



FIRSTAU

First Au Limited

ABN 65 000 332 918

Interim Report

For the Half-Year Ended 30 June 2023

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First Au Limited

ABN 65 000 332 918

Corporate Directory

Directors:

Ryan Skeen - Managing Director and Chief Executive Officer

Daniel Raihani – Non-Executive Director

Lei Shi – Non-Executive Director

Company Secretary:

Paul Godfrey

Chief Financial Officer:

David McBain

Auditor:

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:

Automic Pty Ltd

Suite 501, 477 Collins Street, Melbourne VIC 3000

Free call: 1300 288 664

Email: hello@automic.com.au

Stock Exchange:

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

ASX Codes: FAU (shares) FAUOA (listed options)

Registered Office and Principal Place of Business:

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

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Website:

www.firstau.com

Review of Operations

The first half of 2023 has seen First Au substantial changes on the corporate and project fronts, with changes to members of the Board of Directors, significant cutbacks in corporate expenditure and divestment of several non-core assets. On the exploration front, it has been a period of strong success for the Company with its maiden drill program being undertaken at the priority Victorian Gold Project target of Haunted Stream. The results validating the excitement and work completed at the project to date.

The reporting period covered by this report has seen the Company establish a platform to move forward with success and focus in on its priority exploration targets to deliver value. The current Board is committed to delivering value to shareholders and will achieve this through a disciplined approach to exploration works, corporate transactions, as well as ensuring that corporate costs are kept to a minimum.

Exploration Activities

Haunted Stream, Victorian Gold Project

On 20 March 2023 FAU announced that it had secured a drill rig to undertake a program of 1,000 – 1,200m of diamond drilling at Haunted Stream, Victoria (Figure 1). The Haunted Stream Project contains over 150 historical workings that produced gold from the 1860's up until the early 1900's, extends over 8.5km in strike length and has the potential to be of significant scale.

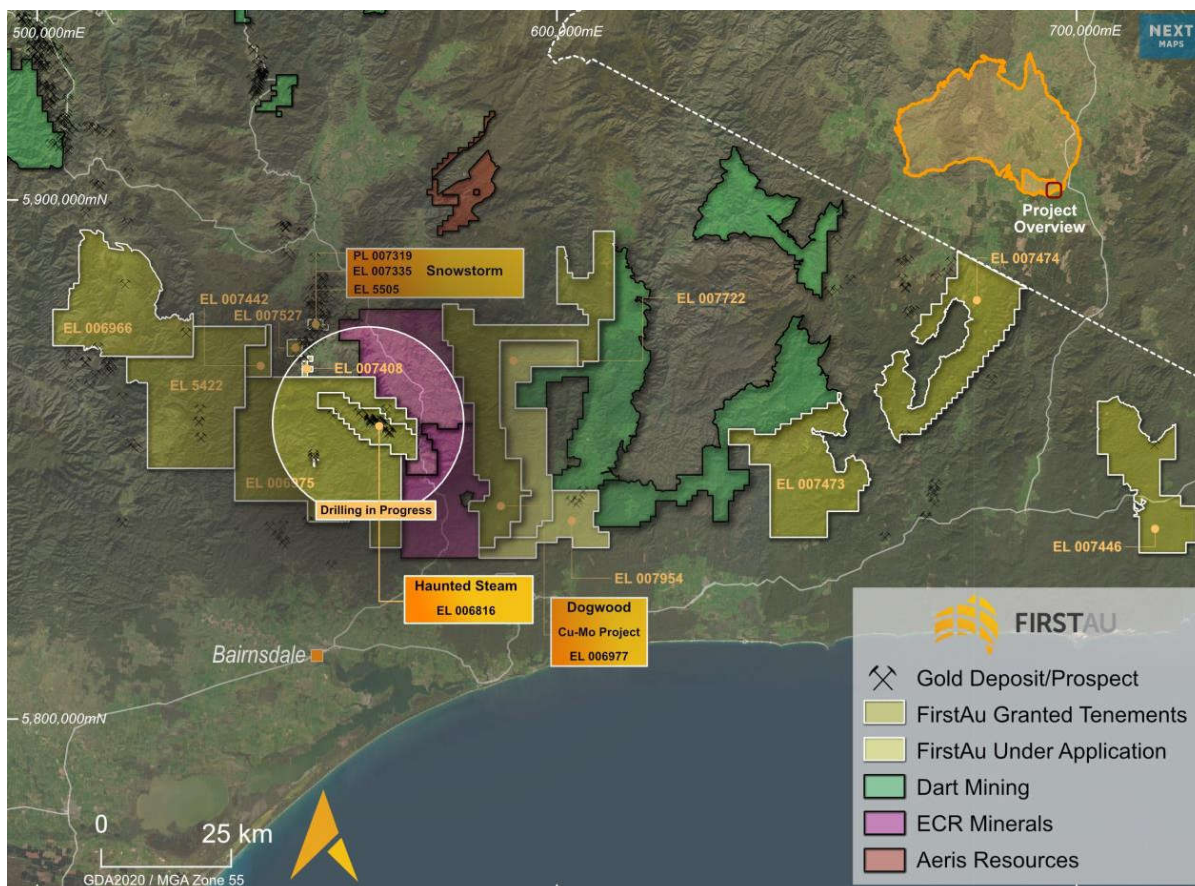


Figure 1: FAU Victorian tenements, highlighting the Haunted Stream Project.

Review of Operations

The planned drill program intended to test economic potential beneath historic workings as well as explore and test highly prospective structural target locations. The Company announced on 9 May 2023 that drilling was underway.

The Targets were identified and selected, based on both surface and UG mapping, sampling, historic research and analysis and evaluation of previous drilling undertaken by Mantle Mining from c.a. 2007 – 2010. Highlights from FAU face sampling at Haunted Stream as previously reported include results up to 135 g/t Au¹.

