

## Gold plus base metals and lithium

### 3 Highly prospective projects in WA

#### Recommendation

**Speculative BUY**

#### Price

**FAU : 3.4c**

**FAUO : 0.5c**

#### Commodity

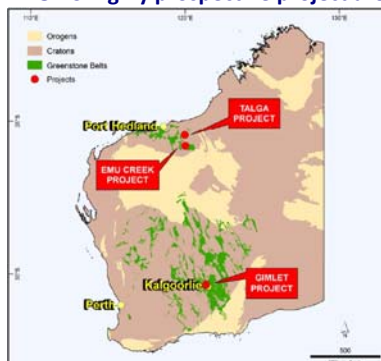
**Gold / base metals  
Exploration**

- **FAU started trading on the ASX on 15 June, following a successful raising of \$6.2m.**
- **FAU will explore 3 projects in WA, all of which have been vended in by Denis O'Meara, who is a very well known and successful mining identity.**
- **Gimlet, 15km N-W of Kalgoorlie, is 400 metres along strike from Intermin's (IRC.ASX) Teal gold project, which has mined and processed 210kt of oxide ore grading 3.36g/t plus 52kt of transitional ore, at 2.5g/t.**
- **Emu Ck and Talga are in the East Pilbara region and have many recorded occurrences of gold and base metals.**

#### Snapshot

Market Cap	\$10.4m
Cash on hand (post-IPO)	\$5.7m
Shares on Issue	260.7m
Options	231.7m
Exercisable at 6.0c by 15 December 2020	
Further shares to be issued :	13.0m
Upon announcement of 50koz JORC Resource	

#### FAU : 3 highly prospective project areas



FAU listed on the ASX in June 2018, raising about \$6.2m to fund exploration.

All 3 projects were vended into FAU by Denis O'Meara, a very well known and successful mining identity, for 32.5m FAU shares (\$1.3m) plus 13m performance shares upon declaration of a JORC 2012 compliant Mineral Resource Estimate of at least 50koz from 708kt grading 2.2g/t.

Gimlet, 15km N-W of Kalgoorlie, is the most likely for early development, while Talga and Emu Creek, in the Pilbara region, are also highly prospective.

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#### FAU's 3 projects were vended in by Denis O'Meara

Denis O'Meara is a very well known and successful mining identity. His prospecting has led to joint ventures with Cominco, International Nickel, Aztec, Metana, ACM, Carpentaria, Homestake, Gwalia Group, Placer Pacific, BHP Gold (Newcrest), Alkane, CRA and Hill 50 Gold. Mr O'Meara was the joint founder of Atlas Iron, De Grey Mining and Shaw River Resources.

Denis is a joint recipient with Geoff Blackburn of the AMEC "Prospector of the Year Award" and will remain an integral part of the Company's proposed exploration efforts.

Denis is a consultant to FAU, while his son, Damon O'Meara, whose business, Outback Trees, has worked in the Pilbara region for over 20 years, has joined the Board of FAU

#### Gimlet : 15km N-W of Kalgoorlie, along strike from IRC's Teal Gold project

Shallow drilling, to a maximum depth of 50m below surface has outlined a supergene gold blanket, up to 3.6km long and 400m wide.

IRC's Teal gold mining operations, which has mined and had processed 210kt of oxide ore, grading about 3.37g/t, plus a further 52kt of transitional material, grading 2.54g/t, can be seen from the Gimlet tenement area and the mineralisation is thought to be the same.

Beer & Co expects FAU to rapidly progress this project as much is already well defined with good infrastructure.

#### Emu Creek : conglomerates, prospective for gold, plus indicated intrusives

FAU will soon complete its farm-in to 51% of Emu Creek, from Atlas Iron (AGO.ASX), by spending \$150,000. FAU can get to 70% by completing a BFS. Hyperspectral imaging has highlighted prospective intrusive structures, complementing base metal occurrences and mapped conglomerates.

#### Talga : Prospective for epigenetic gold form Bamboo Ck shear

5 gold targets have been identified by first pass sampling, including RazorBack which is a 3.7km structure of which only 700m has been tested

#### Beer & Co rates FAU as a SPECULATIVE BUY

FAU has the people and the assets to succeed, and is priced to make it a BUY.

