



FIRSTAU

First Au Limited

ABN 65 000 332 918

Interim Financial Report

For the Half-Year Ended 30 June 2022

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 2021.

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First Au Limited

ABN 65 000 332 918

Corporate Directory

Directors:

Bryan Frost - Executive Chairman and Managing 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

Review of Operations:

Victorian Gold and Base Metals Project

The first half of 2022 saw several successful exploration updates at its Victorian Gold and Base Metals projects. The Company announced the granting of several high priority tenements, successful drilling results from its second drill program at Snowstorm and commenced drilling at the Dogwood Project, with initial results being released shortly after the end of the reporting period.

FAU completed more than 1,400m of diamond drilling over 14 holes at the Snowstorm project in February 2022 with strong results. The drilling demonstrated an extensive mineralised system exists and remains open along strike and at depth. Assays highlights from the drilling included the following intersections^{1,2}:

Hole ID	Intersection
SNDDHP2001	1.65m @ 1.5 g/t Au from 38.5m
SNDDHP2002	6.4m @ 4.1 g/t Au from 28.5m including 0.2m @ 59.2 g/t Au from 29.3m and 0.85m @ 9.6 g/t Au from 33.15m
SNDDHP2003	3.6m @ 5.3 g/t Au from 60.9m including 0.4m @ 23.8 g/t Au from 63.15m 1.7m @ 1.1 g/t Au from 76m
SNDDHP2004	1.2m @ 5.82 g/t Au from 62.3m including 0.4m @ 12.35 g/t Au from 62.3m
SNDDHP2006	0.2m @ 5.91 g/t Au from 33.8m
SNDDHP2007	0.5m @ 7.64 g/t Au from 10.8m
SNDDHP2009	0.2m @ 23.2 g/t Au from 8.8m
SNDDHP2010	0.3m @ 23.9 g/t Au from 14.8m
SNDDHP2012	4.8m (true width) @ 5.8 g/t Au from 54.7m, including 0.5m @ 16.15 g/t Au from 56.7m 1.4m @ 5.99 g/t Au from 77.1m, including 0.5m @ 9.08 g/t Au from 78m
SNDDHP2014	0.55m @ 8.33 g/t Au from 61.2m 1.2m @ 3.02g/t Au from 65m, including 0.1m @ 22.6 g/t Au from 67.3m

The completed drill program demonstrated an extensive mineralised system exists at Snowstorm and remains open along strike and at depth.

Assay results indicate the presence of persistent gold mineralisation adjacent and underneath existing underground workings. Drilling completed to date at Snowstorm (2021 and 2022) indicates mineralisation over widths of up to 2.6m of quartz veining and mineralised quartz breccia at a depth approximately 20m below the existing workings (Figure 1).

With the receipt of consistent assays across mineralised zones, FAU was encouraged to undertake the next stage of exploration and proceed to develop a bulk sampling program. Preliminary polygonal mineralised 3D blocks were defined using drill intercepts along the targeted shear zone worked previously within the adit (Figure 2).

The underground bulk sampling proposal aims to determine a more detailed understanding of the geological controls, framework, and metallurgical characteristics of the ore, and will assist in establishing a more accurate assessment of the economic potential at Snowstorm. The bulk sampling proposal will focus on mineralisation hosted specifically within the lower zone (proximal to the existing adit), as illustrated in Figure 2.

Review of Operations:

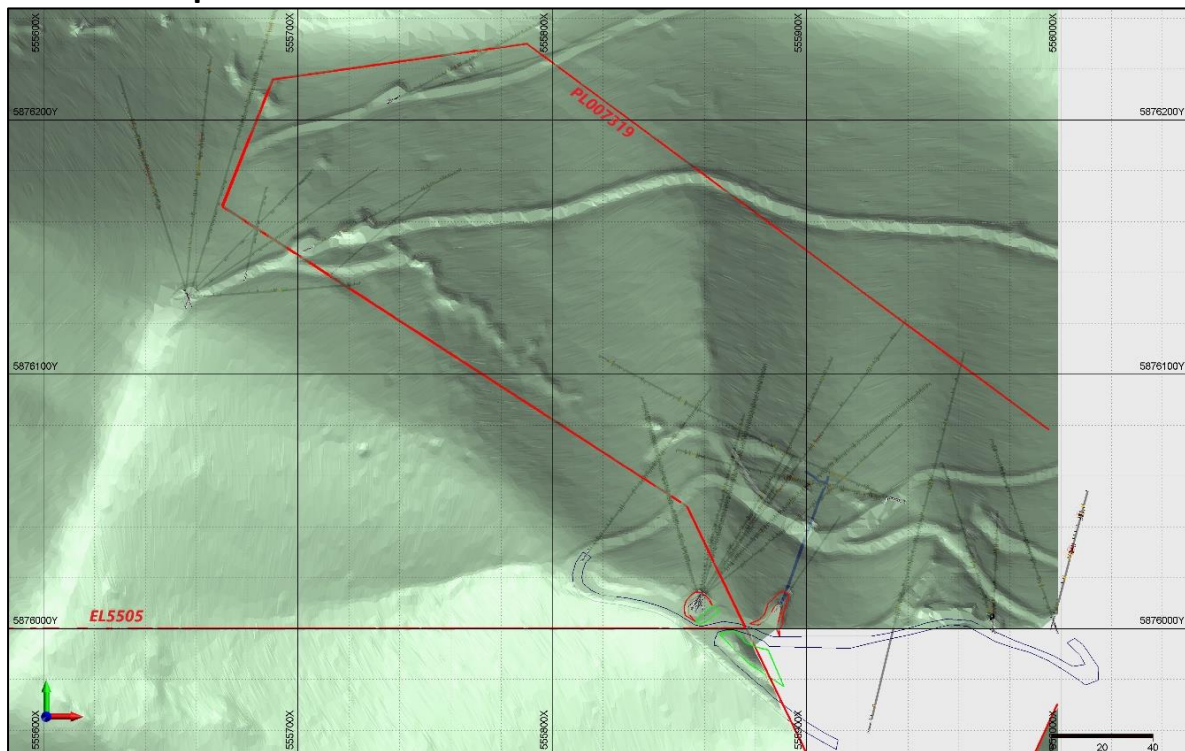


Figure 1: LIDAR Plan View of Snowstorm Project showing trace of all drill-holes completed to date

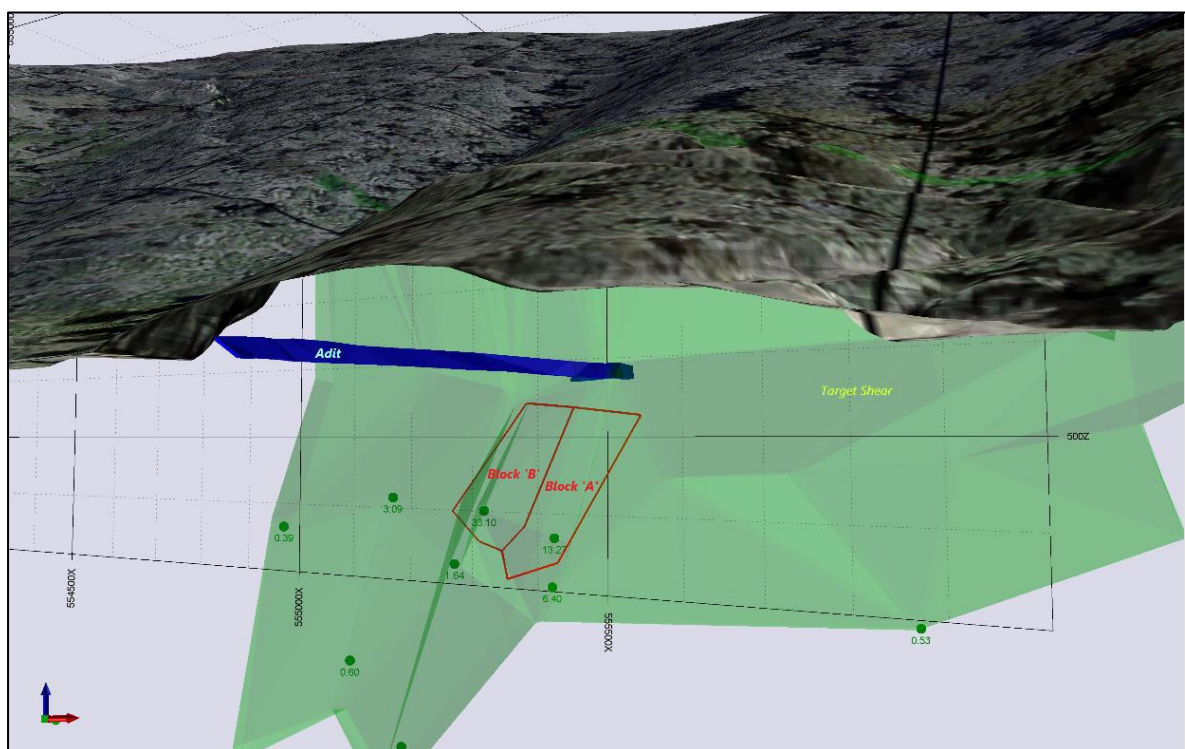


Figure 2: Preliminary polygonal 3D mineralised zones (red outlines) at Snowstorm underneath existing adit (blue)