Over the course of the drill program, the Company completed 11 holes for a total of ~1,050m. This program has proven to be a major success for the Company. Results from each of the 9 holes have been reported for to date and show intersecting, extensive mineralised zone to >110m vertical depth. This confirms a new discovery beneath historical workings (Figure 2 & Figure 3). In addition to this mineralised zone, the final two holes (results have not been reported to date) identified a second and new shallow high-sulphidation gold system from 38m depth and intersected an adjacent gold system from 6.8m depth.

Results from the drilling includes^{2,3,4}:

- **ERN0001: 12.9m @ 3.57g/t Au, including 7.3m @ 5.1 g/t Au and 0.2m @ 36.88 g/t Au from 38.3m**
- **ERN0002: 11.1m @ 2.65g/t Au, including 4.1m @ 4.1g/t Au and 0.25m @ 12.81 g/t Au from 51.5m**
- **ERN0003: 11.1m @ 1.52 g/t Au from 40.7m depth including 2.8m @ 3.26g/t Au and 0.6m @ 4.47g/t Au between 43m and 43.6m**
- **ERN004B: 8m @ 3.45g/t Au from 69m including 6m @ 4.31g/t Au from 71m and 0.5m @ 6.53g/t Au; 1m @ 11.45g/t Au from 80m including 0.5m @ 21.13g/t Au; 4m @ 1.09g/t Au from 86m**
- **ERN0005: 36.9m @ 1.61g/t Au from 70.6m including 3.4m @ 4.16g/t Au from 70.6m including 1m @ 8.08g/t Au from 72m and 2.8m @ 4.4g/t Au from 104.2m**
- **ERN0006: 2.8m @ 2.16g/t Au from 35m and 4.7m @ 1.04g/t Au from 50.3m and 2m @ 1.78g/t Au from 60.4m**
- **ERN0007: 18.5m @ 1.81g/t Au from 67.5m including 9.8m @ 2.45g/t Au from 86m and 2.7m @ 6.71g/t Au from 87.4m**
- **ERN008B: 10.7m @ 3.05g/t Au from 93.7m including 2.5m @ 8.32g/t Au from 93.7m and 3.15m @ 2.55g/t Au from 112.45m**
- **ERN0009: 2.5m @ 2.33g/t Au from 46.6m including 0.8m @ 6.14g/t Au from 47.3m and 2m @ 1.08g/t Au from 54.6m**

The results from drilling as noted above demonstrate the persistence of mineralisation with evidence of higher-grade veins >1oz Au². The results also highlight an adjacent gold system intersected in the top of hole ERN008B and ERN007 highlighting the prospectivity of the region.

The mineralised zones crosscut includes sericite+silica+pyrite (Phyllic), altered sandstones and black shales at a high angle to bedding. The focus of gold mineralisation is hosted within an ~NE-SW trending mineralised envelope and hosted in south-plunging shoots where the bedding is coincidentally plunging south. Mineralised intersections are defined as cross-cutting the main bedding trend, comprising a quartz-sulphide stockwork hanging-wall, early laminated quartz-

Review of Operations

sulphide veins (LQV) observed sub-parallel to layering, graduated into angular quartz-sulphide breccias. A late quartz-carbonate series of conjugate veins hosting fine to medium to coarse grained arsenopyrite, pyrite, chalco-pyrite, galena and sphalerite veins overprint the early LQV's and breccia zones suggesting a remobilization of the early mineralisation. The mineralised zones are controlled by a sinistral duplex and shear system.

Higher grades of Au mineralisation occur where black shales occur adjacent to sandstone units and broader lower-grade zones occur where sandstone sequences dominate. In hole ERN003, a major fault zone was encountered from 32m resulted in core loss over several meters with the cuttings suggesting it was possibly a black shale horizon.