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## FAU – Speculative BUY

Beer & Co rates investment in FAU as a Speculative BUY due to its

- People;
- Assets; and
- Low Enterprise Value, with enough cash to produce newsworthy exploration results.

### People :

- Highly experienced and successful exploration team lead by Brian Richardson (ex Thundelarra (THX.ASX) and Royal Resources (ROY.ASX) and Brett Keillor (ex Independence Group (IGO.ASX))
  - Brian has substantial Pilbara experience as well as experience in exploration beneath salt lakes, such as Gimlet;
- All 3 of FAU's projects were vended in by Denis O'Meara, who is a very well known, experienced and successful mining identity;
  - He has held some of these tenement areas for up to 30 years (Gimlet);
  - He will be involved in FAU's on-going exploration;
  - Success for Mr O'Meara and his associated will come from appreciation of the FAU share price, as the vend has been for 32.5m FAU stock, with a further 13m to be granted upon success, which will give this group of interests a total stake of just over 16% of FAU;
- The vendor has had a camp in the Pilbara region for over 30 years, complemented by Outback Trees of Australia of which Damon O'Meara, a non-executive Director of FAU and the son of Denis O'Meara, is the MD .
- The board of FAU, comprising Bryan Frost, Chairman, Richard Revelins, Michael Quinert and Damon O'Meara has substantial experience in operating and promoting listed mining companies.

### Assets

- Gimlet
  - Is 400m to the north, and along strike, of IRC's Teal gold mining operations, where 260kt of material grading about 3.2g/t has been mined and processed, producing about 25koz of gold and generating, Beer & Co estimates, \$14m in pre-tax cash
  - Has a well-defined area of mineralisation from historical drilling;
  - Historically defined mineralisation appears to be associated with more recently fault structures; and
  - The geology is now much better understood than for past explorers
- Emu Creek has
  - had many historic gold mines in the area as well as copper mining;
  - highly prospective geology for both base metals, from VMS, and gold, with the conglomerates to be explored; and
  - Hyperspectral imagery showing good target areas.
- Talga is less mature but has encouraging gold results from drilling at Razorback and good base metals value from rock chip samples at other prospects.

### Low Enterprise Value

FAU's market capitalisation upon listing will be \$10.4m, including about \$5.7m in cash which will be applied to exploring its highly prospective ground.

This cash is likely to be supplemented by the exercise of the 256.2m quoted and 13.5m unquoted options, exercisable at 6c each, by December 2020.

## First Au : 3 projects in WA

### Introduction

First Au (FAU.ASX) has just listed on the ASX, through a shell, Public Holdings Australia (PHA.ASX) that had been suspended since October 2016, with Chapters 1 & 2 re-compliance.

FAU raised \$6.2m in new equity which, after costs, leaves the company with \$5.7m to invest in exploration and definition of its properties over the next 2 years.

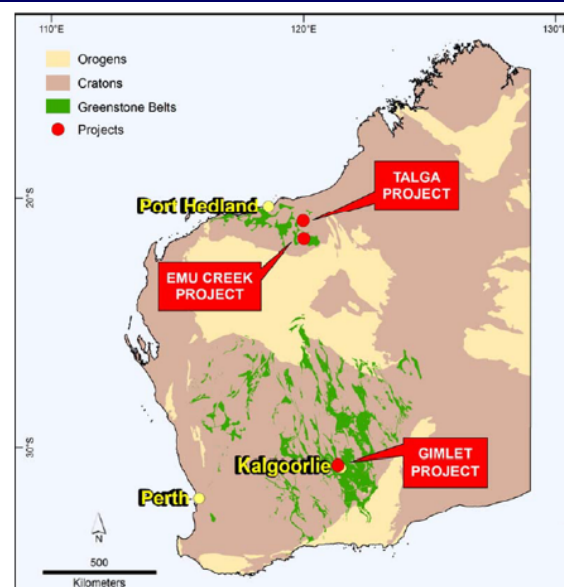
There should be strong near term newsflow with drilling at Gimlet to commence within the next few weeks.

