



FIRSTAU

First Au Limited

ABN 65 000 332 918

Interim Financial Report

For the Half-Year Ended 30 June 2021

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 31 December 2020.

Directors' Report

Company Particulars

Directors:

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

Chief Executive Officer:

Ryan Skeen

Company Secretary:

Paul Godfrey

Chief Financial Officer:

David McBain

Auditors:

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

Solicitors:

QR Lawyers
Level 6, 400 Collins Street
Melbourne VIC 3000

Share Registry:

Link Market Services Limited
Tower 4, 727 Collins Street, Docklands, VIC 3008
Telephone: (03) 9200 4555
Free call: 1300 554 474
Email: registrars@linkmarketservices.com.au

Stock Exchange:

Listed on: Australian Securities Exchange Limited ('ASX')
ASX Codes: FAU (shares) FAUOA (listed options)
Listed on: OTCQB Code FRSAF

Registered Office:

At the offices of McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103
Telephone: (03) 9817 0700
Fax: (03) 9817 0799
Email: info@firstau.com
Web: www.firstau.com

Principal Place of Business:

At the offices of McBain Corporate Solutions Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

Directors' Report

Your Directors' present their financial report of First Au Limited for the half-year ended 30 June 2021.

Directors:

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

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

Principal Activities:

The principal activity of the Company is exploration for gold and base metals.

Results:

The consolidated entity reported a Net Loss for the half year of \$1,824,710 (30 June 2020 Net Loss \$846,541)

Review of Operations:

Highlights

- **New gold discovery at Snowstorm Prospect in East Gippsland Victoria provides evidence of veins carrying gold >1oz/t Au, from the maiden diamond drilling program of 1370m total**
- **Snowstorm results included 3.1m @ 11.6 g/t Au mineralised zone from 53m intersected in SNDDH002 including 0.8m @ 33.3 g/t Au from 54m, illustrating high grade system**
- **Upgrade of existing JORC Inferred Resource at Gimlet Gold Project, near Kalgoorlie, to 120,000 ozs Au, representing a 73% increase from previously reported JORC resource estimate, with mineralisation remaining open at depth**
- **Gimlet Gold drilling results show grades up to 30 g/t Au**
- **Three tenements under application were recently granted, within the highly prospective Mabel Creek area of the northern Gawler Craton, South Australia**
- **New IP anomalies identified at Razorback gold project, east Pilbara. Farm-In and Joint Venture agreement announced for Talga Project**

Victoria Gold Project

The Victorian Gold Project is in the Swifts Creek, Dargo and Haunted Stream goldfields, east Gippsland, Victoria which historically has produced over 140,000 ounces of gold. This region contains a significant high-grade gold system, indicated from mine workings and rock chip sampling (up to **444 g/t Au**, refer ASX release dated 3 June 2020).

First Au's geological team were first movers in the area with a new geological interpretation, and has applied the Lachlan 'Orocline Model', in developing this new prospective project. This is based on the tectonic history of the Lachlan Fold Belt, whereby the Ordovician rock sequence, Bendigo which hosts the gold deposits of the Central Goldfields of Victoria (Fosterville, Stawell and Bendigo), were previous along strike to the Haunted Stream Goldfields. Then, around 435-480 million years ago (Figure 1), the tectonic plate containing Tasmania, collided with the Australian plate causing the Lachlan Fold belt to bend, with the rocks containing Haunted Stream shifting to east Gippsland. This tectonic model was developed recently though regional geological studies by Geological Survey of Victoria and Geoscience Australia (for more detail, see ASX announcement "*First Au to Acquire Victorian Gold Exploration Project*", release dated 3 June 2020).

Directors' Report

On 3 February 2021, the Company announced, "High-Grade Rock Chips at Victoria Gold Project, Drilling to Commence this month at Snowstorm". New high-grade rock chips, up to **86 g/t Au**, were reported from the Snowstorm/Haunted Stream area along an area of historic gold workings 8.5km in strike (Figure 2). Fieldwork developed a new orogenic gold model that defines a new structural architecture responsible for controls on high-grade gold mineralization in the region. New mapping suggests significant depth potential for mineralization.

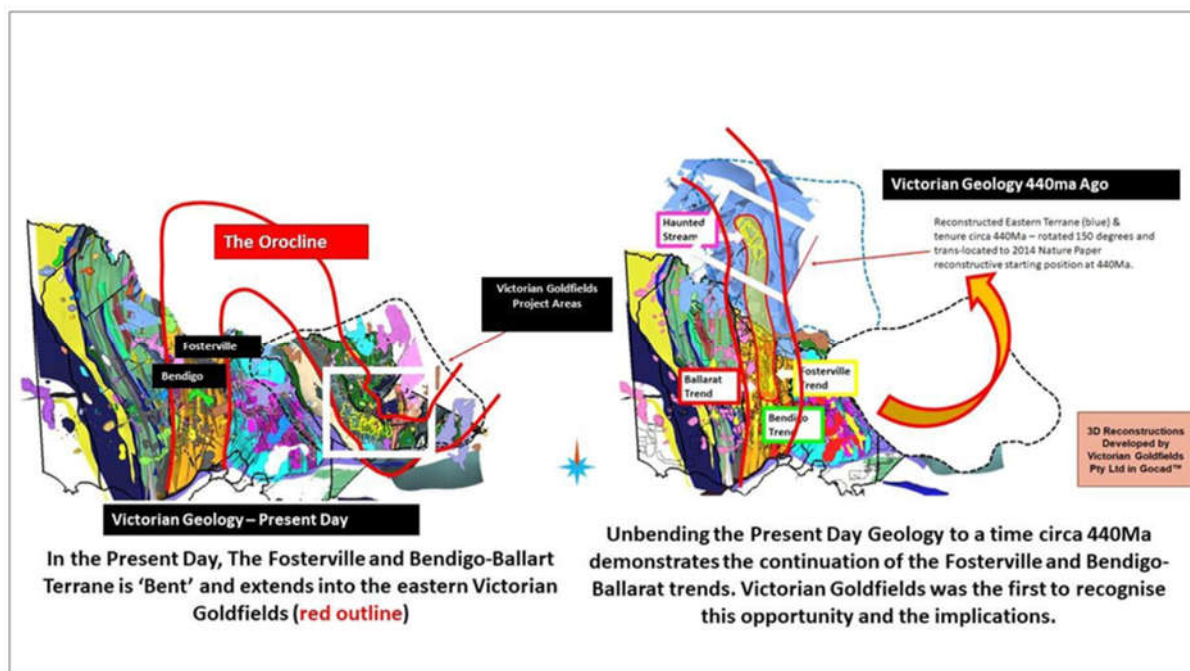


Figure 1. Diagrammatic representation of Victorian geology at present day and at 440 million years ago, showing the position of the Lachlan fold belt, through the orocline model

The Company commenced its maiden drilling program at Snowstorm in February 2021 (refer ASX release dated 17 February 2021) and following this announced, "Early Drill Results Positive at Snowstorm" (refer ASX release dated 7 April 2021).

