tectonics operating at the time were plate tectonics as is the case today, however there is a strong argument for "vertical tectonics", or "sagduction" whereby colder, denser crustal material "sinks" as "keels" into hotter underlying granitic rocks, forming keel and dome structures (Figure 7).
- ◆ This results in the greenstones forming synclines between the granite domes.

Figure 7: Schematic vertical tectonics processes



Source: Adapted from Wikipedia, extracted 181215

- ◆ Although originally included within the Pilbara Craton, the overlying Fortescue and Hamersley Groups (2,780 Ma to 2,450 Ma) are now considered as part of the separate Fortescue, Hamersley and Turee Basins.
- ◆ The Pilbara is prospective for a number of styles of mineralisation, including orogenic gold, VMS, lithium-caesium-tantalum ("LCT") type pegmatites, conglomerate-hosted gold, porphyry copper+molybdenum and iron ore - examples of all have been discovered, and in some cases mined in the region particularly in the case of iron ore, with the Fortescue and Hamersley Basins being a major global supplier to the seaborne trade.
- ◆ These mineralisation styles are discussed briefly below; small epithermal occurrences have also been identified in a number of localities, however these will not be discussed further.

Orogenic Gold

- ◆ There are a number of past and present gold operations in the Pilbara, with the main current operation being Millenium Minerals Nullagine Gold Project - this has current Mineral Resources of 21.92 Mt @ 1.6 g/t Au, for 1.107 Moz contained gold, and Ore Reserves of 6.0 Mt @ 1.6 g/t Au for 304,700 oz contained gold.
- ◆ The mineralisation is hosted in six mining centres over a 40 km arcuate strike length of the Mosquito Creek Formation, part of the De Grey Supergroup (Figure 6) - Millennium is currently producing between 80,000 and 100,000 ozpa through a 2 Mtpa CIL plant.
- ◆ Historic operations include those in the Pilgangoora area, which were mined by Lynas Gold Ltd from 1994 to 1998; these are now largely included in Kairos Minerals (ASX: KAI) Pilbara Gold Project, which has global Mineral Resources of 4 Mt @ 1.3 g/t Au for 643,000 oz of contained gold.
- ◆ Calidus Resources (ASX: CAI) is looking to develop the historic Warrawoona gold field, located midway between Talga and Emu Creek, with total Mineral Resources of 10.5 Mt @ 2.11 g/t Au for 712,000 oz contained gold.
- ◆ Along strike from Talga is the unlisted Haoma Mining's Bamboo Creek Project, with this historically treating 779,350 t @ 8.15 g/t Au from 1897 to 1995; Haoma is currently treating tails through a small pilot plant.
- ◆ Two main ages of gold mineralisation have been recognised, a 3,400 Ma event that is generally hosted in faults and shears that now ring the granite domes, and a 2,900 Ma event that is hosted in ENE trending regional structures.

Volcanogenic Massive Sulphide

- ◆ The volcano-sedimentary packages that make up the greenstone belts are typical geological successions that have hosted VMS mineralisation throughout geologic time - these successions commonly include "marker" horizons, that may variably include barite, chert, ochre, umber or sulphidic sediments amongst others - such marker horizons are seen at both Emu Creek and Talga.
- ◆ In the Pilbara, an example is the near development Venturex Resources' (ASX: VXR) Sulphur Springs, which has total Mineral Resources of 17.4 Mt @ 1.3% Cu, 4.2% Zn and 17 g/t Ag, with the same stratigraphy also hosting the nearby Kangaroo Caves deposit; the 27km long Sulphur Springs trend also hosts a number of other VMS targets.
- ◆ Venturex also owns Whim Creek, where 67,000 t of copper has been historically produced from near surface VMS related oxide mineralisation.
- ◆ In addition there are a number of other prospects and small scale historical mines in the region.

Lithium Pegmatites

- ◆ Of significant interest over the last few years has been LCT-type pegmatite hosted lithium mineralisation, as exemplified by the Pilgangoora deposits of Pilbara Minerals (ASX: PLS, 226 Mt @ 1.27% Li₂O and 116 ppm Ta₂O₅) and Altura Mining (ASX: AJM, 50.5 Mt @ 1.01% Li₂O); both have recently started production of spodumene concentrate.
- ◆ Previous pegmatite operations concentrated on the production of tantalum, with these including Global Advanced Metals' Wodgina operation amongst others.
- ◆ Pegmatites comprise the last phase of the crystallisation of granites, and are relatively low temperature rocks containing incompatible elements - these occur within the roof zones of granites and within the immediately overlying units, commonly occurring as sheeted dykes and sills.