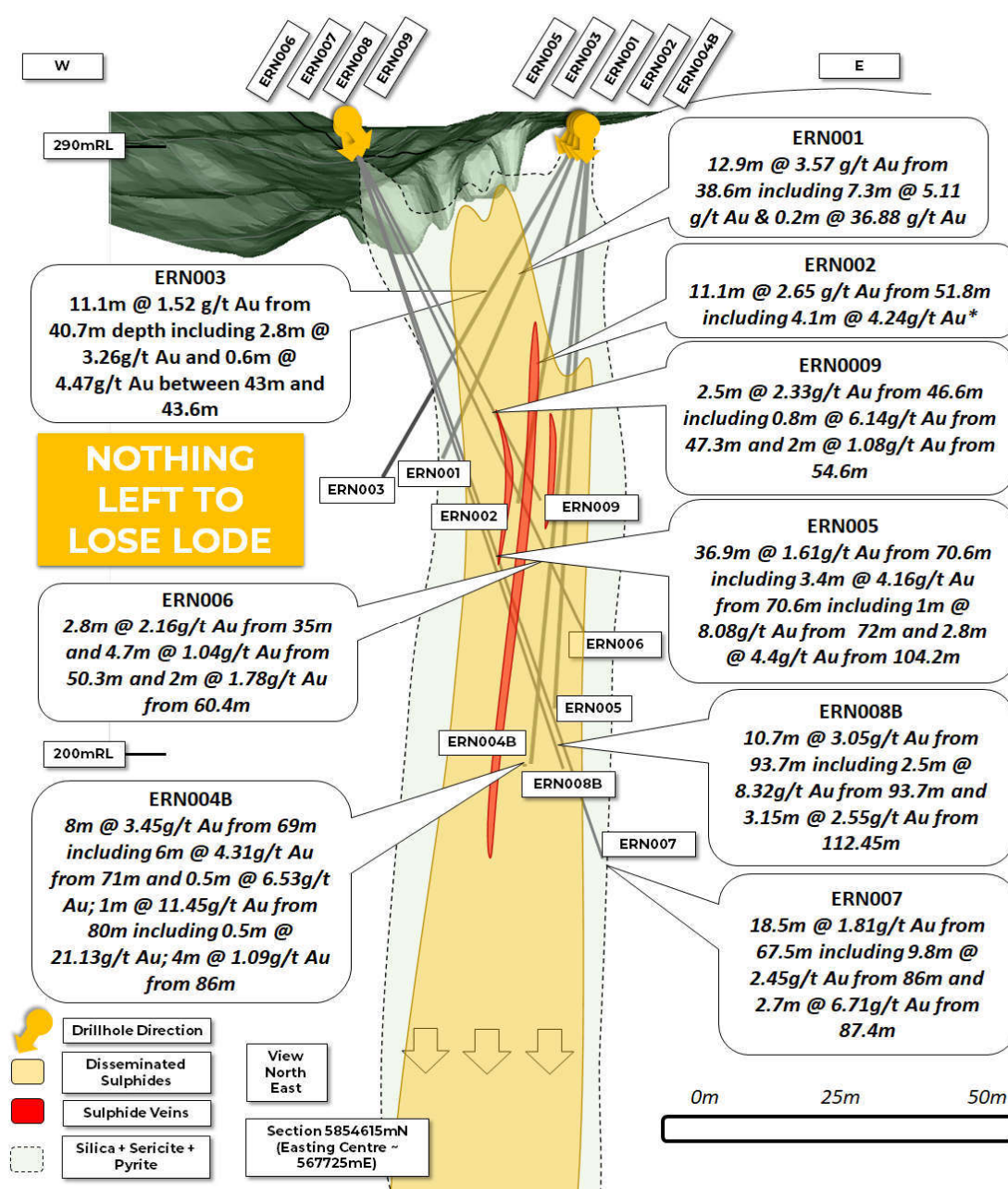


Figure 2: Section view North-East with assay results for all holes assayed. All coordinates in MGA94 Zone 55^{2,3,4}.

Review of Operations

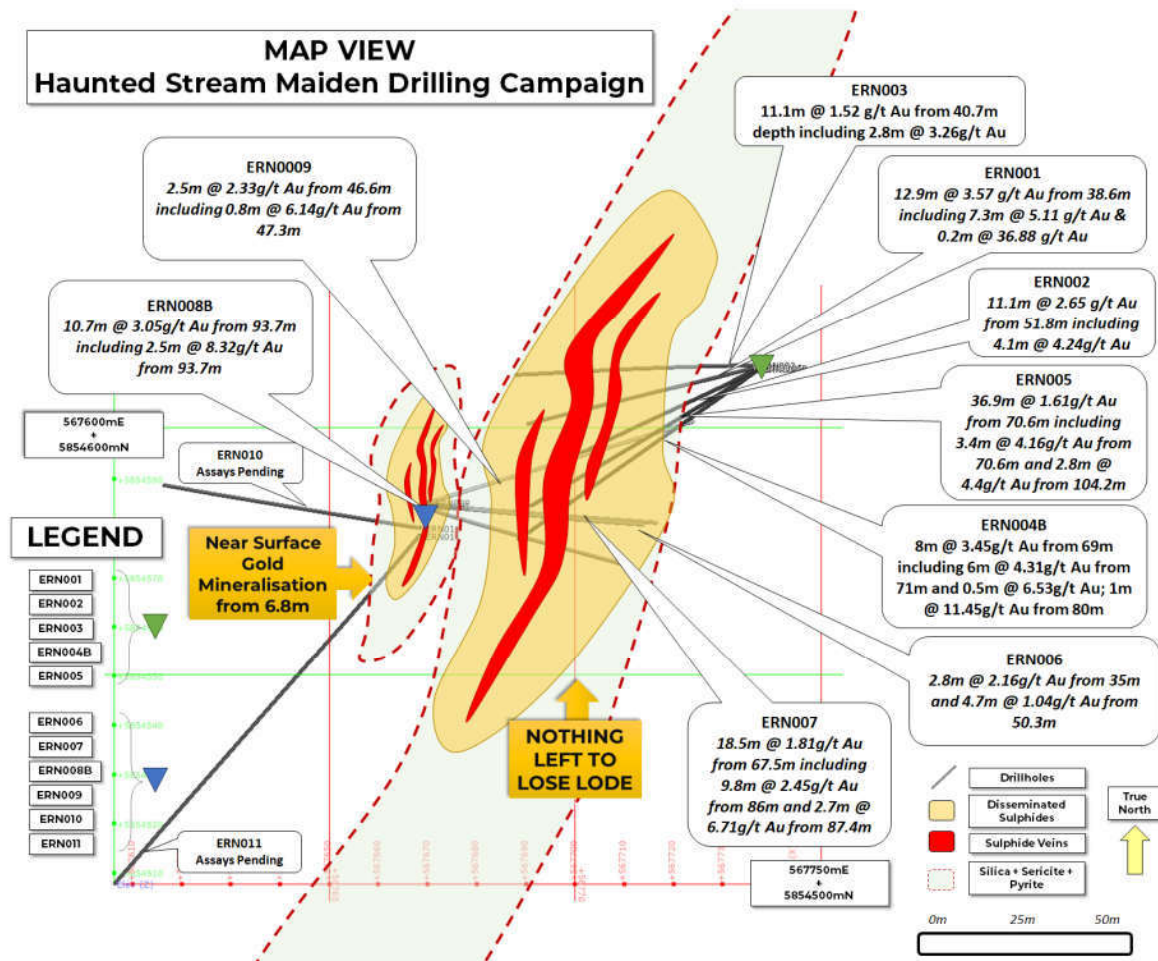


Figure 3: Plan view of drilling completed to date with assay results for first 9 holes. All coordinates in MGA94 Zone 55^{2,3,4}.

FAU has a number of further drill targets at the Haunted Stream Project and will provide further updates on future drill programs.

Snowstorm, Victorian Gold Project

During the reporting period, Earth Resources and Regulation advised FAU that its 'exploration' work plan in relation to the underground proposed bulk sampling had not been accepted. The Company promptly resubmitted a 'mining' work plan for the same program and will provide further updates when information becomes available. The Company currently anticipates receiving approval to undertake the proposed program before the end of 2023.

Underground bulk sampling will allow FAU to undertake more detailed mapping of the system which should provide a improved understanding of the grade and geological continuity of mineralisation. The main aim of the program is to further establish the potential economics of the system. An additional benefit of the proposed program is that it will establish greater underground access for potential future exploration drilling if warranted.