The process to apply for and receive approval from Earth Resources and Regulation to undertake the proposed bulk sampling program is expected to take approximately 12-months. Since announcing this in April 2022, the Company has submitted its application and held an initial site meeting with relevant regulatory bodies, FAU is continuing to progress its application.

Review of Operations:

Post-the half-year end FAU released results for a rock chip that was taken during the drill program, with rock chip VR50001 returning an assay of 74.54 g/t Au³. VR50001 was sampled at a site that has not been drill tested and occurs between the currently identified lower and upper zones of the Snowstorm Project. The location of the high-grade sample, occurring between currently identified auriferous reefs from drilling, presents a new target for subsequent exploration (Figure 3).

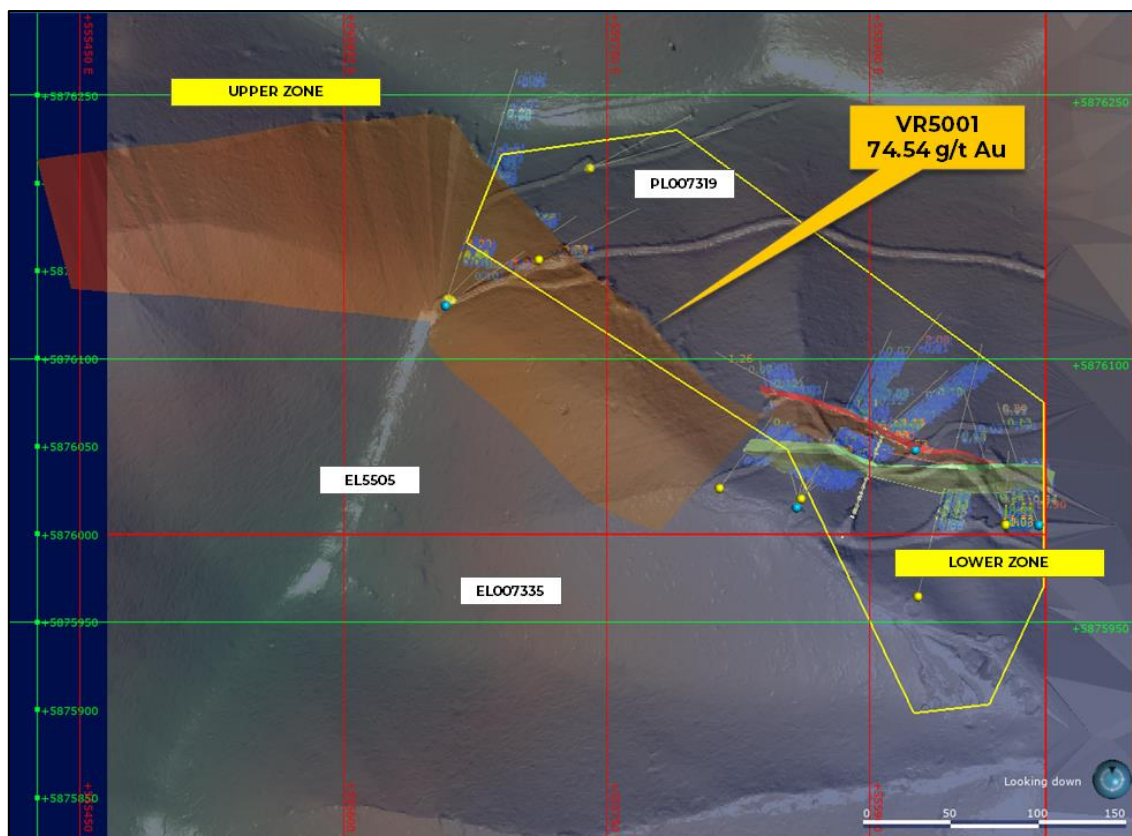


Figure 3: High-grade gold sample location VR5001 plotted against track, drilling, and historic rock-chip sampling overlain on the LIDAR 50cm contours. Note the historic workings identified. (Coordinate in MGA94 Zone 55).

During the reporting period, FAU was granted EL007335, the extension of the Snowstorm project. The newly granted tenement contains numerous high-potential targets and when combined with the adjacent Snowstorm tenements package (EL5505 & PL007319), underpins FAU's belief in the economic potential of this district. LIDAR data highlighted historic workings along strike to the west of the Snowstorm project and assists with future exploration planning across the great Snowstorm project area (Figure 4).

In addition to EL007335, FAU also had EL006975, EL006976, EL006977 and EL5422 granted. The granted tenements have resulted in FAU's tenure in the region increase to ~2,250km². The tenements contain numerous, highly prospective prospects including the Dogwood Porphyry Copper project, the greater Haunted Stream area, the Birregun Orogenic Au and the Dargo High Plains Deep Leads Au projects (Figure 5).

EL006975 surrounds the Haunted Stream Au corridor and forms the greater exploration area for the central corridor (EL006816) (Figure 5). FAU has developed a new understanding for mineralisation controls across the region which has significant implications outside of the immediate Haunted Stream area. The newly expanded tenement area hosts numerous highly prospective target zones.

Review of Operations:

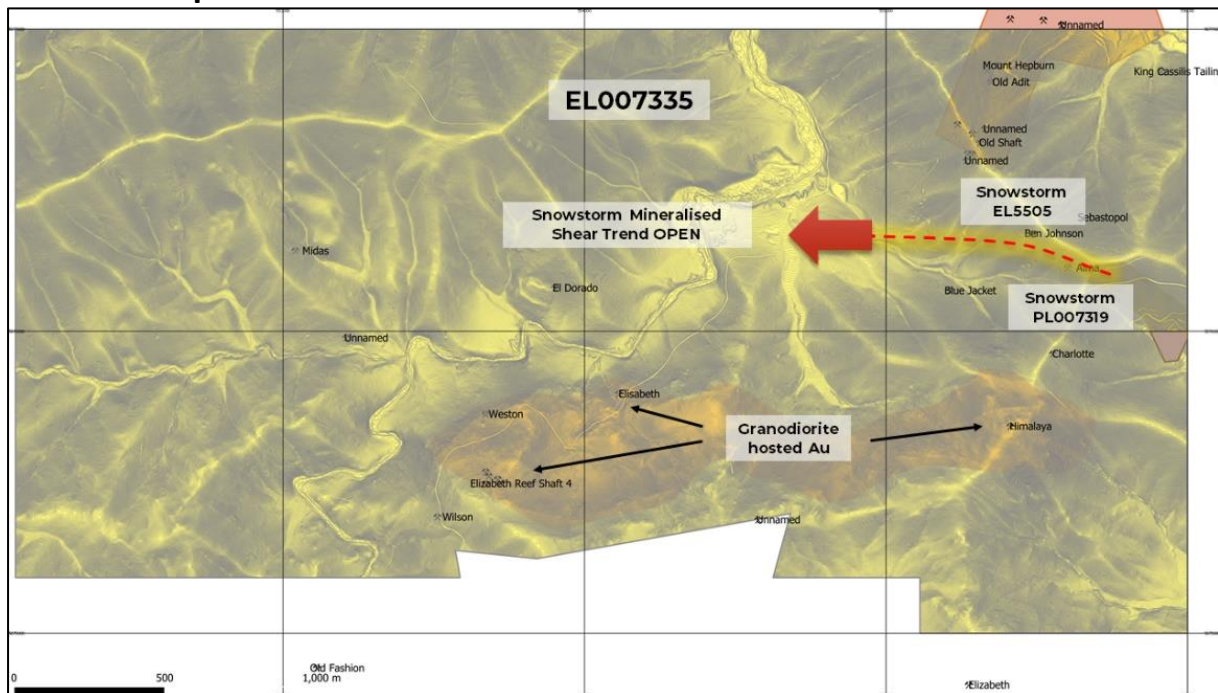


Figure 4: EL007335 extension to the Snowstorm region against LIDAR

EL006976 is north-west of the town of Dargo, with the tenure containing numerous historic gold workings including highly prospective orogenic auriferous reef and lode deposits as well as recent stream alluvial “Deep Lead” deposits. Recent geological data is limited across these deposits. However historical production reporting suggest that they were quite Au-rich in places. Across the main historic mine workings, an encouraging historical production record minimum of > 2,000 Oz production indicates the opportunity for gold exploration across this tenement.