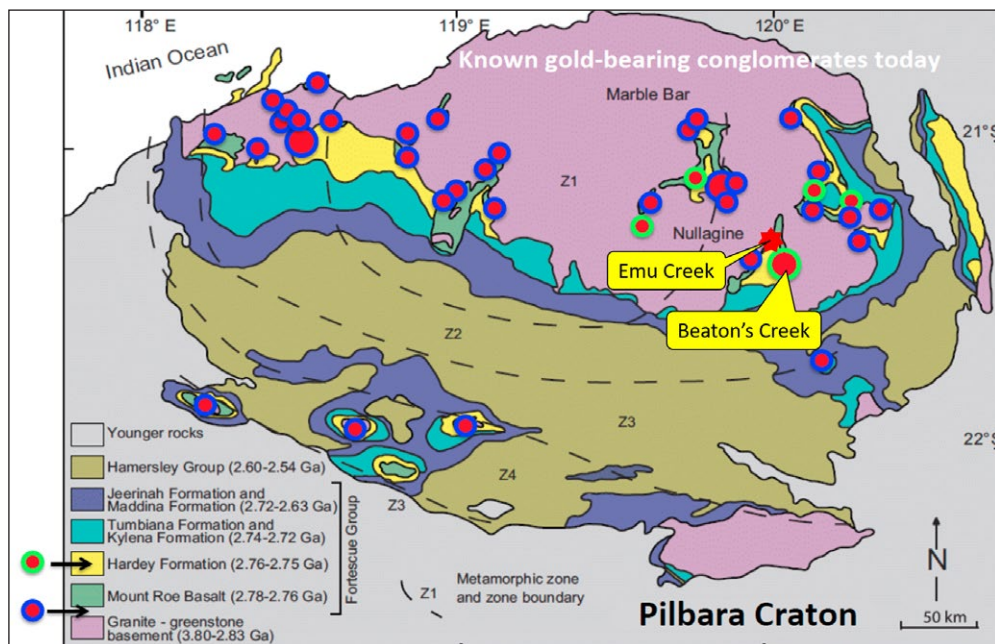
Conglomerate Gold

- ◆ Recent times have seen a new 'gold rush' in the Pilbara, with exploration for conglomerate-hosted (paleo-placer) gold - some have compared these to the Witwatersrand gold deposits in South Africa, however this is still a point that attracts much argument.
- ◆ This is hosted in two main units - conglomerates at the base of the Mount Roe Basalt (the basal unit in the Hamersley and Fortescue Basins), and within the overlying Hardey Formation (Figure 8), with the gold being sourced through erosion of the older greenstone units.
- ◆ The mineralisation takes a number of forms, including occurring as large nuggets (including "watermelon seed" nuggets), and also as more finely disseminated mineralisation - the latter style includes Novo Resources Corp's (TSX-V: NVO, "Novo") Beaton's Creek

deposit, with total Mineral Resources of 8.384 Mt @ 2.42 g/t Au - this is the only identified conglomerate gold occurrence with an MRE.

- ◆ Given the nuggety nature of these deposits it can be very difficult, if not impossible, to accurately estimate Minerals Resources.

Figure 8: Conglomerate-hosted gold occurrences and locations of Emu Creek and Novo's Beaton's Creek deposit



Source: Adapted from Novo Resources Corp presentation to SMEDG, November 7, 2018

Porphyry Deposits

- ◆ Porphyry deposits commonly host copper, gold and molybdenum, and are associated with high-level to sub-volcanic intrusives; a number of calc-alkaline volcanic centres have been recognised in the Pilbara generally associated with the Warrawoona and Gorge Creek Groups.
- ◆ One of the best known examples of porphyry-style mineralisation in the Pilbara is the Spinifex Ridge (Coppins Gap) porphyry molybdenum-copper deposit, which has variously been dated at 3,300 Ma and 2,978 ± 102 Ma.
- ◆ The mineralisation, which is hosted in calc-alkaline quartz feldspar porphyries hosts an MRE of 652 Mt @ 0.05% Mo and 0.08% Cu, and is owned by the unlisted Young Australian Mines Ltd, previously Moly Mines.
- ◆ The Copper Hills deposit, located within the Emu Creek tenement area has also been classified as a porphyry deposit, being hosted at the north end of a quartz-feldspar biotite pegmatite, termed the Boobina Porphyry.
- ◆ Copper Hills reportedly produced some 15,730 t @ 13% Cu from 1951 to 1963; other examples of interpreted porphyry prospects include Gobbos and McPhee Creek.