Review of Operations

The two drill programs that have been completed to date at Snowstorm have demonstrated economic potential. However, with the narrow vein gold systems, drilling alone does not necessarily provide a true representation of grade due to challenges in establishing continuity of mineralisation. Drilling of narrow vein gold systems does provide an indication of the location of veins and geological structure, which, along with results received so far, gives confidence in progressing to an underground bulk sampling program as the next stage of exploration.

FAU will be targeting a shear zone where it has drilled a number of holes and where an existing historical adit is located (Figure 4).

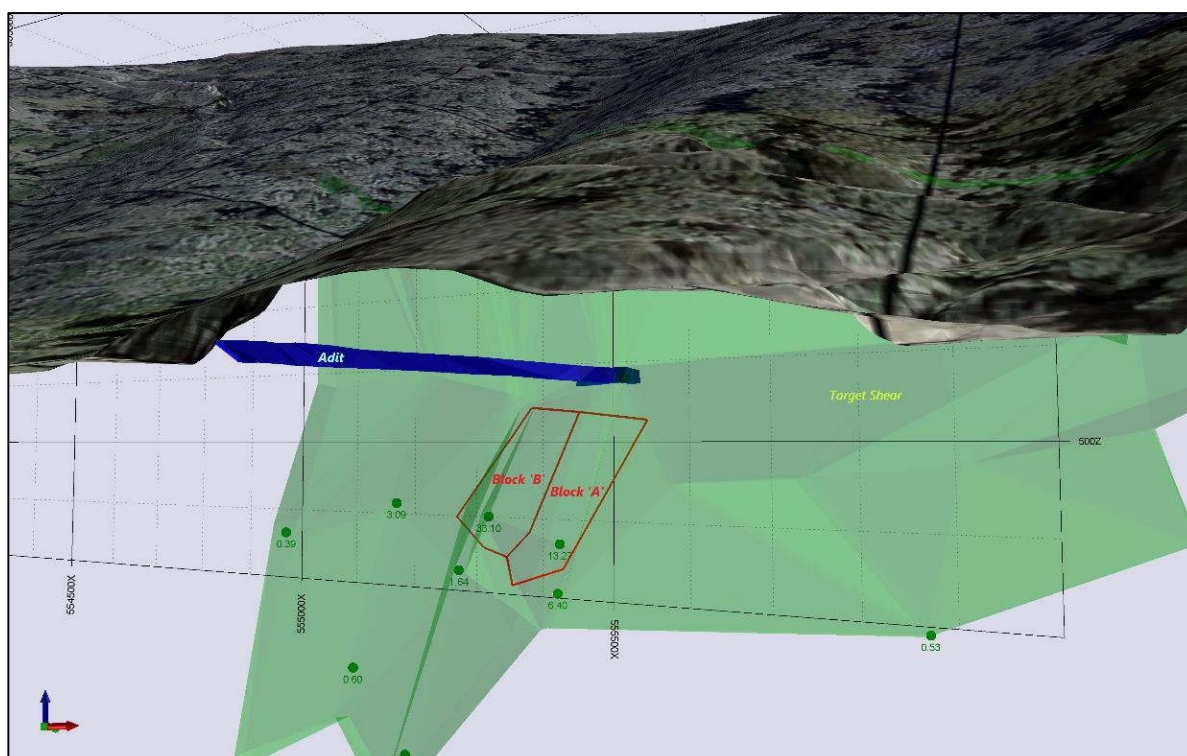


Figure 4: Preliminary polygonal 3D mineralised zones (red outlines) at Snowstorm underneath existing adit (blue)

Gimlet Gold Project, Kalgoorlie WA

On 26 May 2023 FAU announced that it had received notification from the WA Department of Mines that its Gimlet Mining Lease application (M26/849) had been granted.

The Gimlet Gold Project is strategically positioned 15km NW of Kalgoorlie, in an area rich in infrastructure and potential toll treatment options (Figure 5). The project contains an inferred resource of 120,000oz's Au @ 3.19 g/t Au (see Table 1 further details)⁵.

Having a granted Mining Lease significantly enhances the opportunities to either find a buyer/partner for the project or consider options to move the project forward independently.