### FAU's Projects - Outline

Figure 1 shows the 3 projects which is now the basis of the company, with

- Gimlet, a 9.58km<sup>2</sup> tenement area, 15km N-W of Kalgoorlie;
- Emu Creek, a 120.9km<sup>2</sup> tenement area, comprising 2 Exploration Leases, is about 25km north of Novo Resources (NVO.TSX-V) Beaton's Ck conglomerate gold project, which reported a NI43-101 Resources of 6.4Mt at 2.7g/t for 658koz of gold in September 2015, and 23km north-west of Nullagine in the East Pilbara region ; and
- Talga, which comprises 5 ELs covering 207.9km<sup>2</sup> , near Haoma Mining's Bamboo Ck operations in the Pilbara region.

**Figure 1 : First Au's 3 projects in WA**



Source : FAU's Independent Geologist's Report, p.11

Each of FAU's projects was acquired from Denis O'Meara. The price of the vend was modest, being 32.5m FAU shares (valued at \$1.3m) plus 13m performance shares.

Denis is being retained as a consultant to FAU on these tenements, given his experience and familiarity with the project areas over the many years he has patiently nursed them.

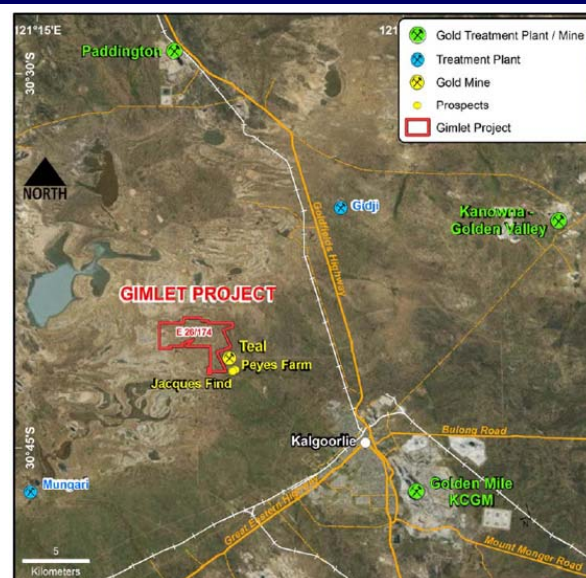
# Gimlet

## Introduction

As shown in Figure 2, Gimlet is 15km N-W of Kalgoorlie, in a major gold province.

Figure 2 shows 3 processing plants (Paddington, Kanowna and Golden Mile / Lakewood) within 25km, all of which, at times, have available processing capacity.

**Figure 2 : Gimlet : 15km N-W of Kalgoorlie**

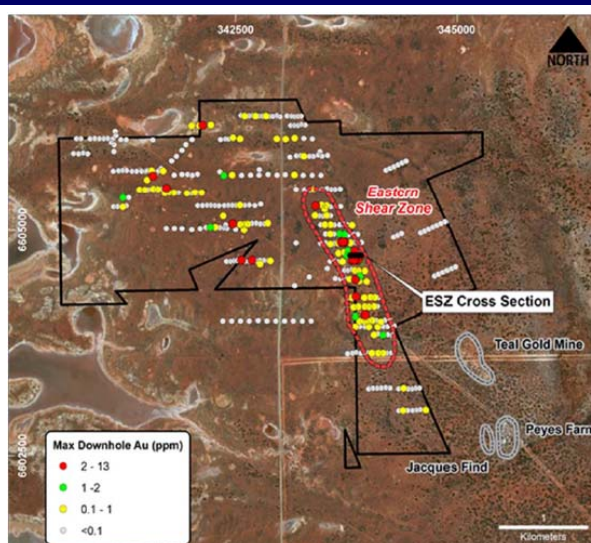


Source : FAU's Independent Geologist's Report, p.12

## Geological Potential

Figure 2 also shows that FAU's Gimlet project is adjacent to Intermin's (IRC.ASX) Teal mining operation. Figure 3 shows this in more detail, showing the results of shallow drilling, indicating a strong trend, named the Eastern Shear Zone (ESZ) area.