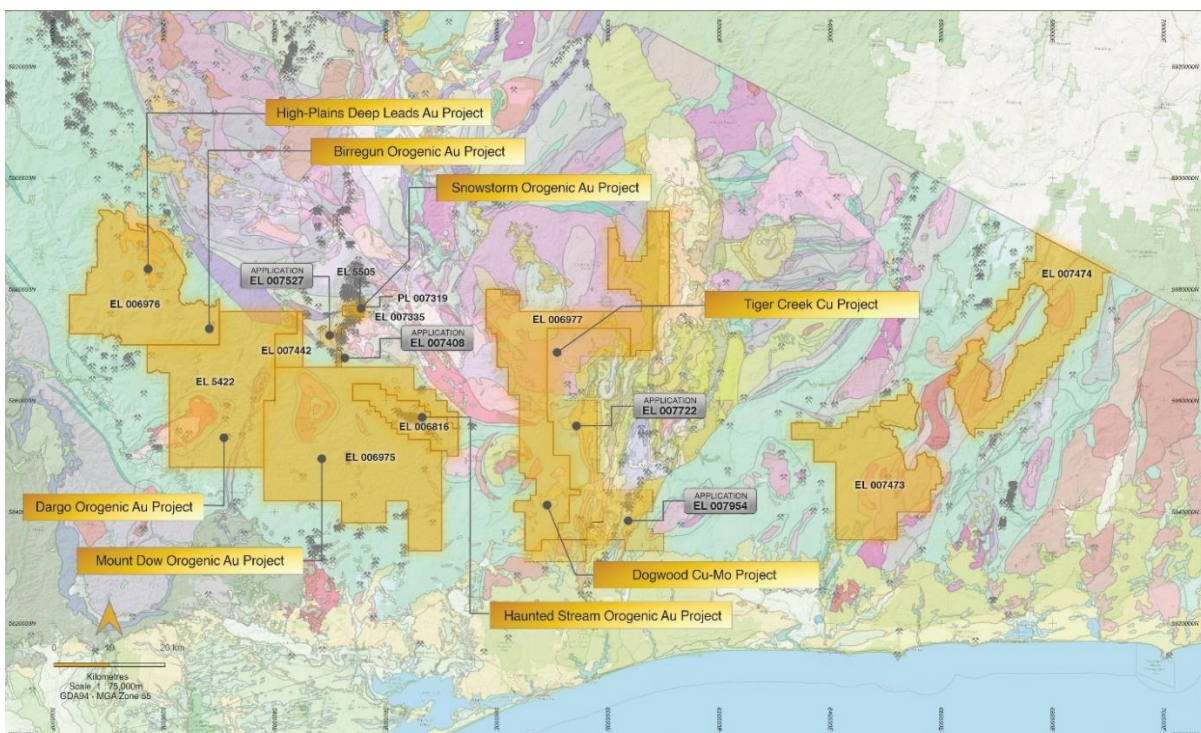


Figure 5: Tenement map of Victorian Gold and Copper project areas (MGA 94 Zone 54)

Review of Operations:

At EL5422 Historical alluvial and hard rock mining occurred across the tenement from the mid 1800's through to the early 1900's. Historical reports suggests that the hard rock mines were generally quite rich at the surface with quartz reefs carrying visible free gold, however they were rarely developed below the weathered oxide zone due to an increasing sulphide ore component.

EL006977, containing the Dogwood Porphyry Copper project, is currently a high priority project, prospective for copper, gold and molybdenum. As announced previously⁴, the Dogwood project was discovered by Australian Anglo America Prospecting (AAP) in 1980 and last drilled by CRA Exploration in 1994, but more recently exploration in the area has been limited. Historic exploration has underlined its potential (Figure 2), with best intersects from drilling by CRA, including 13.2m @ 1.33% Cu (from 28m; DD94OR46) and 30m @ 0.5% Cu, including 8m @ 1.2 % Cu (from 54m; RC93OR25).

FAU commenced drilling at the Dogwood project in May 2022 targeting historical drilling, surface geochemistry signatures, magnetics and IP chargeability and resistivity anomalies. The 14-hole, 2,000m diamond drill completed shortly after the end of the reporting period in July.

The initial results from the first two holes assayed were report in on 24 August 2022⁵ with Hole 1 (DGWDDH001) (Figure 6) and hole 3 (DGWDDH003) (Figure 7) delivering highly encouraging results and demonstrating the prospectivity of the Dogwood project. Hole 1 intercepted a 72.7m zone of broadly disseminated Cu mineralisation of from 41m to 113.7m, and Hole 3 intercepted a 32m zone of broadly disseminated Cu mineralisation from 180.1m to 212.1m.



Figure 6: Porphyry intersected in DGWDDH001 from 88.9m to 110m displaying disseminated, fly-speck and veined chalcocite mineralisation

In addition to the broad zones of Cu mineralisation, drilling also intercepted high-grade results of 0.5m @ 0.807% Cu from 100.7m in hole 1 (Table 2) and 0.3m @ 0.262% Cu, 5.62 g/t Au and 9.3 g/t Ag from 210.8m in hole 3⁵. These results are highly encouraging and provide follow-up targets for future exploration.

These initial results confirm that the Dogwood Porphyry Copper project has significant mineralisation potential consistent with a large hydrothermal system.

Review of Operations:

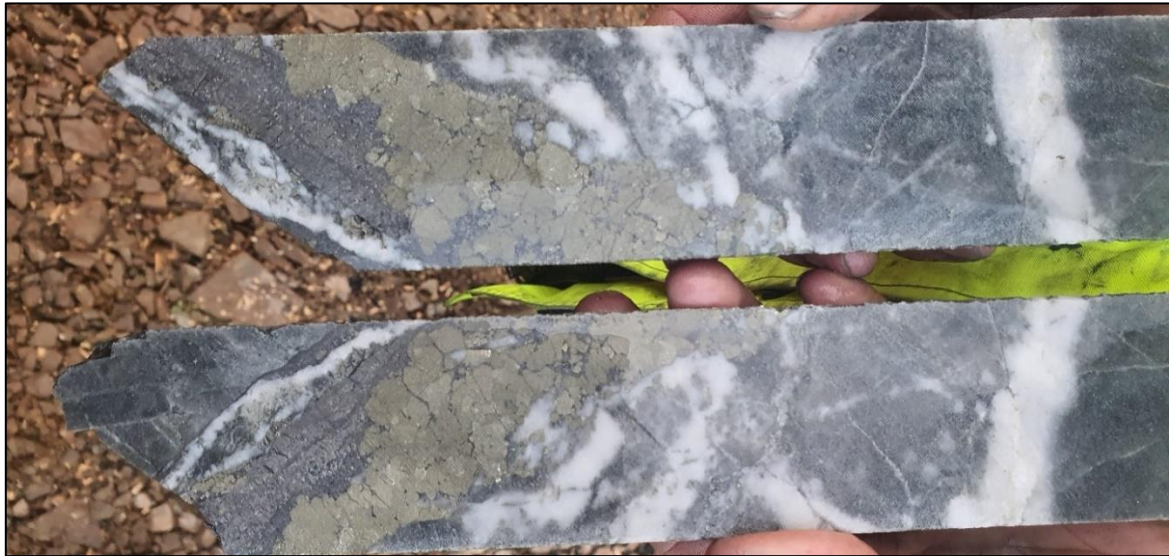


Figure 7: DGWDDH003 intersection @ 210.8m showing chalcopyrite veins overprinting arsenopyrite and quartz-carbonate veins recorded 5.62 g/t Au

The Company currently has further assays in the labs progressing and continues to prepare the remaining core to be sent off for assaying. Further results for holes 2 and 4 through to 14 will be released once they are available.