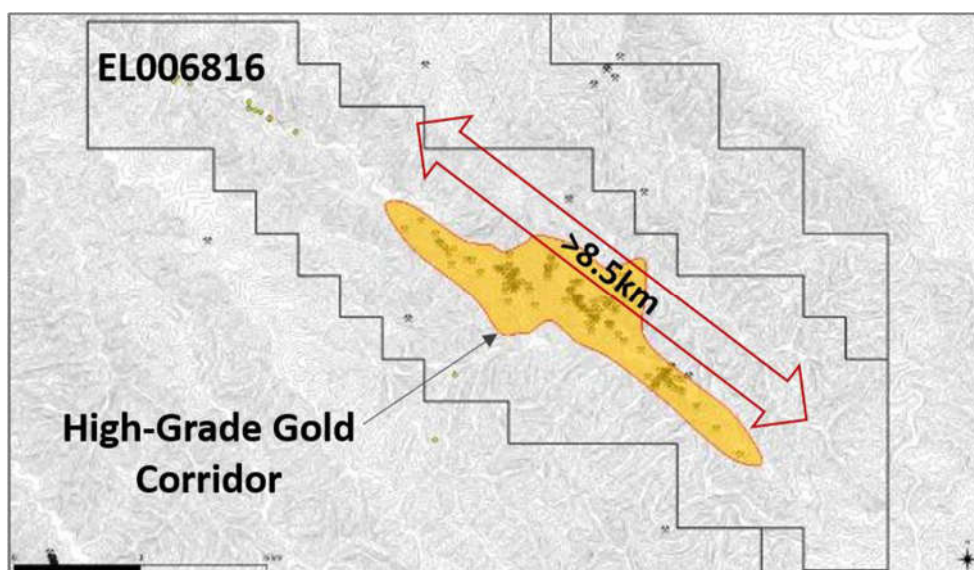


Figure 2. Haunted Stream tenement showing 8.5km strike of historic workings

Directors' Report

Results included:

- **3.1m @ 11.6 g/t Au** from 53m was intersected in SNDDH002, including **0.8m @ 33.3 g/t Au** from 54m (figure 3)
- **2.2m @ 1.12 g/t Au** from 16m was intersected in SNDDH005,
- **3.4m @ 2.56 g/t Au** from 18.8m, including **1m @ 2.62 g/t Au**
- **1m @ 5.24 g/t Au** from 20m



Figure 3. SNDDH002 diamond core with mineralised interval.

On 10 June 2021, the Company announced completion of the 1,370m drilling program, "Snowstorm Drilling Intersects Mineralised Dyke Swarm". Encouraging gold results intersected a newly discovered mafic dyke swarm at the Snowstorm Gold Project (EL 5505) in the Swifts Creek Goldfields, eastern Victoria (figure 4). The program identified high grade shoots (> 1 oz/t Au) and associated lower grade halos and provides new geological insight.

Results included:

- **1.2m @ 8.5 g/t Au** from 63.6m including **0.2m @ 49.3 g/t Au**
- **2.9m @ 2.27g/t Au** from 26m
- **9.7m @ 0.63 g/t Au** from 2.5m, including **2m @ 1.35g/t Au** and **1.3m @ 1.12 g/t Au** and **0.7m@ 14.6 g/t Au** from 28.2m
- **2.9m@ 3.41 g/t Au** from 19.3m, including **1m@ 5.74g/t Au**
- **1.5m @ 10.71 g/t Au** from 65m
- **1.1m@ 1.05 g/t Au** from 149.9m
- **5.5m@ 0.72 g/t Au** from 36m, **1.3m@ 1.98 g/t Au** from 50.1m, and **0.9m@ 4.4 g/t Au** from 134m

Directors' Report

The drilling intersected numerous altered and mineralised mafic dykes across the project area which are interpreted as analogous to the Walhalla and Woods Point Dyke Swarm system (Victoria), where some 2.4Moz of reported aggregated Gold was historically mined. The maiden drill program intersected altered mafic dykes in all 12 holes highlighting the extent of the dyke intrusions.