Review of Operations

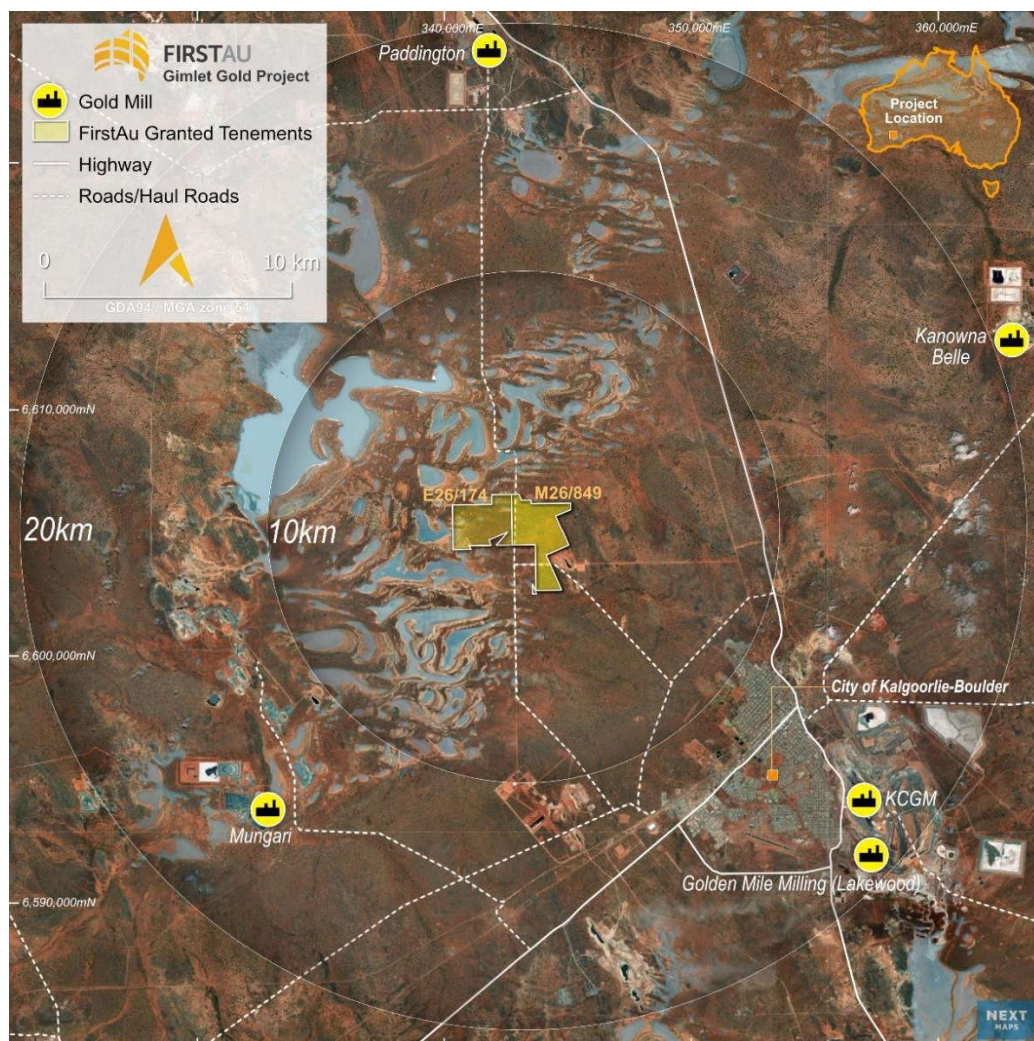


Figure 5: Gimlet Gold Project location

Project Divestments

Mable Creek, SA

On 13 June 2023 FAU announced that Talisman Mining Ltd (ASX: TLM) had completed the acquisition of the Mabel Creek Project for \$200,000 cash consideration and \$100,000 of TLM fully paid ordinary shares. FAU received the final cash consideration amount of \$100,000 and has been issued 580,852 fully paid ordinary shares in TLM, equal to \$100,000 worth of consideration.

The Company determined that Mabel Creek was a non-core asset and that divesting the project will allow FAU to focus its resources on core projects.

Review of Operations

Talga Project, Pilbara WA (post reporting period)

On 11 September 2023 FAU announced that it had reached an agreement with Octava Minerals (OCT: ASX) ("OCT") to divest its minority interest in the Talga Project, located in the Pilbara region of WA, for consideration of \$200,000 cash, 1,200,000 fully paid ordinary shares in OCT and a Net Smelter Royalty (NSR) of 0.75%.

The Company and OCT had previously entered in a farm-in and joint-venture agreement whereby OCT could earn up to an 80% interest in the relevant tenements by spending up to \$900,000 over a three-year period. The Company would retain a 20% interest after expenditure commitments had been met up until the decision to mine.

The Company has agreed to sell its remaining 30% interest (including the 20% free carried interest) in the Talga project for the consideration outlined above, resulting in OCT having a 100% interest in the project.

The sale is consistent with First Au's strategy to realise value from its non-core assets.

Discontinued Lithium Acquisition

On 13 February 2023 the Company announced that it had entered into a conditional agreement with the owners (shareholders) of PG Exploration Pty Ltd (PG Exploration) to acquire 100% of the issued capital of PG Exploration. A key condition precedent of the proposed acquisition was obtaining shareholder approval. As announced on 28 April 2023, shareholders voted against the resolutions for the PG Exploration transaction and as such, the Company did not proceed with the transaction.

The Company continues with its priority and focus on its Victorian Gold Project. The Company will also continue to review new opportunities that may present value to the Company and its shareholders.

Corporate Activities

Management Changes

Following the Company's AGM held on 29 May 2023 and in accordance with the results of the resolutions, Daniel Raihani and Lei Shi joined the Board of Directors. Michael Quinert and Damon O'Meara ceased to be Directors of FAU at the Annual General Meeting.

The current Board is committed to delivering value to shareholders and will achieve this through a disciplined approach to exploration works and activities, corporate transactions, as well as ensuring that corporate costs are kept to a minimum.

A review of corporate costs is underway, with costs deemed to be unnecessary already reduced or eliminated. The Company is actively reviewing its fixed costs and contracts to improve business flexibility and preserve cash when it is not actively undertaking exploration activities. The Board believes having operating flexibility will allow it to be agile and make business decisions that will prioritise creating shareholder value.

Review of Operations

Capital Raising

On February 13 2023 the Company announced that it had received binding commitments from unrelated sophisticated, professional and other exempt investors for a two-tranche placement (Placement) of ordinary shares (Placement Shares) at \$0.003 (0.3 cents) per Placement Share to raise \$1.5 million before costs. Every two Placement Shares were accompanied by one free-attaching option (Placement Option) with an exercise price of \$0.012 (1.2 cents) and expiring 18 months from issue.

The placement was undertaken in two-tranches, with the second tranche receiving shareholder approval as announced on 28 April 2023. Funds from the placement have been utilised to commence a drill program at FAU's primary target at its Victorian Goldfields Project, the highly prospective Haunted Stream and for working capital.

Table 1: Gimlet Gold June 2021 MRE at 1 g/t cut-off⁵

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

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

1. 18 July 2022, "Drilling Complete at Dogwood, Face Samples at Haunted Stream up to 135 g/t Au", Ian E Neilson, competent person.
2. 13 June 2023, 'Successful Drilling Intersects Extensive Near Surface Gold Bearing System (Amended)', Ian E Neilson, competent person.
3. 3 August 2023, 'successful Drilling Intersects 36.9m @ 1.61 g/t Au', Ian E Neilson, competent person.
4. 31 August 2023, "Haunted Stream, Victoria Delivers Further Outstanding Drilling Results, Ian E Neilson, competent person.
5. 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. The Company confirms that the form and context of the respective competent persons' findings in relation to the report have not been materially modified from the original market announcement.