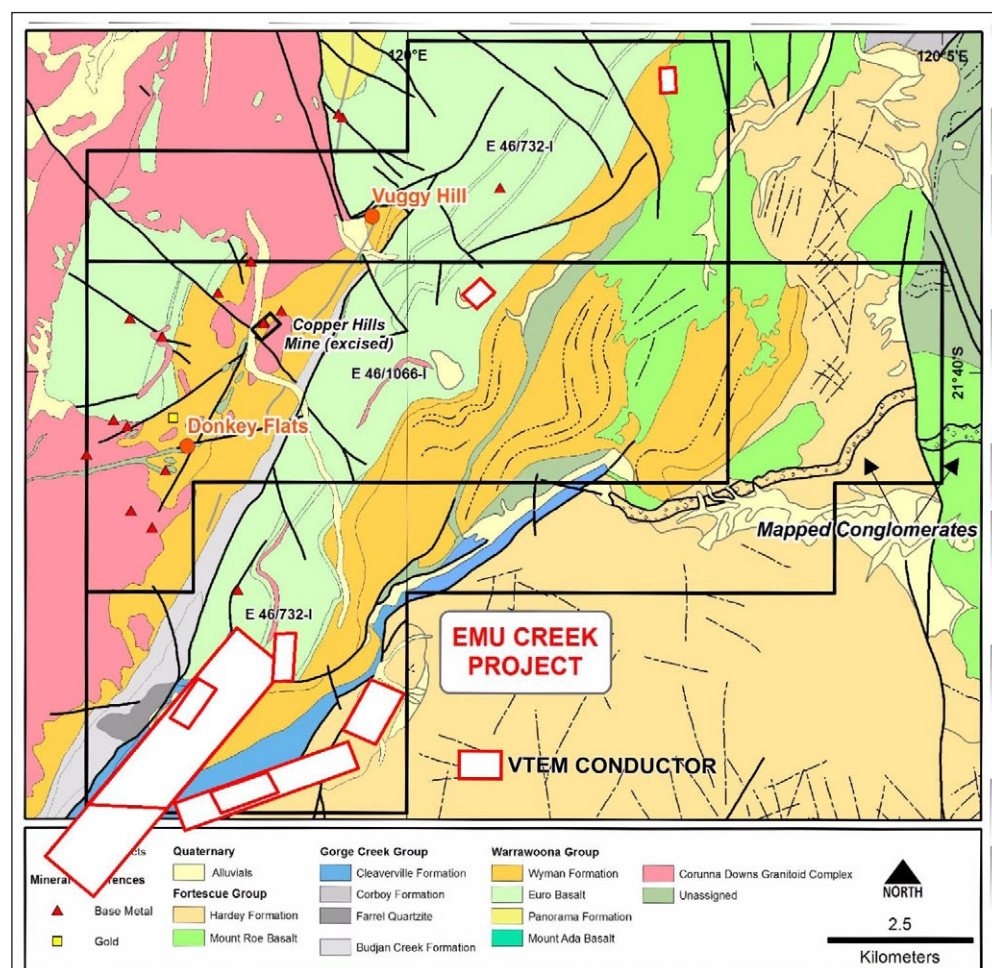
Iron Ore

- ◆ Iron ore is the major commodity mined in the Pilbara region, and is largely associated with units of the Hamersley Basin, which overlies the Pilbara Craton.
- ◆ The main hosts to the economic mineralisation are banded iron formations ("BIF") of the Brockman and Marra Mamba Formations of the Hamersley Group, with high grade mineralisation formed by the hydrothermal alteration and upgrading of the pre-existing BIF units by both basinal brines and deeply circulating meteoric waters.
- ◆ However, BIF units within the Pilbara Craton itself also host significant goethite - hematite iron ore deposits, including Goldsworthy and satellite deposits; the Craton is also host to primary magnetite BIF deposits including Cape Preston, currently being mined as the Sino Iron Project by Citic Pacific and Cape Lambert, each with multi-billion tonnes of Mineral Resources.

Local Geology and Mineralisation

- The greenstone geology at Emu Creek, which is located over the Kelly Greenstone Belt, is dominated by units of the Warrawoona Group (Figure 9), with the Gorge Creek Group, Corruna Downs Granitoid Complex, Mount Roe Basalt and Hardey Formation also represented.

Figure 9: Emu Creek geology, tenements and airborne VTEM conductors



Source: FAU

- The geology highlights the prospectivity for VMS (and possibly porphyry mineralisation, given the presence of porphyry intrusive units and Copper Hills) within the greenstones, and conglomerate hosted gold at the base of the Mount Roe Basalt and within the Hardey Formation - Novo's Beaton's Creek deposit is immediately to the east, however there is no record of exploration for conglomerate gold within the Company's tenements.
- The VMS potential is also supported by the presence of a number of VMS-style barite occurrences.

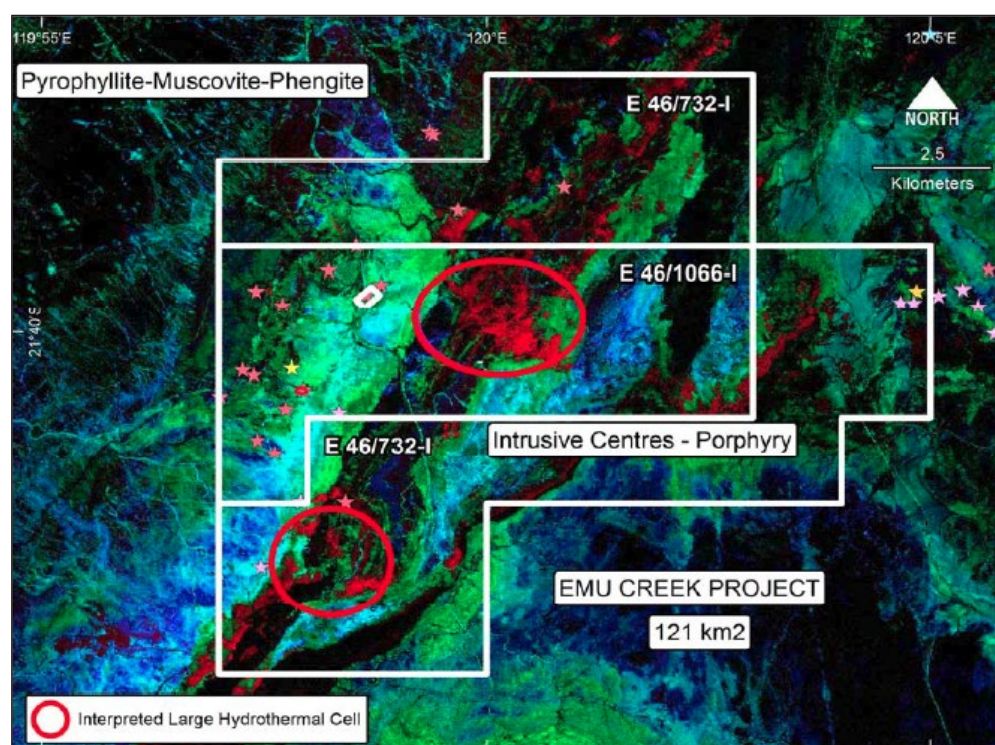
Historic Exploration

- Historic exploration, which dates from the 1950s and peaked in the 1990s included work for both precious and base metals (with the majority being for VMS mineralisation), and included geochemical sampling and some limited drilling - major explorers included Pacminex, Noranda and BHP.
- This work identified a number of base and precious metal prospects, some of which have never been followed up; results also confirmed the prospectivity for VMS mineralisation, with the area being in a similar stratigraphic position to that hosting the Sulphur Springs deposits, located some 95 km to the northwest.
- Significantly, given that VMS mineralisation is a key target style, no electromagnetic ("EM") geophysical surveying had been completed until the involvement of the Company - EM is a key exploration tool for VMS mineralisation, as is induced polarisation ("IP"), with the latter generally targeting more disseminated feeder-style mineralisation.
- As mentioned previously there was historical mining at Copper Hills, which is held under an ML by a private party and thus excised from the Company's tenements.