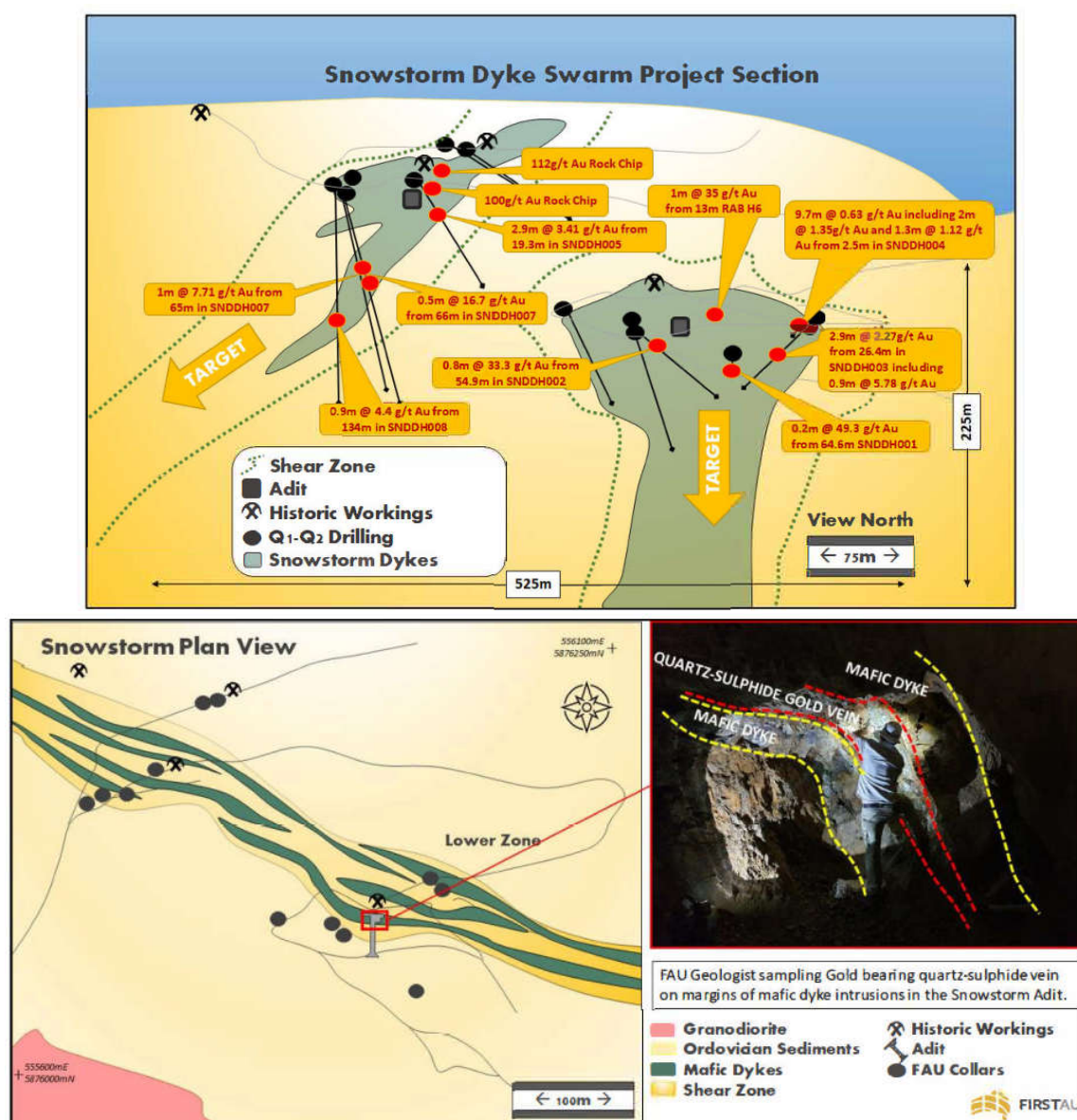


Figure 4. (top) Snowstorm mineralised intervals against developing geological interpretation Section 5876100mN. (lower) Map location of drilling and extent of dyke swarm across project area. All coordinates are in MGA94, Zone 55 coordinates.

The Snowstorm Shear Zone is defined by both hanging wall and footwall faults. The shear zone, displays a dextral-reverse movement, is 20 to 50 m wide, up to 1 km long and appears to persist at depth. The Snowstorm Shear Zone is interpreted to reflect a splay off the crustal scale Cassilis Shear Zone. The Cassilis area is known to have historically produced over 100,000 oz Au. The mafic dykes are interpreted to persist to depth within the shear zone. A diversity of quartz veining occurs immediately adjacent the mafic dykes with only the laminated veins and associated stockworks containing gold (figure 5).

Directors' Report



Figure 5. Mineralised quartz-veins intimately associated with mafic intrusions.

Gimlet Gold Project

First Au reported its maiden JORC Inferred Resource of 642,000 tonnes @ **3.3 g/t Au** (1.3 g/t cut off) for **69,000oz** of gold (refer ASX release dated 7 May 2019). Subsequent drilling programs have been carried out, with the most recent results having been announced on 29 January 2021, "*Gimlet Drilling Results up to 30 g/t Au*". The drilling improved the continuity of the mineralized body and identified new targets (Figures 6 and 7).

Results included:

Drillhole 20GRC013	17m @ 3.7 g/t Au from 170m including 6m @ 6.0 g/t Au from 172m 2m @ 6.0 g/t Au from 182m
Drillhole 20GRC015	2m @ 1.5 g/t Au from 46m 1m @ 1.2 g/t Au from 62m 20m @ 3.7 g/t Au from 72m including 1m @ 30.6 g/t Au from 81m
Drillhole 20GRC012	9m @ 4.8 g/t Au from 145m including 3m @ 8.4 g/t Au from 145m
Drillhole 20GRC014	2m @ 4.1 g/t Au from 45m 4m @ 3.6 g/t Au from 54m

Directors' Report

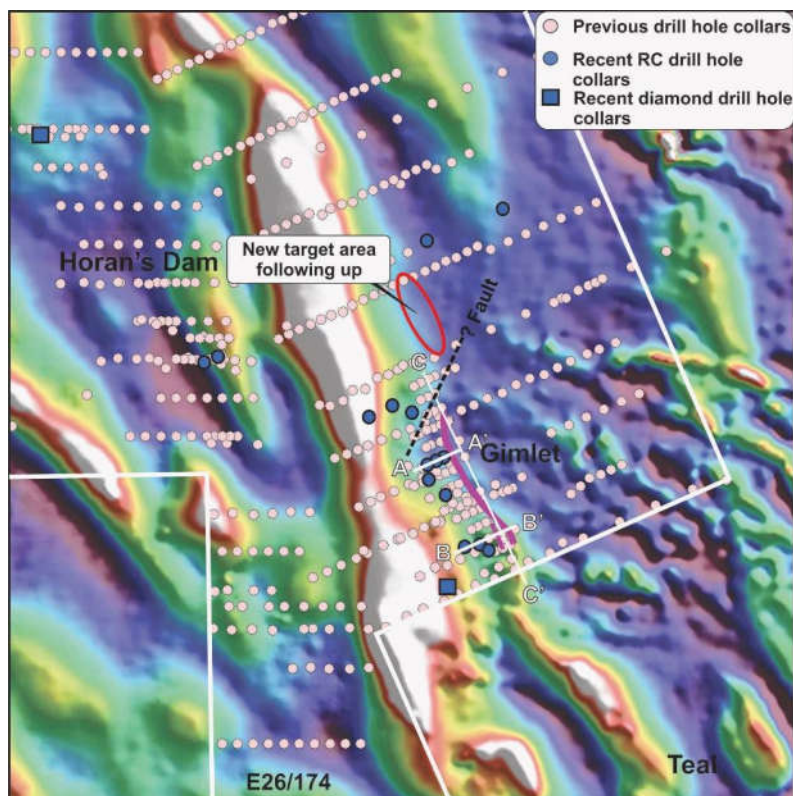


Figure 6. TMI image depicting the recent RC and diamond holes at Gimlet (labelled). Also note location of long section (Figure 7). Image also depicts new target area identified through new structural study (Coordinates are in GDA MGA94Zone 51)