At Haunted Stream during the reporting period FAU has been undertaking underground rehabilitation at the Long Hand ahead of a planning underground diamond drilling program to test the down plunge potential of the system of reefs across the Ernestine, Lone Hand, Excelsior to Hibernia trend (Figure 8). The underground rehabilitation is designed to provide access to drilling locations that optimise targeting.

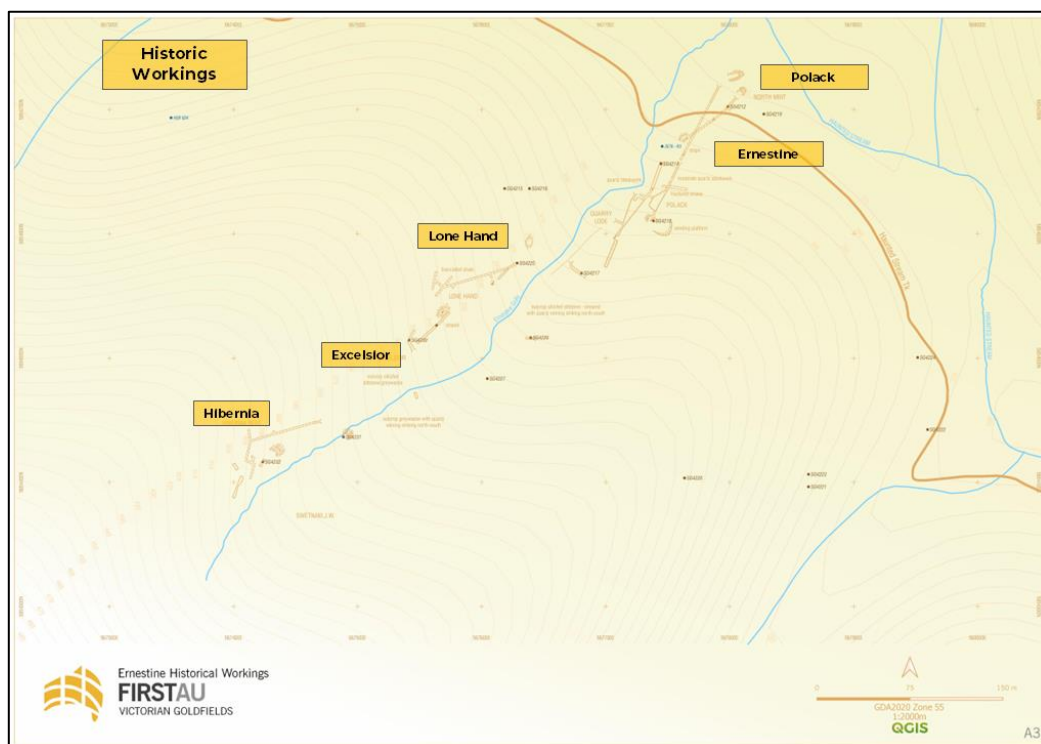


Figure 8: Location Map of workings and initial focus of exploration.

Review of Operations:

Following the conclusion of the reporting period, FAU announced the results of face sampling that had been undertaken. Face samples from the Ernestine and Lone Hand underground drives and open pits have yielded assays up to 135g/t Au³. These high-grade face samples support the pursuit of testing the depth potential of the system down plunge and beyond the historic shallow mining depths (~100m depth).

The Haunted Stream project continues to demonstrate potential for significant high-grade gold mineralisation, indicated from sampling of historical workings and rock chip sampling. FAU has commenced discussions with drilling contractors in anticipation of drilling commencing shortly after completion of underground rehabilitation works.

Gimlet Gold Project, Kalgoorlie

During the first half of 2022 the primary activity undertaken at Gimlet was metallurgical testing to advance the project. Following the conclusion of the reporting period FAU announced the results of the metallurgical testing that it had been undertaking, the work completed demonstrated gold recovery rates of 87.99%⁶.

The testing was initiated to determine various metallurgical parameters relevant to gold extraction, and was a follow-up to previous test work carried out by IMO Metallurgy in July, 2019. FAU engaged Upside Metallurgy to oversee the metallurgical test work to further explore suitable processing options for the Gimlet project.

The principal findings were⁶:

- Comminution test work showed that Gimlet is a relatively soft ore (13.3kWh/t) and has a very low Bond abrasion index (0.0129).
- The gold feed grade of the composite sample subjected to recovery test work was 4.85g/t.
- Flotation of the ore produced a concentrate gold grade of 33.16g/t, with a stage recovery of 91.93%. Mass pull to the concentrate stream was 13.44%.
- The flotation tail stream, which was subject to gravity concentration and subsequent gravity tails leaching, contributed to 2.4% of overall recovery.
- The oxidative and subsequent cyanide leach stage recovery was 93.0%.
- The combined flotation, oxidative and cyanide leach recovery was 85.50%.
- The combined overall recovery (Flotation + Oxidative Leach + Flotation tailings cyanide leach) was 87.99%.
- The final tail grade achieved was 0.58g/t.

FAU will consider further metallurgical testing to determine the optimal gold recovery processing route in the oxidative leach and cyanide leach stages which has the potential to increase recovery rates.

In addition to the metallurgical works undertaken, FAU has also assessed other areas of the project. The Company has engaged consultants to undertake preliminary modelling of open-pit design and underground mining options. These works are early stage and based on a limited amount of

As part of the preliminary optimization works, FAU has also undertaken a review of the existing resource model and potential for further exploration. The review has highlighted areas of potential upside to the existing resource, particularly to the north end of the resource where FAU believes it is open at depth below 90m and identified several targets areas for future drilling outside the existing resource (Figure 9).

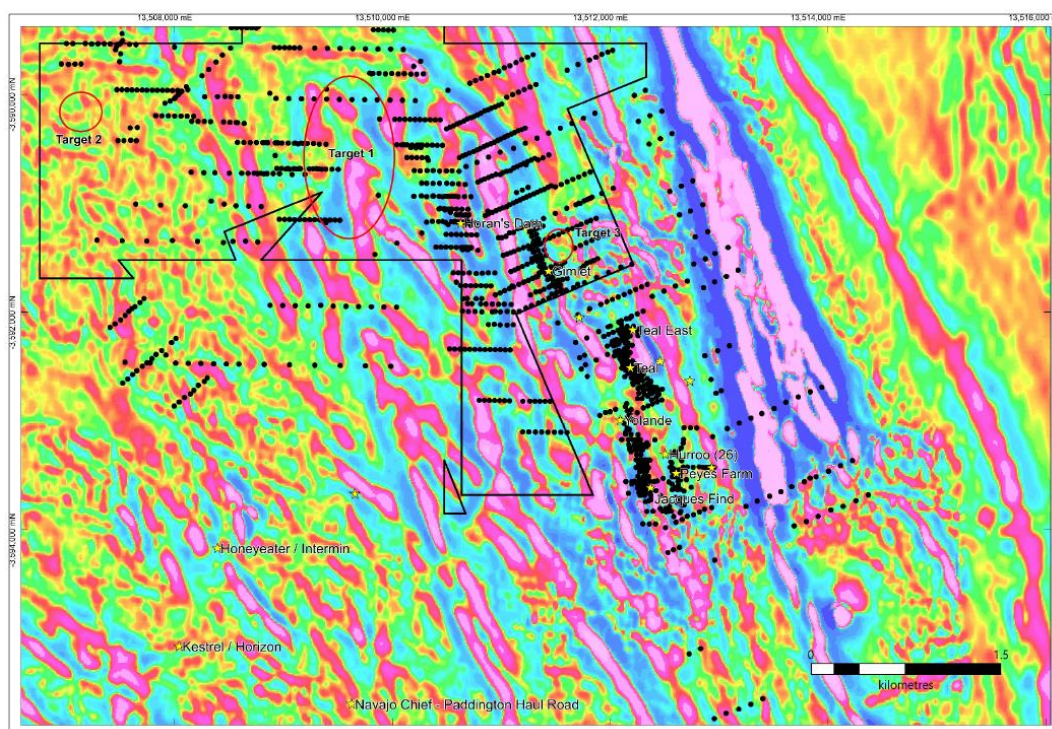


Figure 9: Airborne magnetic image with overlying drill collar locations around the Gimlet – Teal area. Note proposed aircore target areas

Mabel Creek Project, South Australia

On 24 March 2022, FAU announced that it had completed its initial drill targeting for gold mineralisation at the Mabel Creek Project in South Australia, with several key areas having been identified as walk-up drill ready targets.