First Au Limited

ABN 65 000 332 918

Directors' Report

Your Directors' present their Interim Report, together with the half-yearly financial statements on the consolidated entity ('consolidated entity' or 'group') consisting of First Au Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 June 2023.

Directors:

The names of the Directors in office at any time during the half-year and up to the date of this report, unless otherwise stated:

Ryan Skeen - Managing Director and Chief Executive Officer

Daniel Raihani – Non-Executive Director – Appointed 29 May 2023

Lei Shi – Non-Executive Director – Appointed 29 May 2023

Damon O'Meara - Non-Executive Director – Resigned 29 May 2023

Michael Quinert - Non-Executive Director – Resigned 29 May 2023

Principal Activities:

The principal activities of the Company are exploration for gold and base metals at mining tenements situated in Western Australia and Victoria.

There have been no other significant changes in the nature of those principal activities during the period covered by this report.

Dividends:

There were no dividends paid, recommended or declared during the current or previous financial half-years.

Review of Operations:

The consolidated entity reported a Net Loss for the half year of \$1,207,952 (30 June 2022 Net Loss \$2,471,727).

Refer to precedent 'Operations Review section for details.

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 half-year report.

Matters Subsequent to the End of the Financial Half-Year:

No matters or circumstances have arisen since 30 June 2023 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 this half-year report.

Likely Developments and Expected Results of Operations:

The likely developments in the groups operations, to the extent that such matters can be commented upon, are covered in the Operations Review in this Interim Report. In the opinion of the Directors, disclosure of detailed information regarding the expected results of those operations in financial years after the current financial year is not predictable at this stage, or may prejudice the interests of the Group; accordingly this information has not been included in this report.

Auditor's Independence Declaration:

The Auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 30 June 2023 is set out after the Directors' Report.

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

On behalf of the Directors

Ryan Skeen
Managing Director and
Chief Executive Officer
11 September 2023



**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 2023 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
11 September 2023

**Statement of Profit or Loss
and Other Comprehensive Income
For the Half-Year Ended 30 June 2023**

	Note	Consolidated Entities 30 June 2023 \$	Consolidated Entities 30 June 2022 \$
Revenue	2	302,582	173
Expenses			
Exploration Expenses		(878,126)	(1,935,582)
Administration expenses		(284,623)	(528,790)
Fair value movement of listed investment		(145,810)	(7,528)
Other expenses	2	(201,975)	-
Loss before income tax expense		<u>(1,207,952)</u>	<u>(2,471,727)</u>
Income tax expense		-	-
Net loss and Comprehensive Loss for the period		<u>(1,207,952)</u>	<u>(2,471,727)</u>
Earnings (Loss) per ordinary share		2023 Cents/share	2022 Cents/share
Basic earnings (loss) per share	10	(0.0012)	(0.0031)
Diluted earnings (loss) per share	10	(0.0007)	(0.0017)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2022 Annual Report.

Statement of Financial Position
As at 30 June 2023

	Note	Consolidated Entities 30 June 2023 \$	Consolidated Entities 31 Dec 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		745,213	97,242
Other receivables	3	151,351	106,184
Other Financial Assets	4	138,298	200,000
TOTAL CURRENT ASSETS		1,034,862	403,426
NON-CURRENT ASSETS			
Exploration and Evaluation	5	2,190,991	2,312,966
Motor Vehicles	6	100,005	105,253
TOTAL NON-CURRENT ASSETS		2,290,996	2,418,219
TOTAL ASSETS		3,325,858	2,821,645
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		459,270	161,767
Borrowings		-	32,919
Provisions - Employee Benefits		22,188	9,940
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		481,458	204,626
NET ASSETS		2,844,400	2,617,019
EQUITY			
Issued capital	7	19,787,404	18,379,472
Reserves	8	2,498,883	2,623,465
Accumulated losses		(19,441,887)	(18,385,918)
TOTAL EQUITY		2,844,400	2,617,019

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2022 Annual Report.

Statement of Changes in Equity
For the Half-Year Ended 30 June 2023

	Share Capital	Share Based Payment Reserve	Options Reserve	Contingent Consider- ation Reserve	Accum- ulated Losses	Total
	\$	\$	\$	\$	\$	\$
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	-	63,674	-	-	-	63,674
Fair value of unlisted options issued to Consultant as share based payment	-	5,343	-	-	-	5,343
Milestone shares to VicGold vendors - exploration licences for tenements granted	510,000	-	-	(510,000)	-	-
Share based payment	65,000	-	-	-	-	65,000
Balance at 30 June 2022	17,439,972	355,799	2,265,515	-	(17,186,870)	2,874,416
Balance at 1 January 2023	18,379,472	357,950	2,265,515	-	(18,385,918)	2,617,019
Net loss for the period	-	-	-	-	(1,207,952)	(1,207,952)
Share placement 20th February 2023	428,370	-	-	-	-	428,370
Fees paid for share placement	(26,100)	-	-	-	-	(26,100)
Share placement 16 May 2023	1,071,630	-	-	-	-	1,071,630
Fees paid for share placement	(65,968)	-	-	-	-	(65,968)
Apportionment to period of fair value of unquoted options issued to Consultant (refer Note 8a)	-	16,028	-	-	-	16,028
Apportionment to period of fair value of unquoted options issued to CEO (refer Note 8a)	-	641	-	-	-	641
Apportionment to period of fair value of unlisted options issued to Management Team as share based payments	-	1,871	-	-	-	1,871
Fair value of unlisted options issued to Consultant as share based payment	-	8,861	-	-	-	8,861
Fair value of Directors unquoted options lapsed due to resignations	-	(151,983)	-	-	151,983	-
Balance at 30 June 2023	19,787,404	233,368	2,265,515	-	(19,441,887)	2,844,400

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2022 Annual Report.