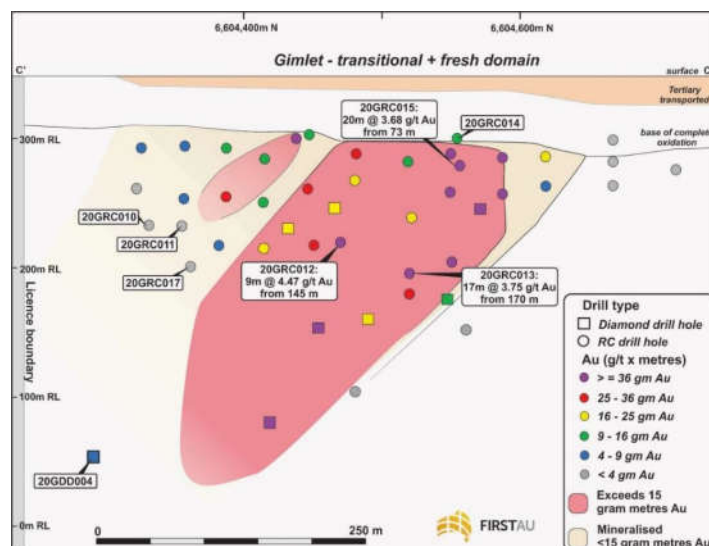


Figure 7. Drilling long section (See Figure 6 for location) showing pierce point of recent drill holes

On 23 June 2021 the Company announced a major update to its previously reported (refer ASX release dated 7 May 2019) JORC Inferred Resource. The new Mineral Resource Estimate (MRE) has resulted in an Inferred Resource of 1,166,000 tonnes at **3.2 g/t Au** for **120,000oz** at a 1 g/t cut-off (see table 1 below). This is a 73% increase from the previous reported inferred Gimlet Resource of 69,000 ounces Au at 3.3g/t Au and cut off of 1.3g/t Au (refer ASX release dated 7 May 2019). The mineralisation at Gimlet remains open at depth.

Directors' Report

A further breakdown is as follows:

June-21 Inferred MRE	Tonnes	Grade (g/t Au)	Ounces
Oxide	70,800	2.53	5,800
Transitional	93,400	3.21	9,600
Fresh	1,001,700	3.24	104,200
Total	1,165,900	3.19	119,600

Table 1. June 2021 MRE using 1 g/t Au cut-off

The 100% owned Gimlet Project occurs 15 km NW of Kalgoorlie, Western Australia, and tenements (E26/174 and MA 26/849) occupy 9.6 km² in area. It is close to existing infrastructure and within trucking distance of five gold mills within the Kalgoorlie area, with several offering the toll treatment of ore to third parties (figure 8).

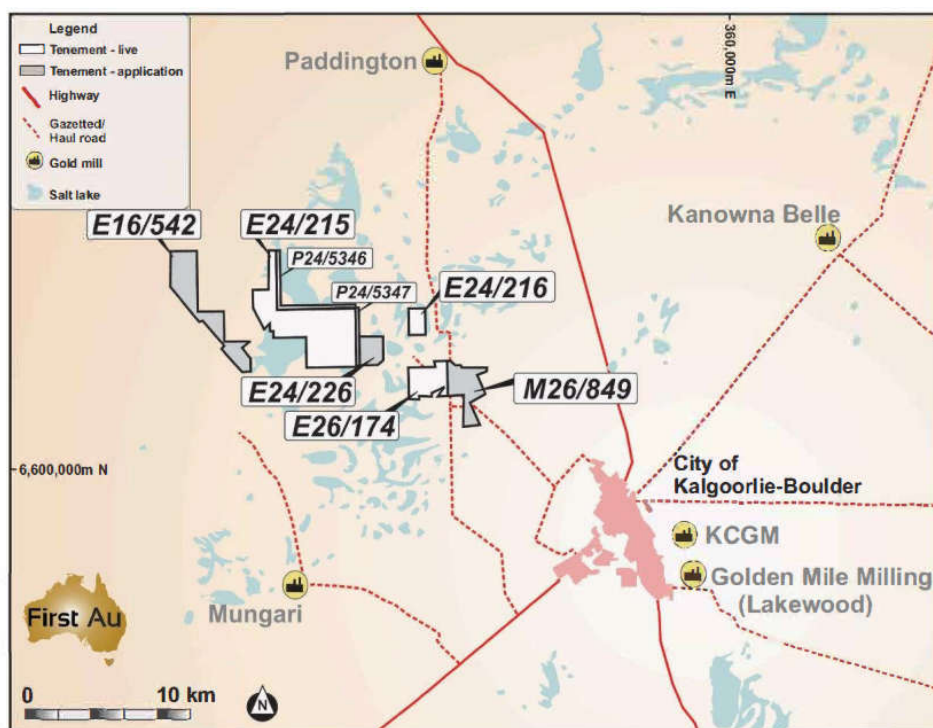


Figure 8. Location map of the Gimlet Gold Project (E24/216 and MA26/849), near Kalgoorlie

The geology in the tenement is prospective for gold, dominated by metamorphosed felsic and intermediate volcanic rocks of the Black Flag Group of the Kalgoorlie Terrane, Yilgarn Craton. This Archean geology is overlain by Cainozoic sediments, including some areas covered with salt lakes, which has previously inhibited the effectiveness of some of the historic exploration. First Au has completed multiple aircore and RC programs, which returned strong intersections, including **3m at 462 g/t Au** from 52m (refer ASX release dated 8 November 2018).

The Company has drilled multiple programs since mineralisation was first discovered from aircore drilling, announced on the 8 November 2018. The RC and diamond drilling is generally spaced to 40 metres along the already identified~ NNW-SSE mineralising trend and covered mineralisation from ~ 30m to below 300 m vertical depth, and ~ 450m in strike length. A total of 63 RC drill holes, and 8 diamond drill holes were used to create a 3D mineralisation framework and weathering surface. A majority of the drilling was angled and drilled in an easterly direction.