Current Exploration

- ◆ Work completed by Great Sandy and First Au to date has included a hyperspectral analysis of available satellite data and an airborne EM survey (Figures 9 and 10); in addition Great Sandy completed mapping and rock chip sampling over a zone of historic workings that delineated a zone of porphyry and quartz veins filling subparallel fractures over a strike length of 600 m - rock chips returned assays of up to 12.4% Cu and 1.52 g/t Au.
- ◆ The hyperspectral survey, which largely elucidates the composition of alteration minerals, has identified the presence of two large hydrothermal cells (Figure 10) - such cells are recognised as being spatially associated with VMS and vein style mineralisation, with the fluids causing the alteration also commonly transporting the base and precious metals.
- ◆ The sub-circular nature of the large hyperspectral anomalies may indicate deep-seated porphyry or granodioritic intrusives providing the heat engines for the cells.
- ◆ A number of zones of linear hyperspectral anomalies are also recognised, possibly indicating stratigraphically controlled alteration that may be associated with mineralisation.

Figure 10: Emu Creek hyperspectral image



Source: FAU

- ◆ The EM survey has delineated a number of anomalies (Figure 9), that could reflect sulphide bodies - these require ground follow up and possibly drilling - we note the coincident hyperspectral and EM anomalies at the SW end of the prospective stratigraphy - this is in a reasonably rugged area that has seen little ground work, and thus needs follow up.

TALGA - FAU 100%

Location and Tenure

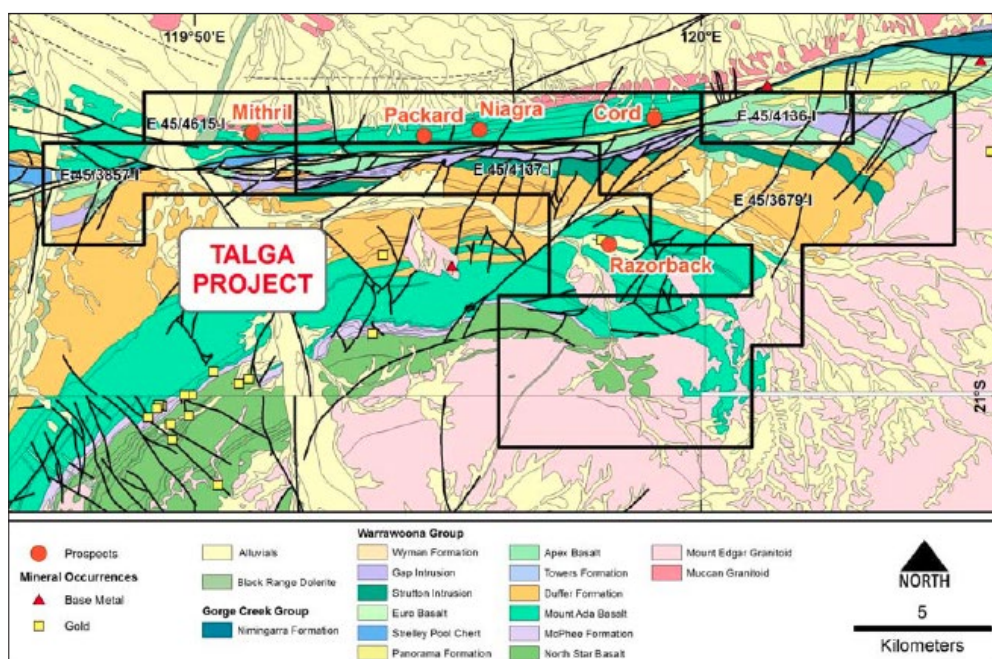
- ◆ Talga (Figures 6 and 11), comprises five granted ELs for 207.9 km² and is located ~25 km north of Marble Bar - all tenements are in good standing with the exception of E45/4136 (9.6 km²), which is in the process of being renewed.
- ◆ The western end of the Project is readily accessible from the Port Hedland to Marble Bar Road, with a number of station tracks then allowing access eastward; however given the rugged nature of some areas some helicopter supported exploration is required.

Local Geology and Mineralisation

- ◆ Talga is located over the eastern end of the Marble Bar Greenstone Belt, and largely includes volcanics of the Warrawoona and Gorge Creek Groups, located between the Mount Edgar Granite to the south and Muccan Granite Complex to the north (Figure 11).

- ◆ The Project comprises 14 km strike length of steeply north dipping and strongly thrust greenstones, and is considered highly prospective for base metal, precious metal and lithium mineralisation.
- ◆ The base metal prospectivity is highlighted by a series of VMS-style gossans along an east trending shear zone, with historic work identifying anomalous Cu, Au, Pb, Zn and Ag - prospects include Cord, Niagra and Packard.
- ◆ Results of work to date indicate the presence of a number of stacked sulphide lenses along the prospective stratigraphy and structures.
- ◆ The key gold prospect is Razorback (formerly Duisenberg), with this and other prospects discussed in more detail below.
- ◆ One metal that has not been explored for is lithium, despite the presence of tin-tantalum pegmatites in the Project area, associated with the Mt Edgar Granite - approximately 15km strike length of the contact between the granite and greenstones occurs within the Company's tenements, providing a compelling target for exploration.
- ◆ Iron ore mineralisation has also been identified at the Eginbah prospect, however this will not be discussed further.