The area is prospective for Central Gawler style gold mineralisation, which included the previously discovered Challenger, Tarcoola and Tunkillia gold deposits (> 2 million oz Au), this style of mineralisation will be the initial focus. The area has had renewed exploration interest with Barton Gold (ASX:BGD), Indiana Resources (ASX:IDA) and Marmota (ASX:MEU) also exploring for gold in the region.

FAU's Mabel Creek tenure is surrounded by tenements from major mining companies, including BHP, Rio Tinto, FMG and Oz Minerals. Oz Minerals and Rio Tinto have recently applied for, or have granted tenure, surrounding the FAU's ground (Figure 10).

Review of Operations:

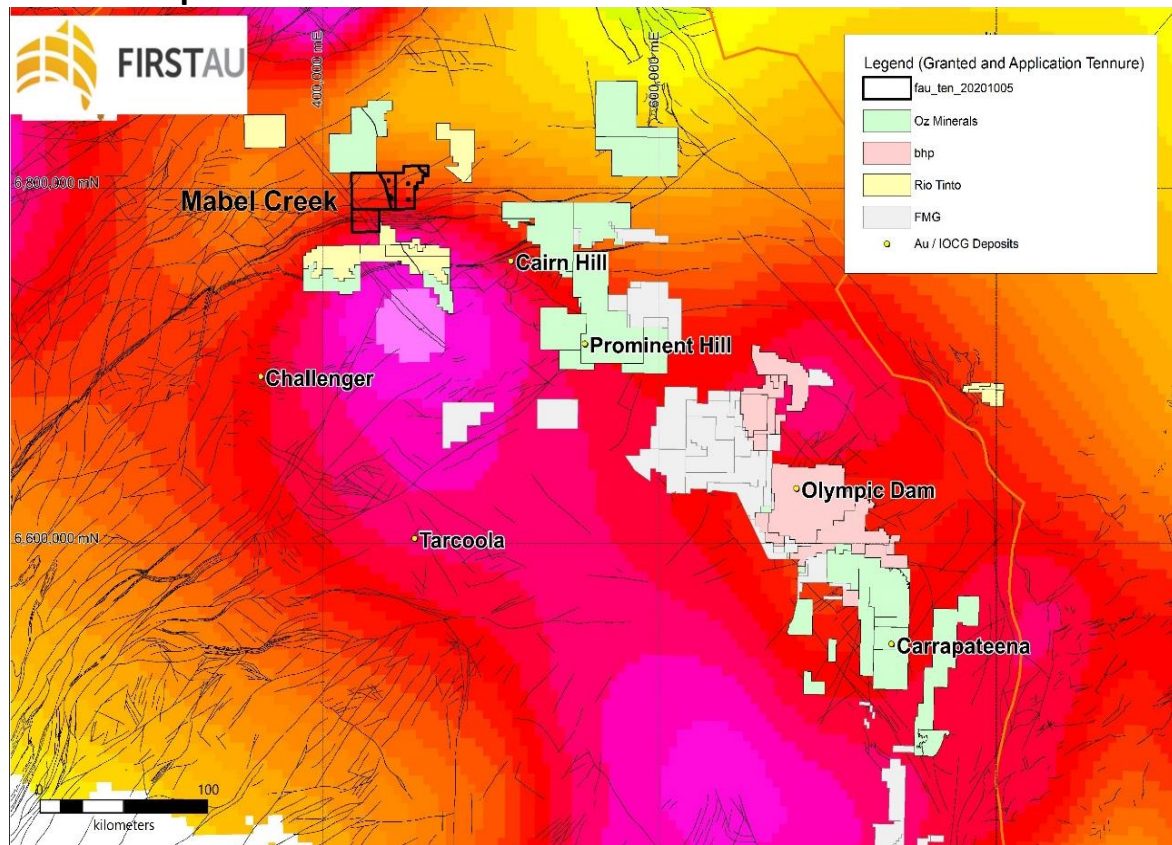


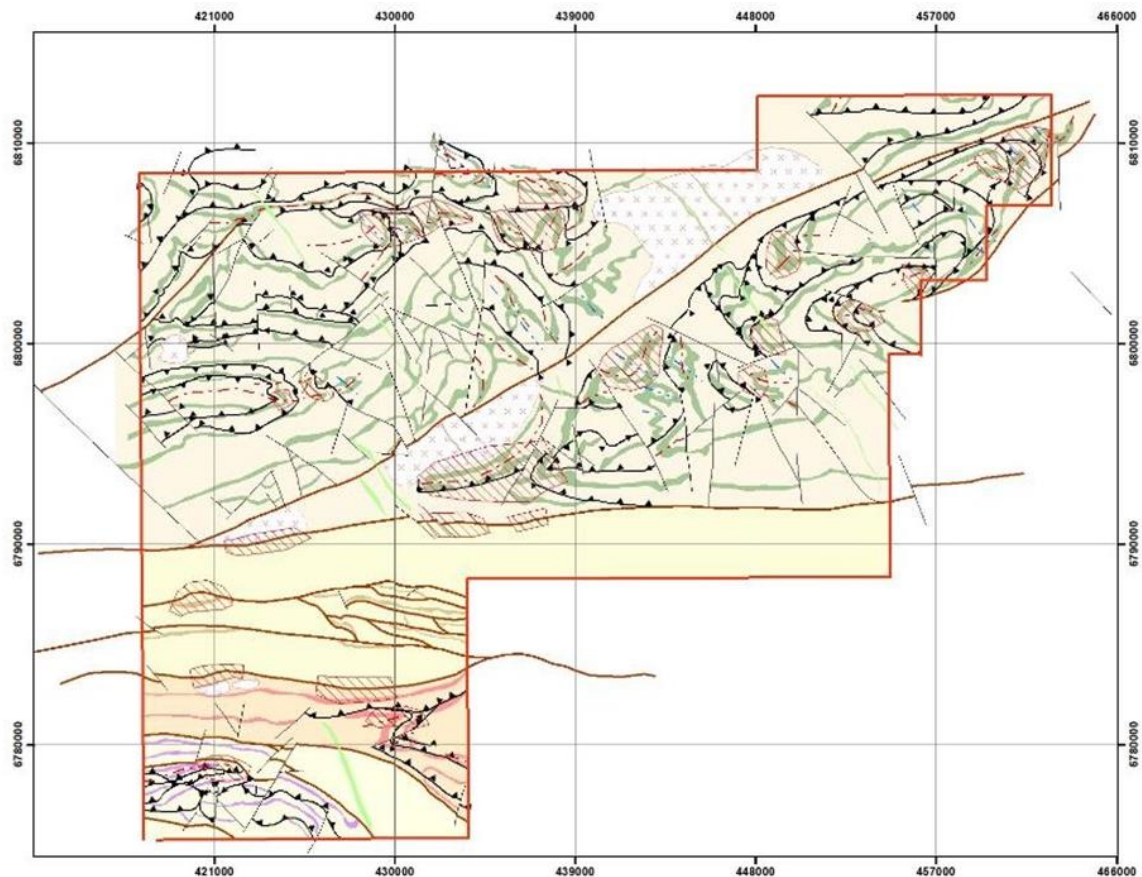
Figure 10: Moho gradient map, with overlay tenure including that of FAU and major mining houses (BHP, RIO, OZ, FMG). Note position of tenure and IOCG / Gawler style deposits are located along the edge of a Moho “high” (co-ords MGA94, Zone 54)

FAU engaged PGN Geoscience to assist with the geological interpretation and assessment of the prospectivity. Utilising South Australian Geophysical data sets (Figure 11), a new geological interpretation has been resolved for the Mabel Creek Project⁷.