Directors' Report

East Pilbara Projects (Talga and Tambina Projects)

On 5 January 2021, First Au announced that it had entered into a Farm-In and Joint Venture Agreement with 8 Au Limited in respect of its Talga Project ("JVA"). The JVA replaced the previous Terms Sheet which was announced to the market on 20 November 2020 and contained fundamentally the same commercial terms other than in respect of an increase in the amount payable to First Au on commencement of the JVA from \$100,000 to \$180,000.

On 15 January 2021, the Company released results from the Induced Polarization ("IP") survey at the Razorback prospect at the Talga project completed at the end of 2020. An initial orientation survey over the known gold mineralization showed a distinct IP anomaly thought to be due to disseminated sulphides associated with gold mineralization. A total of 12 gold targets were identified for drilling and possible structures were identified in the survey data (refer ASX release dated 15 January 2021).

The JVA is subject to several conditions, including 8 Au Limited listing on the ASX on or before 30 June 2021. The anticipated listing date was subsequently extended to 30 September 2021. First Au will retain a 20% free carried interest to a decision to mine stage. First Au shareholders approved the JVA on 2 March 2021.

No field work was undertaken at the Tambina project during the half-year.

Corporate Activities

On 8 February 2021, the Company announced that it had successfully completed a placement of 75,294,118 shares to new and existing sophisticated investors at an issue price of 1.7 cents per share which raised \$1.28 million, before allowing for costs. The Company also announced a non-renounceable new issue of options on the basis of 4 new options for every 5 shares held as at the Record Date at an issue price of 0.5 cents per new option ("Rights Issue"). The Rights Issue closed on 16 April 2021 with application received for 305,657,262 new options, raising \$1,528,286 before allowing for costs.

On 21 April 2021, the Company announced that its Option Rights Issue closed on 16 April 2021. The Option Rights Issue was made on the basis of 4 new options for every 5 shares held at the Record Date (23 February 2021) at an issue price of 0.5 cents per new option. Acceptances for 305,657,262 new options were received raising \$1,528,286 before allowing for costs. The Company raised a further \$782,228.71 through the issue of 156,445,742 new options from the shortfall of the Options Rights Issue.

As part of the Company's growing presence and ongoing market awareness program, First Au elected to attain approval from OTC Markets to commence trading on the OTCQB Venture Market in the United States. OTCQB approval was subsequently granted, and the Company commenced trading on 22 April 2021 under the ticker symbol FRSAF. The Company will shortly complete DTC eligibility which will allow for the electronic trading of the Company's shares on OTCQB.

Subsequent Event post-quarter end - Mabel Creek

On 27 July 2021, the Company announced, "*New Cu-AU Mabel Creek Project in Highly Prospective Terrain, South Australia*" and that it been granted tenements that were under application, within the highly prospective Mabel Creek area of the northern Gawler Craton, South Australia. The Olympic Dam Cu-Au province contains tier- 1 IOCG deposits, including the Olympic Dam deposit of BHP (ASX: BHP), as well as Oz Minerals' (ASX: OZL) Prominent Hill and Carrapateena Deposits. There has also been recent activity by Coda Minerals (ASX: COD) at the Emmie Bluff Deeps Prospect, with a thick intersection of IOCG mineralisation reported.

The project area is ideally situated in the northern extent of the Olympic Dam Cu-Au province (figure 9). The total FAU tenure is ~ 1050 km², located ~ 45km west of Coober Pedy. Mabel Creek is 100% FAU-owned and was identified through project generation of vacant ground in 2020.

Directors' Report

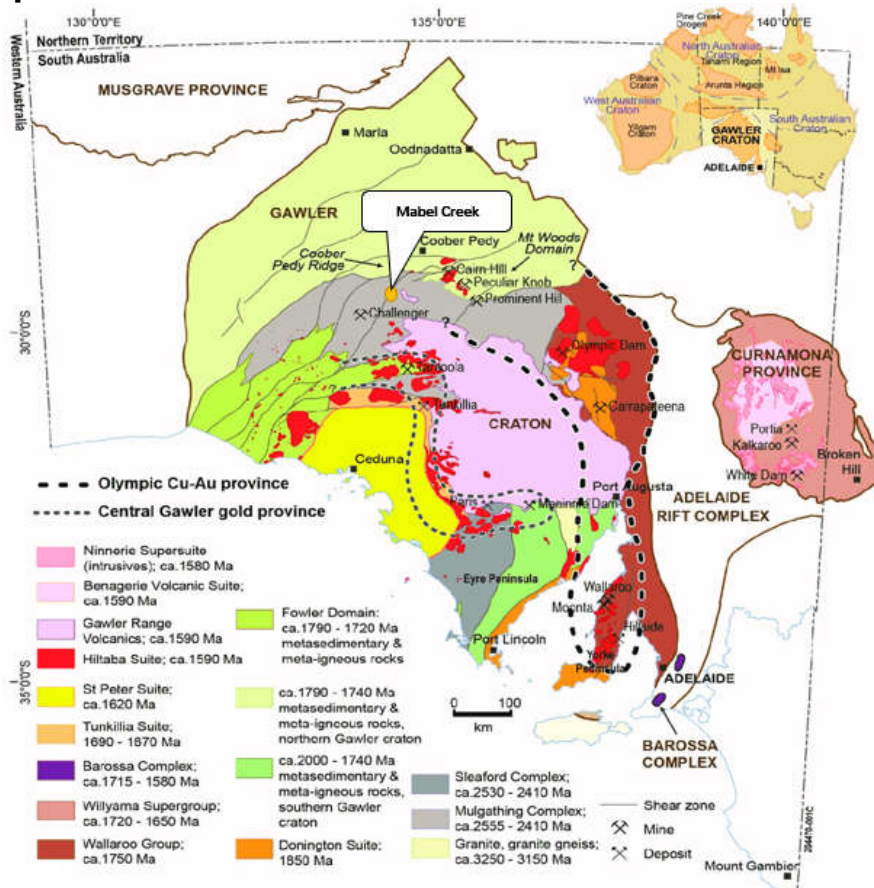


Figure 9. Gawler craton geology map, with location of the Mabel Creek Project (modified after Reid, 2019)

The Mabel Creek Project tenements straddle a major, deep seated E-W trending fault system which separates undifferentiated metasediments (including the magnetite BIF) of the Paleoproterozoic Mabel Creek Domain and paragneiss of the Mount Woods Domain. The tenure also contains prospective Hiltaba suite granitic intrusive, an important driver for IOCG and Gawler-style gold mineralisation in the Gawler Craton. The Mabel Creek Geological Domain has relatively thin cover sediment (20-200m) compared to the rest of the province (up to 1-2 km). The project location is interpreted to be situated along the prospective margin of the Gawler Craton in a similar geodynamic setting to that of other significant IOCG deposits (Figure 7).