**Figure 3 : Gimlet shows a mineralised trend**



Source : FAU's Independent Geologist's Report, p.15

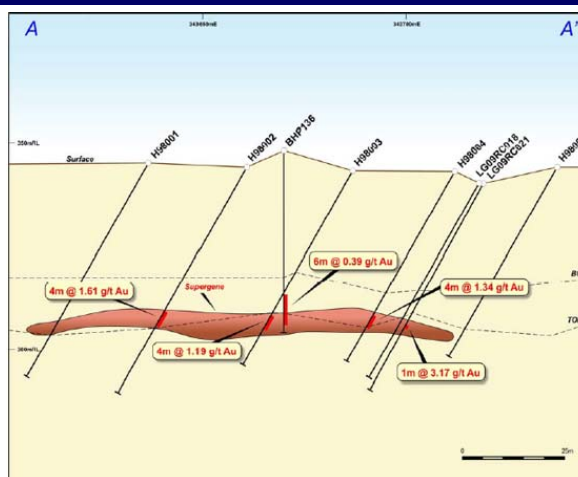
The data shown in Figure 3 is based on historic aircore, RAB, RC and diamond drilling programs totalling about 22,000m over the period from 1993 to 2010. Entities executing this work included BHP Gold, Domain Mining and entities associated with Denis O'Meara, including DeGrey Mining.

Earlier work had been carried out, from 1976 and 1985, but useful results were not able to be located from this work.

Figure 3 shows that the central 1.2km long section of the anomaly is fairly coherent.

Figure 4 shows the ESZ cross section indicated in Figure 3. It is effectively a regolith geochemical anomaly preserved below the cover sediments. The gold predominantly occurs as thin, patchy supergene zones below the base of oxidation, around the Top of Fresh Rock, as shown in Figure 4, which shows a mineralised blanket below the base of oxidation.

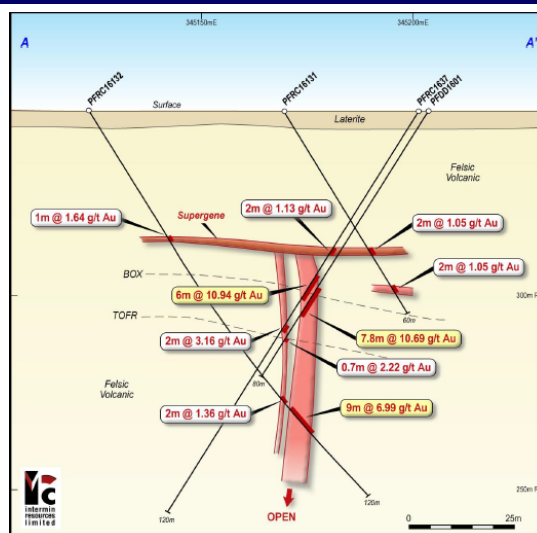
**Figure 4 : Gimlet : Schematic of mineralisation**



Source : FAU's Independent Geologist's Report, p.15

The gold in this supergene anomaly is thought to be sourced from nearby underlying, probably steeply dipping quartz lodes, as illustrated in Figure 5, which is a schematic of IRC's nearby Peyre's Farm

**Figure 5 : Peyre's Farm : Schematic of mineralisation**



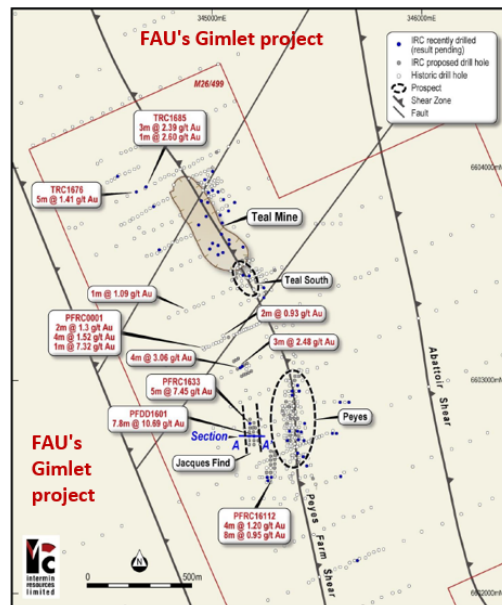
Source : IRC ASX announcement, 29 November 2016



The trend of mineralisation shown in Figure 3 is on a structure parallel to that hosting Teal, Peyre's Farm and Jacques Find, as shown in Figure 6.