Statement of Cash Flows
For the Half-Year Ended 30 June 2023

	Note	Consolidated Entities Half-year Ended 30 June 2023 \$	Consolidated Entities Half-year Ended 30 June 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of listed shares		15,960	413,145
Payments for listed shares		-	(269,743)
Staff costs		(99,875)	-
Payments to suppliers - Administration		(226,558)	(466,003)
Payments to suppliers - Exploration		(658,166)	(1,434,504)
Fee paid to PG Exploration Pty Ltd	2	(88,000)	-
Interest received		2,582	173
GST received from ATO		55,017	167,039
Net cash used in operating activities		<u>(999,040)</u>	<u>(1,589,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Mabel Creek tenements	2	200,000	-
Tenement Acquisitions		-	(25,000)
Deposit received for sale of motor vehicle	6	75,000	-
Net cash received from / (used in) investing activities		<u>275,000</u>	<u>(25,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received from Share Placements	7	1,500,000	-
Fees paid for capital raising	7	(92,068)	-
Repayment of borrowings - Insurance Premium Funding		(35,921)	(30,855)
Net cash received from / (used in) financing activities		<u>1,372,011</u>	<u>(30,855)</u>
Net increase / (decrease) in cash and cash equivalents		647,971	(1,645,748)
Cash and cash equivalents at beginning of period		97,242	2,531,155
Cash and cash equivalents at end of period		<u>745,213</u>	<u>885,407</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2022 Annual Report.

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
Notes to the Financial Statements
For the Half-Year Ended 30 June 2023

1 Summary of Significant Accounting Policies:

Basis of Preparation:

The interim financial statements for the half-year reporting period ended 30 June 2023 have been prepared in accordance with requirements of the *Corporations Act 2001*, Australian Accounting Standard *AASB 134: Interim Financial Reporting* and International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial statements do not include all notes normally included in a full financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 December 2022, together with any public announcements subsequent to that date.

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 interim financial statements have been prepared on the basis of fair value measurement of assets and liabilities unless otherwise stated and presented in Australian dollars.

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

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 have been capitalised as an asset and are measured at cost.

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 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 (M26/849) near Kalgoorlie in Western Australia has an identified JORC resource. A mining lease was granted 25 May 2023. Refer Announcement dated 26 May 2023.

(c) Statement of Cash Flows

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows and included in receipts from customers or payments to suppliers.

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
Notes to the Financial Statements
For the Half-Year Ended 30 June 2023

(d) 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 2023 of \$1,207,952 and a net increase in cash and cash equivalents of \$647,971. Net assets of the Company at 30 June 2023 were \$2,844,400.

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 of 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 the six months ended 30 June 2023 raised \$1,500,000 before brokers fees. Refer Note 7.

The Company will contain net operating cash outflows within available resources and further capital raises will be considered. The Company is actively taking steps to divest non-core assets to raise additional cash to continue exploration on the Company tenements in Victoria

The Company has just completed a drill program at its Victorian project with exploration expenditure increased due to this over the quarter. Following the completion of this program the Company expects it will have lower operating costs which will allow the Company to preserve cash.

The Company is also actively undertaking steps to reduce its fixed costs and contracts. This will enable greater flexibility to manage operating cash flows during periods when the Company is not undertaking active exploration activities.

The Annual General Meeting was held on 29 May 2023 whereby the Company refreshed the Company's capacity to make further issues without Shareholder approval under ASX Listing Rule 7.1 and / 7.1A. FAU.

FAU has recently announced the sale of its Mabel Creek Project, which included \$200,000 in cash consideration. Consideration from the sale of this project included listed shares which at 30 June 2023 had market value of approximately \$98,700.

As part of the Company's strategy to divest non-core assets, the Company has sold its minority interest in Talga. Refer Announcement on 11 September 2023 where the Company announced the sale to Octava Minerals Ltd (ASX:OCT) ('OCT') of its remaining 30% interest (including the 20% free carried interest) in the Talga project resulting in OCT having a 100% interest in the project. Consideration for the sale: \$200,000 cash, 1,200,000 fully paid ordinary shares in OCT and a Net Smelter Royalty (NSR) of 0.75%.

The Company refreshed its capital raising capacity at the last general meeting. FAU can raise additional capital if required to continue its operations and meet its business objectives. Divesting non-core assets will enable the Company to concentrate on the tenements controlled in Victoria.

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.

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

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
Notes to the Financial Statements
For the Half-Year Ended 30 June 2023

	Consolidated Entities Half-year Ended 30 June 2023 \$	Consolidated Entities Half-year Ended 30 June 2022 \$
2 Revenue & Expenses:		
The following revenue and expense items are relevant in explaining the financial performance for the year:		
<i>Income:</i>		
Sale of Mable Creek Tenements comprising cash and shares (refer Announcement 13 June 2023)	300,000	-
Other income - interest	2,582	173
	302,582	173
<i>Expenses:</i>		
Auditing the financial statements	(11,500)	(10,600)
Employee Entitlements	(100,957)	(86,533)
Depreciation of motor vehicles	(5,246)	(5,839)
Share based payments (refer Note 8)	(27,400)	(69,017)
<i>Other Expenses:</i>		
Fees paid to PG Exploration Pty Ltd (refer Announcement 13 February 2023 and Announcement 28 April 2023).	(80,000)	-
Provision for loss on surrender of Tambina Gold Project (refer Note 14)	(60,000)	-
Provision for loss against consideration receivable on sale of interest in Talga tenements (refer Note 14)	(61,975)	-
	(201,975)	-
	Consolidated Entities Half-year Ended 30 June 2023 \$	Consolidated Entities Year Ended 31 Dec 2022 \$
3 Other Receivables:		
Other receivables is represented by GST receivable, prepayments and sundry debtors	151,351	106,184
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	138,298	200,000
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	2,190,991	2,312,966
These comprise:		
Vendor shares at fair value issued to acquire tenements at Gimlet and Talga in Western Australia	609,999	609,999
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

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
Notes to the Financial Statements
For the Half-Year Ended 30 June 2023