Figure 11: Talga Project geology and tenements



Source: FAU

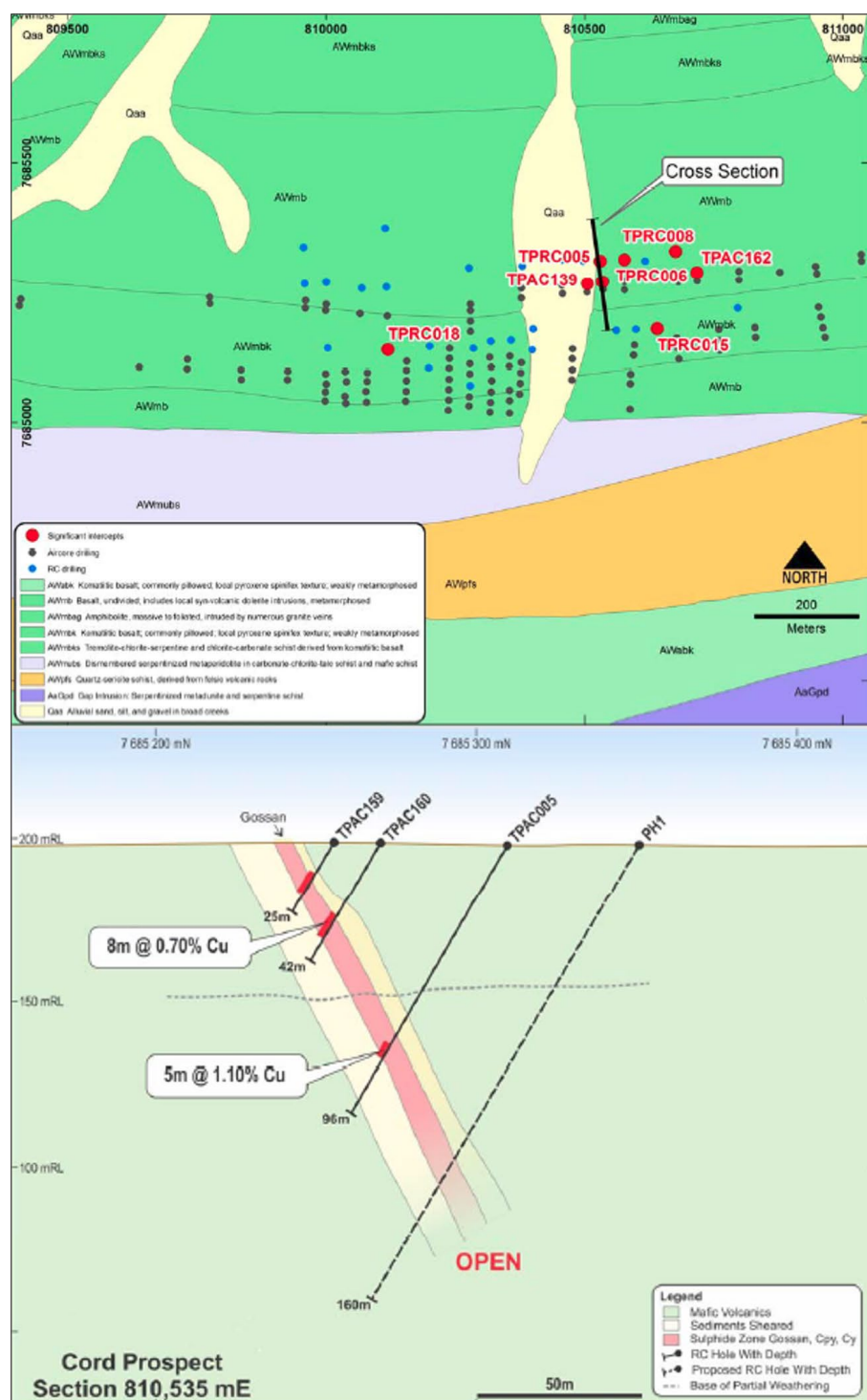
Historic exploration

- ◆ Talga has seen significant historic exploration for precious and base metals, which has identified a number of prospects, including Razorback and Cord amongst others.
- ◆ Work has included the full gamut of activities, including geology, geochemistry, geophysics and drilling, with this continuing from the 1960s; some of the most recent exploration prior to the involvement of Great Sandy was completed by Mining Projects Group in the 2000s.

Cord Prospect

- ◆ Cord is the main prospect of a number located along a 14 km strike length of structurally controlled VMS prospective stratigraphy within volcanics of the Warrawoona Group (Figures 11 and 12) - the zone is marked by a number of gossans and a chert horizon, which, with the exception of the noted prospects, has seen little drilling.
- ◆ Drilling at Cord, which has included RC and aircore testing 1,000 m of strike has intersected up to 40 m of gossanous/pyritic material, with this including up to 26 m of base and precious metal anomalism - best intercepts include 8 m @ 0.70% Cu and 5 m @ 1.10% Cu.
- ◆ Other work has included downhole EM ("DHEM") surveying - this has identified offhole conductors below the current drilling, highlighting the potential for higher tenor mineralisation deeper in the system.