Figure 6 has been extracted from IRC's 29 November 2016 ASX announcement. It shows that IRC's deposits are located on a fault that extends into FAU's Gimlet project to the north and can be seen in Figure 3 as low-grade mineralisation near the eastern boundary of the tenement area.

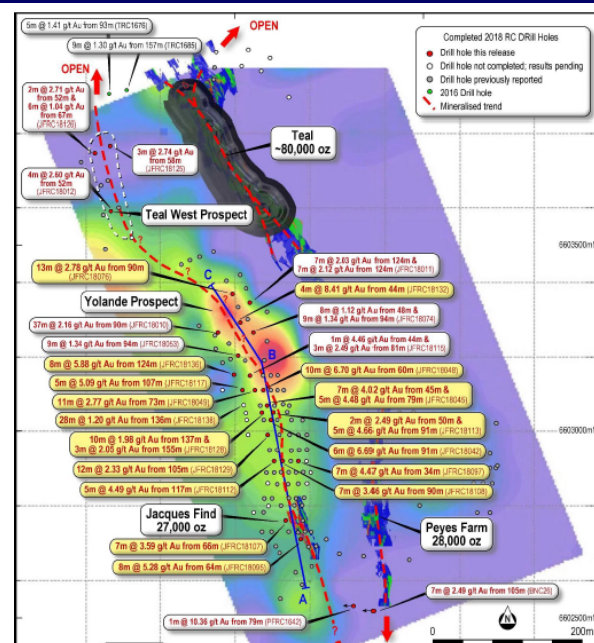
**Figure 6 : IRC's mineralised trend**



Source : IRC ASX announcement, 29 November 2016, Beer & Co

Further, Figure 6 shows another fault structure to the immediate west of IRC's Teal project and this structure appears to host the higher grade mineralisation shown in Figure 3, while Figure 7 shows a third structure potentially extending into Gimlet.

**Figure 7 : Another mineralised trend**



Source : IRC ASX announcement, 12 June 2018

Figure 7 also shows many very attractive intercepts along the trend shown in IRC's 12 June ASX announcement. Many of these are in oxide, and some in primary material.

## What might Gimlet be worth ?

It is not possible to give an indication of the potential value of Gimlet given that the drilling to date has highlighted only that there is gold mineralisation but not enough has been done to define a Resource, which is the first step in developing some form of valuation.

However, Beer & Co believes that there enough indicators to suggest that Gimlet will be valuable.

The first indicators are from its neighbour, IRC, which has :

- A market capitalisation of \$41m, from 227m shares on issue at 18c;
- An Enterprise Valuation of \$30m;
- Cash generated from mining and toll treating some of its resources at Teal.

## IRC's Mineral Resource Estimate

Figure 8 shows that IRC has over 400koz of gold in Resources, of which 160koz is in the areas shown in Figure 6. This gives IRC a market valuation of \$A 69/oz of total resources, or \$137/oz of Measured + Indicated Resources.