FAU's Mabel Creek tenure is surrounded by tenements from major mining houses, including BHP, Rio Tinto, FMG and Oz Minerals (Figure 10), who now see this area as a tier-1 exploration opportunity and are actively exploring.

Directors' Report

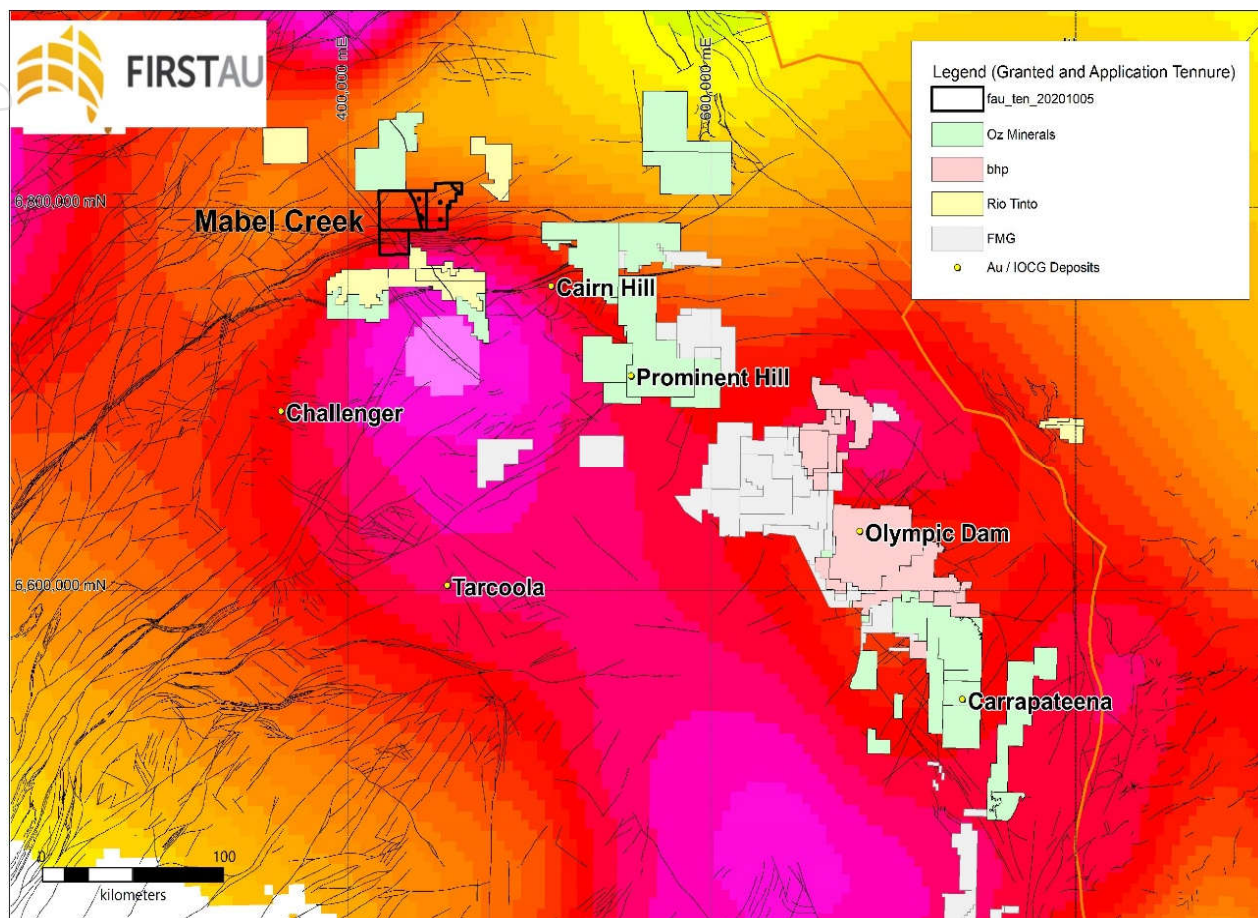


Figure 10. Moho gradient map, with overly tenure including that of FAU and major mining houses (BHP, RIO, OZ, FMG). Note position of tenure and IOCG / Gawler style deposits are located along the edge of a Moho "high" (co-ords MGA94, Zone 54)

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 Australian Institute of Mining and Metallurgy and the Australian Institute of Geosciences. Dr England is a consultant to First Au Limited ("FAU"). 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 undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr England has consented to the inclusion in this Public Report of the matters based on his information in the form and context in which it appears.

Directors' Report

Significant Changes in the State of Affairs:

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

Events Subsequent to the End of the Reporting Period:

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

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.

Auditor's Independence Declaration:

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 for the half-year ended 30 June 2021 is set out in this Interim Financial Report.

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



Bryan Frost
Executive Chairman and Managing Director
10 September 2021

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

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2021 there have been:

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

McLean Delmo Bentleys Audit Pty Ltd.

MCLEAN DELMO BENTLEYS AUDIT PTY LTD



ROD HUTTON
Partner

Hawthorn
10 September 2021

Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Half-Year Ended 30 June 2021

		Half-year Ended 30 June 2021 \$	Half-year Ended 30 June 2020 \$
Revenue	2	178,317	214
Expenses			
Exploration Expenses		(1,313,977)	(531,555)
Prospectus & listing expenses	2	(207,347)	-
Administration expenses		(481,703)	(315,200)
Loss before income tax expense		<u>(1,824,710)</u>	<u>(846,541)</u>
Income tax expense		-	-
Net loss for the period		<u>(1,824,710)</u>	<u>(846,541)</u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Gain (Loss) on fair value of listed investment measured through other comprehensive income		-	259,460
Total Comprehensive Loss for the period		<u>(1,824,710)</u>	<u>(587,081)</u>
Loss per share			
Basic loss per share (cents)	10	(0.0031)	(0.0028)
Diluted loss per share (cents)	10	(0.0024)	(0.0014)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2020 Annual Report.