Figure 12: Cord prospect plan and section, showing geology and drilling

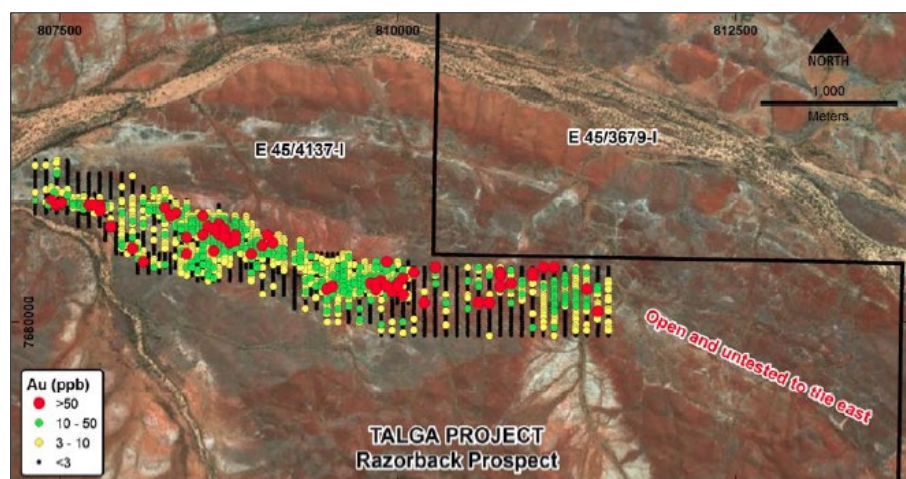


Source: FAU

Razorback

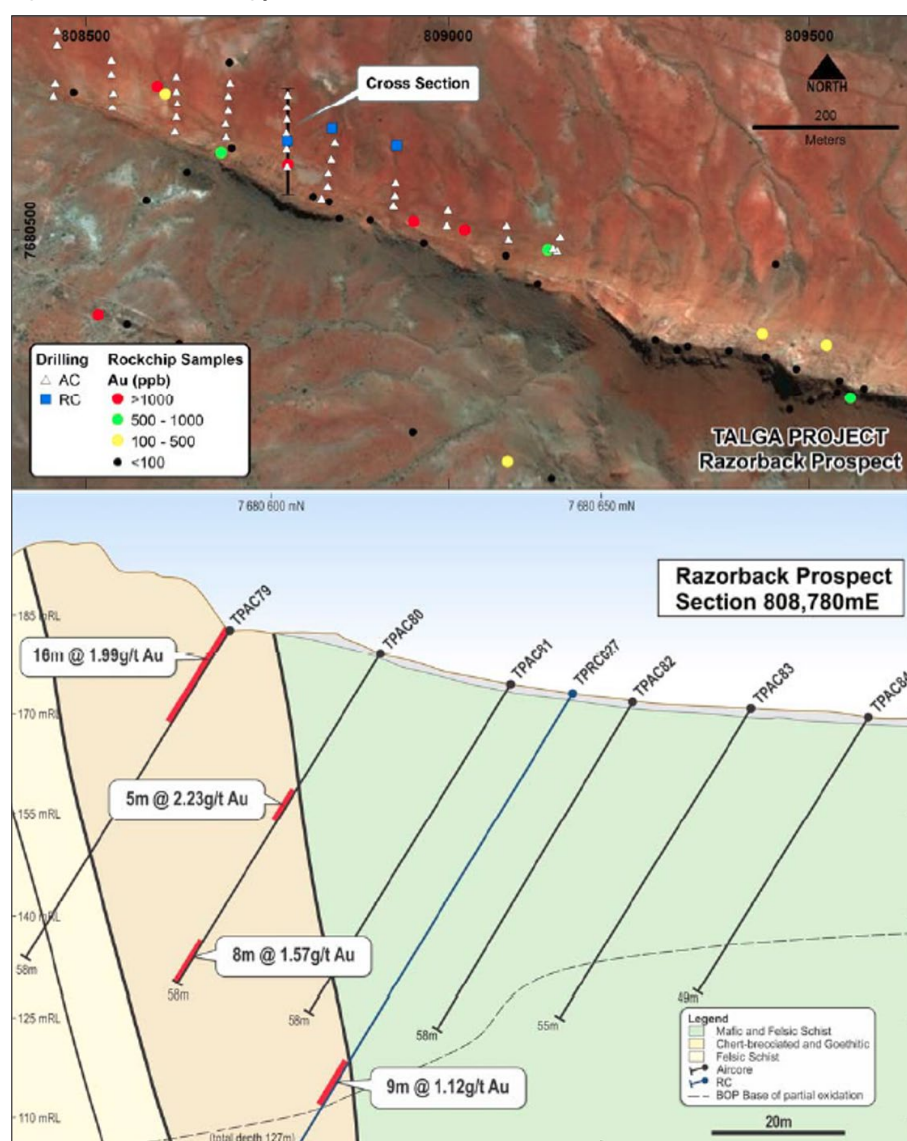
- ◆ Razorback forms a conspicuous ESE trending ridge, with soil gold anomalism being identified over a strike length of 4,000 m, and still open to the east (Figure 13).
- ◆ Mineralisation is interpreted as being hosted within a number of en-echelon veins within a chert horizon, with the mineralised zones being at a slight angle to the strike of the ridge; in addition work by Great Sandy identified a 1 m to 3 m wide, 300 m long quartz reef along the north face of the ridge.
- ◆ Drilling, which includes aircore and RC programmes completed by Mining Projects Group has only tested 700 m strike of the 4,000 m of the soil anomaly, and has however returned up to 9 m @ 1.12 g/t Au from RC drilling (Figure 14); aircore drilling returned a best 1 m split of 12 g/t Au.

Figure 13: Razorback ridge soil anomaly



Source: FAU

Figure 14: Razorback drilling plan and section.