The careful mapping of each unit from previous drilling and reprocessed geophysics (magnetic and gravity imagery), has resulted in a new geological interpretation for the region (Figure 11). From this interpretation, several drill targets were identified for Gawler-Style Au mineralisation in structural traps (i.e. fold hinges and shears). It should be noted that the area was identified at a craton-scale, as a key area for gold prospectivity by the winners of the SA government funded “Gawler Challenge” in 2020 (see FAU announcement 27th July 2021 for further details). There has been limited gold exploration in this tenement.

The new geological interpretation provides a new insight into the prospective structures and importantly settings across the project area. Of particular interest, is the amount of folding and faulting adjacent major ~east-west shear zones. These types of settings are typically highly prospective for gold deposits such as those similar to the Challenger deposit, South Australia. Located ~70km north-west of Adelaide, the Challenger Mine was discovered in 1995 by Dominion Mining and produced ~1.2Moz Au in operations from 2002 – 2018.

Review of Operations:



Legend

 Preliminary_Targets	PGN_Lithologies
PGN_Structures	Litho
Type	
— Late Brittle	 Gardner Suite Dyke
— Strike-Slip SZ	 S_GRA
— F3 - Axial Trace	 C_MCR_Amphibolite
— Thrust	 C_MCR_Undiff_SchistsAndGneiss
— F1/2 - Axial Trace	 N_CPR_QtzGtMag_Gneiss
	 N_CPR_GneissSchists
	 C_CPR_Jaspilite
	 C_CPR_GneissAndSchists
	 C_CPR_QtzGtMag_Gneiss
	 C_CPR_Undiff_GneissAndSchists

Figure 11: New Geological Interpretation and drilling targets for the Mabel Creek Project, South Australia. All coordinates are in MGA94 Zone 53.

Additionally, the highly prospective corridor for a Cairn Hill style magnetite-copper-gold deposit within the southern part of the project area, hosted within the Mount Woods, Coober Pedy and Olympic Domains iron formation is a drill target. The Cairn Hill resource is 11.4 Mt at 49.5% Fe (magnetite) 0.4% Cu and 0.1 g/t Au. The Iron Ore Copper Gold (IOCG) targets and gold targets are being ranked and assessed for future exploration.

Review of Operations:

FAU is continuing to work on the Native Title Agreement which will be required before any drilling or field activities commence. FAU continues has held a meeting with the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC) in order to progress the agreement and anticipates having an agreement finalised prior to the end of the calendar year.

Talga Joint Venture & Farm-in Agreement with Octava Minerals

On 23 March 2022, FAU advised the market that the ASX required FAU to get new shareholder approval for the proposed JVFI of the Talga project transaction to proceed due to the time that had elapsed since the previous approval for the transaction was obtained in March 2021.

The rationale for the transaction as set out in the Notice of General Meeting (see ASX Announcement date 29 April 2022) was that the Company proposes to focus its expenditure and efforts on the exploration of Victorian Goldfields Project (VicGold) located in the East Gippsland, Victoria and the Gimlet Gold Project (Gimlet) located near Kalgoorlie, Western Australia.

A General Meeting was held on 31 May 2022 at which FAU shareholders approved the transaction with 63.06% for and 36.94% against.

Following FAU shareholder approval, Octava Minerals advised FAU that it had lodged its prospectus with ASIC on 17 June 2022, under the terms of the agreement, Octava was required to complete its listing by 12 August 2022. On 26 July 2022, FAU announced that it had agreed to an extension of 14 September 2022. On completion of the transaction, as per the terms, FAU will receive \$180,000 cash.

Corporate Activities

Capital Raise

After the reporting period on 21 July 2022 FAU announced that it had completed a share placement of 112,500,000 fully paid ordinary shares at \$0.008 (0.8 cents) per Placement Share to raise \$900,000 before costs.

Every two Placement Shares are to be accompanied by one free-attaching unlisted option with an exercise price of \$0.013 (1.3 cents) and expiring on 31 December 2023.

Peak Asset Management acted as corporate advisor and lead manager of the Placement. The participants in the Placement were unrelated sophisticated, professional and other exempt investors who were clients of Peak Asset Management or were identified by the Company.

Funds raised under the Placement are being applied towards:

- Exploration works at Haunted Stream at the Victoria project, including an underground drill program.
- LIDAR surveys at further Victorian tenements.
- Structural mapping across Victorian tenements.
- Advancing Gimlet Gold project, Kalgoorlie, Western Australia.
- Meeting working capital requirements (including costs of the Placement).

Review of Operations:

Small Shareholder Facility

On 14 June 2022, FAU announced that it had established a small shareholding sale facility for shareholders whose holding of fully paid ordinary shares in the Company has a market value of less than \$500.

The Company has established the Sale Facility for the following reasons:

- To give holders of a Small Parcel Holding the opportunity to sell their shareholding without incurring transaction costs which, in proportion to the value of their investment, may otherwise render a sale of this size unattractive or uneconomic; and
- To reduce the expense and administration involved in maintaining the share register of the Company. Based on the closing share price on 10 June 2022 (Record Date) (A\$0.012), the Company has 2,561 shareholders of which approximately 58.88% hold a Small Parcel Holding.

On 18 August 2022, FAU announced that on closing of the facility on 12 August 2022 3,151,337 shares from 1,406 holders will be sold as a result of those holders not electing to retain their FAU shares.

Board Changes

On 22 March 2022 FAU announced that Dr Gavin England had resigned effective immediately due to commitments with new opportunities.

Dr England will continue to provide consulting services to the Company and its exploration programs on an ad hoc basis. The Company thanked Dr England for his valued contributions, particularly for his involvement in establishing the Victorian Gold Project.

The information in this ASX Release that relates to Exploration Results is extracted from the following reports which are all available at www2.asx.com.au

1. 14 January 2022, "Further High-Grade Drilling Results at Snowstorm Project, Victoria", Dr Gavin England, competent person.
2. 1 April 2022, "Successful Drilling Completed at Snowstorm Project, Victoria", Ian E Neilson, competent person.
3. 18 July 2022, "Drilling Complete at Dogwood, Face Samples at Haunted Stream up to 135 g/t Au", Ian E Neilson, competent person.
4. 22 September 2021, "Copper Porphyry Potential at Dogwood Prospect, Victoria", Dr Gavin England, competent person.
5. 24 August 2022, "Dogwood Drilling Assays Indicated Extensive Copper Mineralisation", Ian E Neilson, competent person.
6. 22 August 2022, "Testing on Economic Potential of Gimlet Gold Project, Kalgoorlie", Mr Lee Richardson, competent person.
7. 24 March 2022, "First Au identifies initial Gold and IOCG targets for Mabel Creek, South Australia", Dr Gavin England, competent person.
8. 23 June 2021, "JORC Resource Increases at Gimlet to Inferred Resource of 120,000 Ounces Au", Mr Andrew Bewsher and Dr Gavin England, competent persons.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context of the respective competent persons' findings in relation to those reports have not been materially modified from the original market announcement.

Directors' Report

Your Directors' present their Interim Financial Report of First Au Limited for the half-year ended 30 June 2022.

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

Damon O'Meara - Non-Executive Director

Michael Quinert - Non-Executive Director

Richard Revelins – Non-Executive Director

Gavin England - Non-Executive Director (resigned 22 March 2022)

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 \$2,471,727 (30 June 2021 Net Loss \$1,824,710)

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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years except as disclosed in the Interim Financial Report and subject to the following matters and possible effects of Announcements after reporting date.

A share placement with sophisticated investors during July 2022 raised \$900,000 before brokers fees. Refer Announcement dated 21 July 2022.

Announcement 26 July 2022: Update on Talga Project Joint Venture and Farm-In Agreement with Octava Minerals Limited ('Octava'). *'Octava has asked FAU for an extension to complete its admission to the ASX, FAU has agreed and Octava is now required to complete its ASX listing by 14 September 2022.'* With the exception of the above, there has been no change to the Talga Farm-In information provided in the Financial Statements at 31 December 2021.