First Au Limited
and Controlled Entities
ABN 65 000 332 918

Consolidated Statement of Financial Position
As at 30 June 2021

	Note	30 June 2021 \$	31 Dec 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,462,905	1,113,758
Other receivables	3	83,167	178,069
Other Financial Assets	4	522,863	320,508
TOTAL CURRENT ASSETS		3,068,935	1,612,335
NON-CURRENT ASSETS			
Exploration and Evaluation	5	2,227,966	2,227,966
Motor Vehicle	6	82,345	86,023
TOTAL NON-CURRENT ASSETS		2,310,311	2,313,989
TOTAL ASSETS		5,379,246	3,926,324
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		201,862	473,595
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		201,862	473,595
NET ASSETS		5,177,384	3,452,729
EQUITY			
Issued capital	7	14,965,985	13,751,485
Reserves	8	2,940,094	605,229
Accumulated losses		(12,728,695)	(10,903,985)
TOTAL EQUITY		5,177,384	3,452,729

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2020 Annual Report.

Consolidated Statement of Changes in Equity
For the Half-Year Ended 30 June 2021

	Share Capital	Share Based Payment Reserve	Financial Assets Reserve	Options Reserve	Contingent Considera- tion Reserve	Accum- ulated Losses	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	10,705,489	72,500	-	-	-	(8,052,197)	2,725,792
Net loss for the period	-	-	-	-	-	(846,541)	(846,541)
Other Comprehensive Income for the period. Fair value movement in listed investments	-	-	259,460	-	-	-	259,460
Capital received from Investors. Share placement 11 June 2020	747,000	-	-	-	-	-	747,000
Less Commission paid for share placement	(28,200)	-	-	-	-	-	(28,200)
Balance at 30 June 2020	11,424,289	72,500	259,460	-	-	(8,898,738)	2,857,511
Balance at 1 January 2021	13,751,485	95,229	-	-	510,000	(10,903,985)	3,452,729
Net loss for the period	-	-	-	-	-	(1,824,710)	(1,824,710)
Capital received from Investors - share placement	1,280,000	-	-	-	-	-	1,280,000
Less Commission paid for share placement	(85,500)	-	-	-	-	-	(85,500)
Share based payment (refer Note 7)	20,000	-	-	-	-	-	20,000
Options Rights issue	-	-	-	2,310,515	-	-	2,310,515
Less Commission paid for rights issue	-	-	-	(45,000)	-	-	(45,000)
Share based payment (refer Note 8)	-	69,350	-	-	-	-	69,350
Balance at 30 June 2021	14,965,985	164,579	-	2,265,515	510,000	(12,728,695)	5,177,384

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2020 Annual Report.

**First Au Limited
and Controlled Entities**

ABN 65 000 332 918

**Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2021**

	Half-year Ended 30 June 2021 \$	Half-year Ended 30 June 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of listed shares	463,135	-
Payments for listed shares	(447,670)	-
Payments to suppliers	(654,403)	(888,295)
Payments for Exploration	(1,661,191)	-
Interest received	97	214
GST received from ATO	207,979	86,857
Net cash used in operating activities	<u>(2,092,053)</u>	<u>(801,224)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from Share Placement	1,280,000	747,000
Proceeds received from Options Rights issue	2,310,515	-
Fees paid for capital raising	(130,500)	(28,000)
Repayment of borrowings - Insurance Premium Funding	(18,815)	-
Net cash used in financing activities	<u>3,441,200</u>	<u>719,000</u>
Net increase in cash and cash equivalents	1,349,147	(82,224)
Cash and cash equivalents at beginning of period	1,113,758	1,043,522
Cash and cash equivalents at end of period	<u>2,462,905</u>	<u>961,298</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2020 Annual Report.

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 30 June 2021

1 Summary of Significant Accounting Policies:

Basis of Preparation:

These general purpose interim financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest consolidated financial statements of First Au Limited ("The Company"). It is recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2020, together with any public announcements subsequent to that date.

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

Accounting Policies:

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

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

(a) Principles of Consolidation:

The consolidated financial statements incorporate all of the assets, liabilities and results of First Au Ltd (parent entity) and its subsidiary entities which are listed at Note 15. Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

(b) Exploration and Development Expenditure:

Mining tenements (exploration licence) are acquired in consideration for shares, by a cash payment or by option fees. The cost associated with acquiring 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:

Exploration and evaluation activities in the area of interest (except Gimlet Project) 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 resource. Active and significant operations in, or in relation to, the area of interests are continuing. Gimlet Project near Kalgoorlie in Western Australia has an identified JORC resource and there is an application pending for a mining licence. Further details are set out in the prior announcements of the Company.

Exploration and evaluation assets are measured at cost.

(c) Going Concern:

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

The Company incurred a net loss after tax for the half year ended 30 June 2021 of \$1,824,710, a net cash outflow from operating activities of (\$2,092,053), and net cash inflow from financing activities of \$3,441,200. Net assets of the Company at 30 June 2021 were \$5,177,384.

**First Au Limited
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**Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 30 June 2021**

1 Summary of Significant Accounting Policies (Cont'd)

(c) Going Concern (Cont'd):

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;
- continued exploration and evaluation mining tenements; and
- disposal of any surplus exploration and evaluation tenements at a fair value that generates adequate cash flow to the Company.

As the Company is undertaking an exploration program, the Company may undertake further capital raisings 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.

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.

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

Half-year Ended 30 June 2021 \$	Half-year Ended 30 June 2020 \$
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2 Revenue & Expenses:

The following revenue and expense items are relevant in explaining the financial performance for the six months:

Revenue:

Other income - Fair value movement of listed investments

Other income - interest

178,220	-
97	214
178,317	

Expenses:

Auditing the financial statements

Audit - other services

Depreciation

Prospectus and Listing expenses

9,800	8,750
-	-
3,678	-
207,347	-

Prospectus and listing expenses relate to costs of Non-Renounceable Pro-Rata Rights Issue Prospects as announced ASX 18 February 2021, Supplementary Prospectus announced ASX 15 March 2021 and costs of listing on OTCQB Venture market in the United States.

3 Other Receivables:

Other receivables is represented by GST receivable and prepayments.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. Other receivables are within initial trade terms.