Source: FAU

EXPLORATION POTENTIAL AND UPSIDE - PILBARA PROJECTS

- ◆ Work to date at both Talga and Emu Creek has delivered some very tantalising results, including for base metals and precious metals, with the lithium potential at Talga untested.
- ◆ There is strong potential for VMS mineralisation at both projects, with this highlighted by geochemistry, geophysics and remote sensing, with this supported by:

- The newly delineated EM conductors at Emu Creek highlight the possibility for the presence of buried/blind sulphide mineralisation (which is also supported by the hyperspectral work); there could also be the potential for blind VMS feeder mineralisation, however this may require IP surveying to identify; and,
 - The 14 km strike length of prospective structure and stratigraphy at Talga is also largely untested - follow up work to date appears to have been concentrated on surface geochemical and geological anomalies, however there is the potential for blind mineralisation that may not have any surface geological (except for the presence of the prospective stratigraphy) or geochemical expression - such deposits would require geophysics (EM, IP) to delineate - the presence of DHEM anomalies at Cord supports this.
- ◆ The potential for orogenic gold mineralisation, particularly at Talga, has been highlighted by the results of work to date, as well as the history of gold mining in the Pilbara.
 - ◆ Whilst on gold, Emu Creek includes stratigraphy considered prospective for conglomerate-hosted deposits, such as at Beaton's Creek, immediately to the east.
 - ◆ The lithium potential is highlighted by the presence of recognised tin-tantalum pegmatites associated with the Mt Edgar Granite.

PLANNED ACTIVITIES

- ◆ Work at Gimlet will include further drilling, which can then be used initially in calculating an exploration target on the oxide mineralisation, and then an initial MRE on both oxide and fresh lode mineralisation - a programme of 2,000 m to 3,000 m RC, plus possibly a deeper diamond hole, is planned for February.
- ◆ Preliminary metallurgical test work is also planned for oxide, transitional and fresh material from Gimlet.
- ◆ Planning for the next Pilbara field season will be completed over the wet season, with possible field activities in 2019 including, amongst others:
 - Drilling at Emu Creek, and the Razorback and VMS prospects at Talga,
 - Possible IP surveying over a number of targets at Emu Creek,
 - Ground follow up of VTEM anomalies delineated at Emu Creek,
 - Nugget search and other geochemical work assessing the conglomerate gold potential,
 - Assessment of the lithium prospectivity at Talga; and,
 - Other reconnaissance and follow up work as required.
- ◆ The Company will also assess other opportunities when and if they arise; this will also include sourcing another Yilgarn gold project to complement Gimlet.

PEER GROUP ANALYSIS

- ◆ FAU is one of a number of diversified and gold explorers listed on the ASX - a selection of these is shown in Table 3.
- ◆ However, although details are not shown here due to no Resources being defined as yet, the Company could also be considered, by virtue of the Gimlet Project, primarily a gold explorer and potential developer.
- ◆ Gold companies in the evaluation and pre-development stages have a weighted average EV/oz of A\$30/oz, however this is in a broad range of A\$2/oz to A\$100/oz, with this largely determined by the quality of the gold assets.
- ◆ What is noticeable in the comparison to diversified explorers below is the low enterprise value of First Au when compared with peers - this provides strong leverage to exploration success - some examples in the following table where discoveries have been made include Peel Exploration (base metals, NSW) and Breaker Resources (gold, WA).
- ◆ Two companies, Artemis and De Grey saw appreciable uplift in value with the late 2017 conglomerate gold "rush" in the Pilbara - these prices however have subsequently retreated from the highs.
- ◆ Notable discoveries over the past 10 years in Western Australia which have given significant returns to shareholders include Pilbara Resources (ASX: PLS, lithium, A\$0.04 to A\$1.25), Sirius Resources (Ni-Cu, A\$0.06 to A\$5.00, last trade at A\$2.52 on Independence takeover) and Sandfire Resources (ASX: SFR, Cu-Au, A\$0.06 to A\$9.00 pre-development, subsequent peak at A\$10.04).

Table 3: FAU peer group

FAU peer group					
Description	EV	Precious Metals	Base Metals	Specialty Metals	Jurisdictions
Peel Mining Limited	\$88.5	Y	Y		NSW
KGL Resources Ltd	\$61.9	Y	Y		NT
Breaker Res NL	\$60.9	Y			WA
Artemis Resources	\$59.8	Y	Y	Y	WA
Legend Mining	\$55.9		Y		WA
Bardoc Gold Ltd	\$51.6	Y			WA, NT, Qld
De Grey Mining	\$40.3	Y	Y	Y	WA
Ardea Resources Ltd	\$39.7	Y	Y	Y	NSW, WA
St George Min Ltd	\$39.5	Y	Y		WA
Talisman Mining	\$34.1	Y	Y		NSW
Stavely Minerals Ltd	\$29.9	Y	Y		VIC
Emmerson Resources	\$25.5	Y	Y		NSW, NT
Cassini Resources	\$25.4	Y	Y		WA
Apollo Consolidated	\$25.4	Y			WA, Cote d'Ivoire
Musgrave Minerals	\$24.2	Y	Y		WA, SA
Matsa Resources	\$23.5	Y	Y		WA, Thailand
Calidus Resources	\$19.1				WA
Navarre Minerals Ltd	\$18.7	Y	Y		Vic
Red Metal Limited	\$17.7	Y	Y		WA, QLD, SA, NT
Kairos Minerals Ltd	\$15.3	Y		Y	WA
Bligh Resources Ltd	\$13.7	Y			WA
NTM Gold Ltd	\$13.6	Y			
Buxton Resources Ltd	\$13.3		Y	Y	WA
Sipa Resources Ltd	\$9.8	Y	Y		WA, Uganda
Impact Minerals	\$9.1	Y	Y		WA, NSW
Thundelarra Ltd	\$7.4	Y	Y		WA
Todd River Res Ltd	\$6.5	Y	Y		NT
Rimfire Pacific	\$6.5	Y	Y	Y	NSW
Cazaly Resources	\$3.7	Y	Y	Y	WA, Namibia
White Cliff Min Ltd	\$2.7	Y	Y	Y	WA, Kyrgyzstan
Magmatic Resources Ltd	\$2.2	Y	Y		NSW
Rox Resources	\$1.4	Y	Y		WA
Arrow Minerals	\$0.8	Y	Y	Y	WA
First Au Ltd	\$0.7	Y	Y	Y	WA

Source: IRESS, Company reports.