Announcement 18 August 2022: Small Shareholding Sale Update. 'The Sale Facility closed on 12 August 2022. Following closure, 3,151,337 shares from 1,406 holders will be sold under the Sale Facility as a result of those holders not electing to retain their FAU shares.'

Announcement 22 August 2022: Testing of economic potential of Gimlet Gold project and Announcement 24 August 2022: Dogwood drilling assays indicate copper mineralisation.

Directors' Report

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 2022 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
13 September 2022

**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 2022 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
13 September 2022

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Half-Year Ended 30 June 2022**

	Note	30 June 2022 \$	30 June 2021 \$
Revenue	2	173	178,317
Expenses			
Exploration Expenses		(1,935,582)	(1,313,977)
Prospectus expenses		(21,374)	(207,347)
Administration expenses		(507,416)	(481,703)
Fair value movement of listed investment	2	(7,528)	-
Loss before income tax expense		<u>(2,471,727)</u>	<u>(1,824,710)</u>
Income tax expense		-	-
Net loss for the period		<u>(2,471,727)</u>	<u>(1,824,710)</u>
Other Comprehensive Income		-	-
Total Comprehensive Loss for the period		<u>(2,471,727)</u>	<u>(1,824,710)</u>
Loss per share			
Basic loss per share (cents)	10	(0.0031)	(0.0031)
Diluted loss per share (cents)	10	(0.0017)	(0.0024)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2021 Annual Report.

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	30 June 2022 \$	31 Dec 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		885,407	2,531,155
Other receivables	3	149,314	178,115
Other Financial Assets	4	257,773	408,703
TOTAL CURRENT ASSETS		1,292,494	3,117,973
NON-CURRENT ASSETS			
Other receivables	3	34,381	-
Exploration and Evaluation	5	2,272,966	2,247,966
Motor Vehicles	6	110,497	116,336
TOTAL NON-CURRENT ASSETS		2,417,844	2,364,302
TOTAL ASSETS		3,710,338	5,482,275
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		835,922	270,149
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		835,922	270,149
NET ASSETS		2,874,416	5,212,126
EQUITY			
Issued capital	7	17,439,972	16,864,972
Reserves	8	2,621,314	3,062,297
Accumulated losses		(17,186,870)	(14,715,143)
TOTAL EQUITY		2,874,416	5,212,126

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2021 Annual Report.

Consolidated Statement of Changes in Equity
For the Half-Year Ended 30 June 2022

	Share Capital	Share Based Payment Reserve	Options Reserve	Contingent Considera- tion Reserve	Accum- ulated Losses	Total
	\$	\$	\$	\$	\$	\$
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	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	-	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
Balance at 1 January 2022	16,864,972	286,782	2,265,515	510,000	(14,715,143)	5,212,126
Net loss for the period	-	-	-	-	(2,471,727)	(2,471,727)
Fair value of unlisted options issued to Directors & Management Team as share based payments (refer Note 8)	-	63,674	-	-	-	63,674
Fair value of unlisted options issued to Consultant as share based payment (refer Note 8)	-	5,343	-	-	-	5,343
Milestone shares to VicGold vendors - exploration licences for tenements granted (refer Note 8c)	510,000	-	-	(510,000)	-	-
Share based payment (refer Note 7)	65,000	-	-	-	-	65,000
Balance at 30 June 2022	17,439,972	355,799	2,265,515	-	(17,186,870)	2,874,416

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2021 Annual Report.

Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2022

	Half-year Ended 30 June 2022 \$	Half-year Ended 30 June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of listed shares	413,145	463,135
Payments for listed shares	(269,743)	(447,670)
Payments to suppliers	(466,003)	(654,403)
Payments for Exploration	(1,434,504)	(1,661,191)
Interest received	173	97
GST received from ATO	167,039	207,979
Net cash used in operating activities	<u>(1,589,893)</u>	<u>(2,092,053)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Tenement Acquisitions (refer Note 5)	(25,000)	-
Net cash used in investing activities	<u>(25,000)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from Share Placement	-	1,280,000
Proceeds received from Options Rights issue	-	2,310,515
Fees paid for capital raising	-	(130,500)
Repayment of borrowings - Insurance Premium Funding	(30,855)	(18,815)
Net cash used in financing activities	<u>(30,855)</u>	<u>3,441,200</u>
Net increase in cash and cash equivalents	(1,645,748)	1,349,147
Cash and cash equivalents at beginning of period	2,531,155	1,113,758
Cash and cash equivalents at end of period	<u>885,407</u>	<u>2,462,905</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2021 Annual Report.

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
**Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022**

1 Summary of Significant Accounting Policies:

Basis of Preparation:

These general purpose interim financial statements for the half-year reporting period ended 30 June 2022 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 2021, 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 Western Australia, South Australia and Victoria (except Gimlet Gold 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 these interests are continuing.

Gimlet Gold 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. Also refer Announcement dated 22 August 2022: Testing on Economic Potential of Gimlet Gold Project.

Exploration and evaluation assets are measured at cost.

First Au Limited
and Controlled Entities
ABN 65 000 332 918
Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022

(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 2022 of \$2,471,727 and a net cash outflow from operating activities of \$1,589,893. Net assets of the Company at 30 June 2022 were \$2,875,416.

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.

A share placement with sophisticated investors during July 2022 raised \$900,000 before brokers fees. Refer Announcement dated 21 July 2022.

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.

2 Revenue & Expenses:

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

Revenue:

Net Fair value movement of listed investment through Profit or Loss
Other income - interest

Expenses:

Net Fair value movement of listed investment through Profit or Loss
Auditing the financial statements
Audit - other services
Employee Entitlements
Depreciation of motor vehicles

	Half-year Ended 30 June 2022 \$	Half-year Ended 30 June 2021 \$
Net Fair value movement of listed investment through Profit or Loss	-	178,220
Other income - interest	173	97
	<u>173</u>	<u>178,317</u>
Net Fair value movement of listed investment through Profit or Loss	(7,528)	-
Auditing the financial statements	(10,600)	(9,800)
Audit - other services	-	-
Employee Entitlements	(86,533)	-
Depreciation of motor vehicles	(5,839)	(3,678)

**First Au Limited
and Controlled Entities**

ABN 65 000 332 918

**Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022**

	Half-year Ended 30 June 2022 \$	Year Ended 31 Dec 2021 \$
3 Other Receivables:		
Current:		
Other receivables is represented by GST receivable and sundry debtors	149,314	178,115
Non-Current:		
Other receivables is represented by security deposits & bonds	34,381	-
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.		
4 Other Financial Assets		
Shares held for trading in listed investments at fair value	257,773	408,703
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	2,272,966	2,247,966
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
Fair value of deferred consideration shares issued to vendors in relation to Gimlet	247,000	247,000
Mines of Sterling Pty Ltd	60,000	60,000
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 issued to VicGold Vendors in relation to Milestone One and Two based on recognition and measurement principals at 15 September 2020 that the event would occur resulting in exploration licences being issued for tenements in relation to those milestones (refer Announcements 6 April 2022 and 6 May 2022)	510,000	510,000
Purchase of EL5422 (refer Announcement 28 April 2022)	25,000	-
	2,272,966	2,247,966
The only change in mining tenements during the half year was the purchase of EL5422.		
6 Motor Vehicles		
Exploration motor vehicles - at cost	125,959	125,959
Accumulated depreciation	(15,462)	(9,623)
Written down value	110,497	116,336

**First Au Limited
and Controlled Entities**

ABN 65 000 332 918

**Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022**

7 Issued Capital and Options:

	Parent Entity Share Capital	Parent Entity Number of shares	Parent Entity Number of Options
	\$		
Balance at 1 January 2022	16,864,972	783,910,949	617,244,114
Issued on satisfaction of a milestone under the Victorian Goldfields transaction, being grant of exploration licences EL006975, EL006976 and EL006977. Refer Announcement 6 April 2022	425,000	25,000,000	-
Issued as part consideration for advisory services provided to FAU. Refer to the ASX Announcement on 8 April 2022. Refer Note 8	65,000	5,000,000	20,000,000
Issued on satisfaction of a milestone under the Victorian Goldfields transaction, being grant of exploration licence EL5422. Refer Announcement 6 May 2022	85,000	5,000,000	-
Balance at 30 June 2022	17,439,972	818,910,949	637,244,114