83,167	178,069
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**First Au Limited
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**Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 30 June 2021**

	Half-year Ended 30 June 2021 \$	Year Ended 31 Dec 2020 \$	
4 Other Financial Assets			
Shares held for trading in listed investments at fair value measured	522,863	320,508	
Fair value measurement is based on Level 1 fair value hierarchy on market value of shares at reporting date.			
5 Exploration and Evaluation:			
Total cost of mining tenement acquisitions	2,227,966	2,227,966	
There has been no change in mining tenements during the half year and these comprise:			
Vendor shares at fair value issued to acquire tenements at Gimlet and Talga in Western Australia	955,974	955,974	
20% share in WWI Tambina Gold project	60,000	60,000	
Deferred consideration shares issued to vendors*	247,000	247,000	
Mines of Sterling	40,000	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	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	510,000	
	2,227,966	2,227,966	
* 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.			
6 Motor Vehicle			
Exploration motor vehicle - at cost	88,291	88,291	
Accumulated depreciation	(5,945)	(2,268)	
Written down value	82,345	86,023	
7 Issued Capital and Options:	Parent Entity Share Capital	Parent Entity Number of shares	Parent Entity Number of Options
	\$		
Balance at 1 January 2021	13,751,485	538,084,636	44,000,000
Capital received from Investors - share placement	1,280,000	75,294,118	-
Less Commission paid for capital raise:	(85,500)	-	-
Shares issued for services rendered *	20,000	1,250,000	-
Options Rights issue (refer Note 8)	-	-	462,103,004
Options expired 1 March 2021 **	-	-	(13,500,000)
Balance at 30 June 2021	14,965,985	614,628,754	492,603,004

* Shares issued for services rendered. Indicative price per share of \$0.016, being the trading price at which FAU shares closed on 21 April 2021. These shares are escrowed until 12 October 2021. Refer ASX Announcement Appendix 3B on 22 April 2021.

** Options expired 1 March 2021. Refer ASX Announcement on 2 March 2021.

**First Au Limited
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**Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 30 June 2021**

	Half-year Ended 30 June 2021 \$	Year Ended 31 Dec 2020 \$
8 Reserves:		
Share Based Payment Reserve	164,579	95,229
Options Reserve	2,265,515	-
Contingent Consideration Reserve	510,000	510,000
	<u>2,940,094</u>	<u>605,229</u>

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

Share based payment reserve includes an increase for the six months of \$69,350 for 30,500,000 unlisted options granted during the 2020 year to KMP and contractors 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%.

Options Reserve represent capital raised of \$2,265,515 after commission paid of \$45,000 by the issue of 462,103,004 options at \$0.005 each, exercise price \$0.02 each and expiry date 1 July 2023. Refer Non-Renounceable Pro-Rata Options Rights Issue announced ASX 18 February 2021 and Supplementary Prospectus announced ASX 15 March 2021.

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 shares.

9 Capital Management:

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

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

	Half-year Ended 30 June 2021 \$	Half-year Ended 30 June 2020 \$
10 Loss Per Share:		
Basic loss per share (cents)	(0.0031)	(0.0028)
Diluted loss per share (cents)	(0.0024)	(0.0014)

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

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

Total number of issued shares

Total number of options issued

Shares & Options	Shares & Options
594,917,942	306,753,717
764,620,188	593,950,320
614,628,754	373,524,667
492,603,004	287,196,603

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 30 June 2021

11 Operating Segments:

Segment Information: The Company operates in one business segment which is exploration for gold and base metals in Western Australia, South Australia and Victoria.

12 Contingent Liabilities:

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

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

- If FAU decided to continue funding Tambina and satisfied the first milestone being aggregate expenditure of \$300,000, FAU would only have a 35% interest and the liability would be 35% of 15 million WWI Shares at market value. Based on 30 June 2021 market value, cost would approximate \$446,250;
- If FAU decided to continue funding Tambina and satisfied the second milestone being the delineation of an inferred Mineral Resource (as defined by The Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves) of at least 50,000 ounces of gold on the Project at a cut-off grade of not less than 2 grams per tonne, FAU's liability would be based on its percentage interest in the joint venture at that time. By way of example, if on the satisfaction of this milestone and FAU held a 50% interest in the joint venture, FAU's liability would be 50% of 15 million WWI Shares at market value. Based on 30 June 2021 market value, cost would approximate \$637,500; and
- If FAU withdrew from Tambina, FAU would forfeit the current 20% joint venture interest and have no further liability.

At reporting date, no decision has been taken in relation to the continued funding of Tambina.

13 Capital & Other Commitments:

The Company holds various mining tenements in Western Australia and 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. These amount do not include any lease fees.

Expenditure commitments on Mining Tenements can be reduced by selective relinquishment, compulsory reduction by Department of Mines, Industry, Regulation and Safety of Western Australia or by renegotiation of expenditure commitments.

	Half-year Ended 30 June 2021 \$	Year Ended 31 Dec 2020 \$
The approximate minimum level of expenditure requirements on the Company Tenements:		
Within one year	394,480	368,680
One year or later and no later than five years	2,635,080	2,965,480

14 Investment in Joint Ventures:

On 13 March 2019, FAU announced to ASX that it has entered into a Joint Venture Agreement (JV Agreement) with West Wits Mining Limited (ASX: WWI) in respect to WWI's Tambina Gold Project in the East Pilbara region of Western Australia. Refer to Note 12 for details of the Joint Venture Agreement.

**First Au Limited
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ABN 65 000 332 918

**Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 30 June 2021**

15 Interests in Subsidiary Companies:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			30 June 2021	31 Dec 2020
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%	80%
Jacquian Pty Ltd	11 June 2004	Melbourne	80%	80%

Lions Share Gold Ltd did not trade during the period. 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 exploration and drilling.

The issued capital of Victorian Goldfields Pty Ltd is \$10 of which FAU holds 80%.

16 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 except for the following:

- (i) Reference should be made to other announcements by the Company on the ASX after the reporting period as these may affect the state of affairs of the Company in future financial years.
- (ii) There has been no change in Talga Farm-In information previously provided in the Financial Statements at 31 December 2020.

First Au Limited

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Directors' Declaration

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

1. The financial statements and notes set out on pages 14 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Bryan Frost
Executive Chairman and Managing Director
10 September 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of First Au Limited (the "Company") and its subsidiaries (the "Group"), during the half-year which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year 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 & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

McLean Delmo Bentleys Audit Pty Ltd.

MCLEAN DELMO BENTLEYS AUDIT PTY LTD



ROD HUTTON
Partner

Dated at Hawthorn on this 10th day of September 2021