RISKS

- ◆ **Exploration/drilling:** This is the key risk facing any junior explorer, and this is no different with FAU. However the results of exploration to date partly mitigate this risk, with this work highlighting the prospectivity of the Company's projects; this also applies to further drilling on the more advanced projects.
- ◆ **Resource:** This will apply at Gimlet, with the need for work to deliver a resource that will prove viable to mine - this is mitigated to some extent by the potential to toll treat or have ore sale agreements with nearby mills thus negating the requirement for a stand alone plant; there may also be the potential to work in partnership with neighbours.
- ◆ **Markets and funding:** As we have seen in recent years markets can be very fickle – however with ~A\$4 million in the bank First Au is covered for exploration costs for a reasonable period. In addition, should the Company's share price increase above A\$0.06/ share there will be the potential for significant cash inflow from the conversion of listed options.

BOARD AND MANAGEMENT

- ◆ **Bryan Frost - Executive Chairman and Managing Director:** Mr Frost has had a long and distinguished career over 5 decades in stockbroking and the financial services industry and has been a chairman and director of multiple listed public companies and in particular ASX listed mining companies.

Mr Frost is chairman of Peregrine Corporate Limited, which operates under a Financial Securities Licence. In this role he was instrumental in the listing of De Grey Mining and Atlas Iron among others.

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

- ◆ **Michael Quinert - Non-Executive Director:** Mr Quinert is a founding partner of Quinert Rodda & Associates which was established in July 2009. Mr Quinert possesses specific expertise in assisting corporations to complete IPOs and has assisted numerous groups across a range of industry sectors to successfully list on the ASX.

Mr Quinert is Chairman of ASX listed West Wits Mining Limited (ASX: WWI), a company with active gold mining activities in South Africa, Australia and Indonesia.

- ◆ **Damon O'Meara - Non-Executive Director:** Damon O'Meara has had a 40-year involvement in the mining and prospecting industry through Denis O'Meara Prospecting. After working in exploration for decades Mr O'Meara founded and operated Outback Trees of Australia, working primarily with major mining companies including BHP, Rio Tinto, FMG, Chevron, Woodside, Atlas Iron and BC Iron providing commercial landscaping and irrigation to remote mining sites. Mr O'Meara is a director of Great Sandy Pty Ltd and represents the interest of the O'Meara family in First Au.

- ◆ **Denis O'Meara - Founder and Consultant:** First Au's projects have been acquired from entities associated with Denis O'Meara, who has had a lifelong involvement in the exploration and mining industry. Mr O'Meara is synonymous with prospecting and discoveries in the Pilbara region where he has dedicated the majority of his business life. His prospecting activities have led to joint ventures with Cominco, International Nickel, Aztec, Metana, ACM, Carpentaria Homestake, Gwalia Group, Placer Pacific, BHP Gold (Newcrest), Alkane, CRA and Hill 50 Gold.

Apart from involvement in 12 ASX listings Mr O'Meara was a joint founder of Atlas Iron. In excess of \$4 billion in exploration, development and mining expenditure has been generated from activities emanating from Mr O'Meara's prospecting activities. Mr O'Meara will remain an integral part of First Au's exploration effort. Mr O'Meara is a joint-recipient of the AMEC "Prospector of the Year Award".

- ◆ **Brian Richardson - Exploration Manager and Chief Consulting Geologist:** Mr Richardson is a geologist with over 35 years Australian and international experience. He has worked in all facets of mineral exploration including the generation, exploration and development of gold, base metals, uranium, diamond and tin-tantalite projects. He has held senior management positions in a number of companies in the resources sector and was a founding director of Thundelarra Exploration and Royal Resources. He is currently the technical director of North Rossa Pty Ltd and exploration manager of Great Sandy Pty Ltd.

- ◆ **Dr Gavin England - Consulting Geologist:** Gavin is a qualified geologist with with 20 years of industry and academia experience. He has worked in the fields of mineral exploration / project development, as well as petroleum geology in both Australia and the UK. Dr England has an extensive knowledge base in his field and is a member of AIG and AusIMM. He received a BSc (Hon) in geology from Curtin University, Perth (1994), and a PhD from the University of Western Australia (2001), where he developed expertise in conglomerate gold-uranium mineralisation in the Witwatersrand Basin, South Africa.

In the mining industry, Dr England has worked as a geologist / manager or consultant for junior and mid-tier mining companies in Australia in a variety of commodities and geological terranes, and from greenfield exploration to mine development. Most recently, he was the

chief geologist and then general manager of the Razorback Iron Project for Magnetite Mines and Royal Resources. While project managing Razorback, Royal Resources won “Best Emerging Company” at Diggers and Dealers in 2010

- ◆ **Brett Keillor - Consulting Geologist:** Mr Keillor is a geologist with 30 years’ experience in the mining industry working across a diverse range of commodities. He was recently Chief Geologist (Gold) for Independence Group and remains as a consultant. Mr Keillor was involved in the discovery of the Marymia gold deposit and the Plutonic gold discovery. One of Mr Keillor’s most significant involvements was the initial targeting that led to the discovery of the Tropicana Gold deposit. Mr Keillor is a two-time recipient of the AMEC “Prospector of the Year Award”.
- ◆ **David McBain - Company Secretary and Chief Financial Officer:** Mr McBain is the managing partner of McBain McCartin & Co, Chartered Accountants. He has over 40 years’ experience in business advisory, consulting, taxation and external audits. Mr McBain is a Fellow of both Chartered Accountants Australia and New Zealand and Australian Institute of Company Directors. He is also a member of Governance Institute of Australia.

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