8 Reserves:

Share Based Payment Reserve (refer Note 8a)	355,799	286,782
Options Reserve (refer Note 8b)	2,265,515	2,265,515
Contingent Consideration Reserve (refer Note 8c)	-	510,000
	2,621,314	3,062,297

8a Share Based Payment Reserve:

Opening balance	286,782	95,229
Corporate Adviser and Vendor unlisted options lapsed 1 March 2021	-	(67,500)
Fair value of unlisted options issued to Directors & Management Team	53,058	124,702
Fair value of unlisted options issued to Consultant	-	18,509
Fair value of unlisted options issued to CEO	10,616	8,847
Listed options to Lead Manager for services in relation to Placement (19 October 2021) and SPP (3 December 2021)	-	106,995
Fair value of unlisted options issued to Consultant. Refer Announcement 8 April 2022.	5,343	-
Closing Balance	355,799	286,782

Share based payment reserve 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 methodology adopting Commonwealth Government Bond rates at grant date and a volatility of 100%.

Directors & Management Team:

29 million options issued to Directors and Management Team on 15 September 2020 expiring 3 years from the issue date valued at \$259,391 by Black-Scholes methodology comprised;

- 7.25 million options exercise price \$0.03 and vesting 18 months from issue date;
- 7.25 million options exercise price \$0.03 and vesting 24 months from issue date;
- 7.25 million options exercise price \$0.035 and vesting 30 months from issue date;
- 7.25 million options exercise price \$0.035 and vesting 30 days prior to expiry date.

First Au Limited
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Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022

8a Share Based Payment Reserve (Cont'd):

Directors & Management Team (Cont'd):

		Option value
		\$
Fair value of options		259,391
Allocations to vesting periods	2020 year	(25,979)
	2021 year	(124,702)
Allocation for six months ended 30 June 2022		(53,058)
Balance of option value for allocation in future periods		<u>55,652</u>

Consultant Options:

Options and shares issued to Consultant. Refer Announcement dated 8 April 2022.

In addition to monthly retainer of USD\$5,000 per month for six months, the Company allotted 5 million fully paid ordinary shares as partial consideration. Shares were escrowed for a period of 6 months from allotment. Based on market price of the shares at grant date, the shares were fair valued at \$65,000.

Consideration also included 20 million 5-year unlisted options with an exercise price of 1.5 cents each, which vest and are able to be exercised into ordinary shares on and from achievement of the following milestones. These options have been fair valued by Black-Scholes methodology and allocated over the vesting period of 5 years.

- 10 million options vest once the 10-day VWAP (Volume Weighted Average Price) of FAU shares reach 3 cents. Fair valuation based on Black-Scholes methodology \$83,060.
- 10 million options vest once the 10-day VWAP of FAU shares reach 4 cents. Fair valuation based on Black-Scholes methodology \$77,220.

		Option value
		\$
Fair value of options		160,280
Allocation to vesting periods	Period ended 30 June 2022	(5,343)
Balance of option value for allocation in future periods		<u>154,937</u>

CEO Options:

5 million options issued to the CEO on 3 August 2021 expiring Tranche 1 - 2 years and Tranche 2 - 30 months from the issue date valued at \$25,075 by Black-Scholes methodology comprised;

- 2.5 million options exercise price \$0.02. vesting 12 months from issue date, expiry date 2 years from issue date;
- 2.5 million options exercise price \$0.035 vesting 18 months from issue date, expiry date 30 months from issue date.

Valuation allocation: An amount of \$19,462 has been allocated to the 2022 year, leaving \$5,613 to be allocated over the remaining vesting period.

8b Options Reserve:

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.

	Half-year Ended 30 June 2022 \$	Year Ended 31 Dec 2021 \$
8c Contingent Consideration Reserve:		
Opening balance	510,000	510,000
Transfer to share capital (refer Note 7)	(510,000)	-
Closing Balance	<u>-</u>	<u>510,000</u>

First Au Limited
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 ABN 65 000 332 918
Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022

8c Contingent Consideration Reserve (Cont'd):

Issued on satisfaction of a milestone under the Victorian Goldfields transaction, being grant of exploration licence.

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.

As Milestone One and Two have now been met, this reserve has been transferred to issued capital. Refer Note 7.

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 2022 \$	Half-year Ended 30 June 2021 \$
10 Loss Per Share:		
Basic loss per share (cents)	(0.0031)	(0.0031)
Diluted loss per share (cents)	(0.0017)	(0.0024)
Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic and diluted EPS		
• weighted average ordinary shares	798,659,552	594,917,942
• weighted average ordinary shares and options	1,421,937,186	764,620,188
Total number of issued shares	818,910,949	614,628,754
Total number of options issued	637,244,114	492,603,004

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.

There has been no change to the Tambina Joint Venture Agreement information provided in the Financial Statements at 31 December 2021.

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

First Au Limited
and Controlled Entities
ABN 65 000 332 918
Notes to the Consolidated Financial Statements
For the Half-Year Ended 30 June 2022

13 Capital & Other Commitments:

The Company holds various mining tenements in Western Australia, South 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 amounts do not include any lease fees.

	Half-year Ended 30 June 2022 \$	Year Ended 31 Dec 2021 \$
The approximate minimum level of expenditure requirements on the Company Tenements:		
Within one year	1,096,580	534,180
One year or later and no later than five years	6,112,580	3,480,080

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.

15 Interests in Subsidiary Companies:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			30 June 2022	31 Dec 2021
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 undertakes exploration and drilling.

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

First Au Limited and Controlled Entities

ABN 65 000 332 918

Notes to the Consolidated Financial Statements For the Half-Year Ended 30 June 2022

16. Events after the reporting date:

No matters or circumstances, with the exception the matters set out in this section, the ongoing effects of Coronavirus and possible effects of Announcements after reporting date, have arisen since the end of the financial reporting period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

A share placement with sophisticated investors during July 2022 raised \$900,000 before brokers fees. Refer Announcement dated 21 July 2022.

Announcement 26 July 2022: Update on Talga Project Joint Venture and Farm-In Agreement with Octava Minerals Limited ('Octava'). *'Octava has asked FAU for an extension to complete its admission to the ASX, FAU has agreed and Octava is now required to complete its ASX listing by 14 September 2022.'* With the exception of the above, there has been no change to the Talga Farm-In information provided in the Financial Statements at 31 December 2021.

Announcement 18 August 2022: Small Shareholding Sale Update. *'The Sale Facility closed on 12 August 2022. Following closure, 3,151,337 shares from 1,406 holders will be sold under the Sale Facility as a result of those holders not electing to retain their FAU shares.'*

Announcement 22 August 2022: Testing of economic potential of Gimlet Gold project and
Announcement 24 August 2022: Dogwood drilling assays indicate copper mineralisation.

Directors' Declaration

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

- 1) The financial statements and notes set out on pages 17 to 28 are in accordance with the Corporations Act 2001, and:
 - a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the six months ended on that date of the Company and Consolidated Group.
- 2) In the Director's opinion, there are reasonable grounds to believe that the Company and Consolidated Group will be able to pay their debts as and when they become due and payable.
- 3) The Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



Bryan Frost
Executive Chairman and Managing Director
13 September 2022

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

Report on the Half-Year Financial Report

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 consolidated statement of financial position as at 30 June 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and 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 not comply with the Corporations Act 2001 including:

1. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
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. 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.

Material uncertainty related to going concern

We draw attention to Note 1(c) "Going Concern" in the financial report which indicates that the Group incurred a net loss of \$2,471,727 for the half year ended 30 June 2022. In addition the Group had a net operating cash outflow of \$1,589,893 for the half year ended 30 June 2022. As stated in Note 1(c), these events or conditions along with other matters as set forth in note 1(c), including any potential impact of the COVID-19 coronavirus on the Group, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2022 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 Auditor Pty Ltd.

McLean Delmo Bentleys Audit Pty Ltd



Rod Hutton
Partner

Dated at Hawthorn on this 13th day of September 2022