	Consolidated Entities Half-year Ended 30 June 2023 \$	Consolidated Entities Year Ended 31 Dec 2022 \$	
5 Exploration and Evaluation (Cont'd):			
Mines of Stirling Pty Ltd	100,000	100,000	
Tenement purchased for cash EL5422	25,000	25,000	
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	
Provision for loss on surrender of Tambina Gold Project (refer Note 14)	(60,000)	-	
Vendor shares at fair value issued to acquire tenements at Talga in Western Australia	345,975	345,975	
Provision for loss against consideration receivable on sale of interest in Talga tenements (refer Note 14)	(61,975)	-	
	2,190,991	2,312,966	
6 Motor Vehicles			
Exploration motor vehicles - at cost	125,959	125,959	
Accumulated depreciation	(25,954)	(20,708)	
Written down value	100,005	105,251	
Subsequent to 30 June 2023, one of the motor vehicles was sold for \$75,000 (incl GST).			
7 Issued Capital and Options:	Parent Entity Share Capital	Parent Entity Number of shares	Parent Entity Number of Options
	\$		
Balance at 1 January 2023	18,379,472	951,993,277	698,494,114
Share placement 20 February 2023	428,370	142,789,991	-
Fees paid for share placement	(26,100)	-	-
Share placement 16 May 2023	1,071,630	357,210,009	-
Fees paid for share placement	(65,968)	-	-
Options issued expiring 17 November 2024 (refer Announcement 18 May 2023)	-	-	270,000,000
Cessation of Options expiring 14 October 2023 as conditions not capable of being satisfied (refer Announcement 5 June 2023)	-	-	(2,250,000)
Balance at 30 June 2023	19,787,404	1,451,993,277	966,244,114
FAUOA: 581,744,114 options expired 1 July 2023 (refer Announcement dated 7 July 2023)			
8 Reserves:			
8a Share Based Payment Reserve:			
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%.			

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
Notes to the Financial Statements
For the Half-Year Ended 30 June 2023

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

Consultant Options:

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

Consideration 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 which expires 6 May 2027.

- 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.

	Parent Entity Option value
	\$
Fair value of options	160,280
Allocation to vesting periods ended 30 June 2023	(37,399)
Balance of option value for allocation to future periods	<u>122,881</u>

CEO Options:

5 million options were 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. These options expired on 3 August 2023.
- 2.5 million options exercise price \$0.035 vesting 18 months from issue date, expiry date 30 months from issue date.

8b Options Reserve:

Options Reserve comprised 462,103,004 listed options which expired on 1 July 2023. A further 119,641,110 listed options expired on the same date bringing the total listed options which expired on 1 July 2023 to 581,744,114 option

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.

10 Loss Per Share:

	Parent Entity Half-year Ended 30 June 2023 \$	Parent Entity Half-year Ended 30 June 2022 \$
Basic loss per share (cents)	(0.0012)	(0.0031)
Diluted loss per share (cents)	(0.0007)	(0.0017)

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

	Shares & Options	Shares & Options
• weighted average ordinary shares	997,294,983	798,659,552
• weighted average ordinary shares and options	1,780,801,775	1,421,937,186
Total number of issued shares	1,451,993,277	818,910,949
Total number of options issued	966,244,114	637,244,114

**First Au Limited
and Controlled Entities**
ABN 65 000 332 918
Notes to the Financial Statements
For the Half-Year Ended 30 June 2023

11 Operating Segments:

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

12 Contingent Liabilities:

The Company is not aware of any material contingent liabilities.

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 amounts do not include any lease fees.

	Consolidated Entities Half-year Ended 30 June 2023 \$	Consolidated Entities Year Ended 31 Dec 2022 \$
The approximate minimum level of expenditure requirements on the Company Tenements:		
Within one year	694,000	987,000
One year or later and not later than five years	2,780,000	3,944,000

14 Events after the Reporting Date:

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 for the matters set out in these financial statements and the following matters:

- Tambina Gold Project tenements were surrendered on 2 August 2023 resulting in a write-off of \$60,000
- 581,744,114 listed options expired on 1 July 2023
- 30 million unlisted options were issued to the Managing Director, Ryan Skeen on 18 July 2023. These unlisted options were approved for issue at the Annual General Meeting held on 29 May 2023
- Refer Announcements on 18 July 2023 of Options Prospectus and quotation of 270,000,000 listed options having an exercise price of \$0.012 (1.2 cents) and expiry date of 17 November 2024
- Sale of minority interest in Talga. Refer Announcement on 11 September 2023 where the Company announced the sale to Octava Minerals Ltd (ASX:OCT) ('OCT') of its remaining 30% interest (including the 20% free carried interest) in the Talga project resulting in OCT having a 100% interest in the project. Consideration for the sale: \$200,000 cash, 1,200,000 fully paid ordinary shares in OCT and a Net Smelter Royalty (NSR) of 0.75%.

15 Interests in Subsidiary Companies:

Name	Date Incorporated	Place of Business	Ownership Interest by Group	
			30 June 2023	31 Dec 2022
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%
East Victoria Goldfields Pty Ltd	16 August 2022	Melbourne	90%	90%
Lions Share Gold Ltd - deregistered 7 April 2023	19 February 2019	Melbourne	0%	100%

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%. The issued capital of East Victoria Goldfields Pty Ltd is \$100 of which FAU holds 90%.

LGH Nominees Pty Ltd trades in listed securities.

Directors' Declaration

In the opinion of the Directors' of First Au Limited:

1. The interim financial statements and notes, set out on pages 12 to 21, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards, *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2023 and of the performance for the half year ended on that date of the Company and Consolidated Group;
2. 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.

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.

This declaration is made in accordance with a resolution of the Directors'.



Ryan Skeen
Managing Director and CEO
11 September 2023

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 consolidated statement of financial position as at 30 June 2023, 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 2023 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(d) "Going Concern" in the financial report which indicates that the Group incurred a net loss for the half year ended 30 June 2023 of \$1,207,952 and a net increase in cash and cash equivalents of \$647,971. As stated in Note 1(d), these events or conditions along with other matters as set forth in note 1(d), 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 2023 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 11th day of September 2023