**Figure 8 : IRC's Mineral Resource Estimate**

	Measured			Indicated			Inferred			TOTAL		
Teal	0.33 Mt	2.56 g/t	27,423 oz	0.61 Mt	1.98 g/t	38,760 oz	0.55 Mt	2.18 g/t	38,260 oz	1.49 Mt	2.18 g/t	104,443 oz
Peye's Farm				0.15 Mt	1.74 g/t	8,300 oz	0.36 Mt	1.72 g/t	19,980 oz	0.51 Mt	1.73 g/t	28,280 oz
Jacque's Find							0.26 Mt	3.22 g/t	26,680 oz	0.26 Mt	3.22 g/t	26,680 oz
<b>SUB-TOTAL</b>	<b>0.33 Mt</b>	<b>2.56 g/t</b>	<b>27,423 oz</b>	<b>0.76 Mt</b>	<b>1.93 g/t</b>	<b>47,059 oz</b>	<b>1.16 Mt</b>	<b>2.27 g/t</b>	<b>84,920 oz</b>	<b>2.26 Mt</b>	<b>2.20 g/t</b>	<b>159,403 oz</b>
Other IRC				1.95 Mt	2.27 g/t	142,388 oz	2.16 Mt	1.90 g/t	131,951 oz	4.10 Mt	2.08 g/t	274,339 oz
<b>TOTAL IRC</b>	<b>0.33 Mt</b>	<b>2.58 g/t</b>	<b>27,423 oz</b>	<b>2.71 Mt</b>	<b>2.17 g/t</b>	<b>189,447 oz</b>	<b>3.32 Mt</b>	<b>2.03 g/t</b>	<b>216,871 oz</b>	<b>6.36 Mt</b>	<b>2.12 g/t</b>	<b>433,741 oz</b>

Source : IRC 2017 Annual Report

IRC have stated that they expect a revised Mineral Resource Estimate in the September quarter, and Beer & Co expects, given the quality of the drill results reported to date, that the revised Mineral Resource Estimate will be much larger.

## IRC's Operations

As shown in Figure 9, IRC has determined oxide, transitional as well as primary resources at Teal – Peye's Farm.

**Figure 9 : IRC's Mineral Resource Estimate, Teal – Peye's Farm, Oxide + Transitional v Primary**

	Measured			Indicated			Inferred			TOTAL		
<b>Oxide + Transitional</b>												
Teal Pit	0.17 Mt	3.21 g/t	17,723 oz							0.17 Mt	3.21 g/t	17,723 oz
Other Teal	0.10 Mt	1.77 g/t	5,940 oz	0.03 Mt	1.80 g/t	1,660 oz	0.02 Mt	1.74 g/t	905 oz	0.15 Mt	1.78 g/t	8,505 oz
Peye's Farm				0.08 Mt	1.67 g/t	4,200 oz	0.06 Mt	1.83 g/t	3,590 oz	0.14 Mt	1.74 g/t	7,790 oz
Jacque's Find							0.03 Mt	2.68 g/t	2,674 oz	0.03 Mt	2.68 g/t	2,674 oz
<b>Sub-Total, O+T</b>	<b>0.28 Mt</b>	<b>2.67 g/t</b>	<b>23,663 oz</b>	<b>0.11 Mt</b>	<b>1.71 g/t</b>	<b>5,860 oz</b>	<b>0.11 Mt</b>	<b>2.06 g/t</b>	<b>7,170 oz</b>	<b>0.49 Mt</b>	<b>2.33 g/t</b>	<b>36,692 oz</b>
<b>Primary</b>												
Other Teal	0.06 Mt	2.01 g/t	3,760 oz	0.58 Mt	1.99 g/t	37,090 oz	0.53 Mt	2.18 g/t	37,350 oz	1.17 Mt	2.08 g/t	78,200 oz
Peye's Farm				0.07 Mt	1.89 g/t	4,100 oz	0.31 Mt	1.66 g/t	16,390 oz	0.37 Mt	1.71 g/t	20,490 oz
Jacque's Find							0.23 Mt	3.30 g/t	24,000 oz	0.23 Mt	3.30 g/t	24,000 oz
<b>Sub-Total, Primary</b>	<b>0.06 Mt</b>	<b>2.01 g/t</b>	<b>3,760 oz</b>	<b>0.65 Mt</b>	<b>1.98 g/t</b>	<b>41,190 oz</b>	<b>1.06 Mt</b>	<b>2.27 g/t</b>	<b>77,740 oz</b>	<b>1.77 Mt</b>	<b>2.16 g/t</b>	<b>122,691 oz</b>
<b>TOTAL, Teal-Peye's Farm</b>	<b>0.33 Mt</b>	<b>2.55 g/t</b>	<b>27,423 oz</b>	<b>0.75 Mt</b>	<b>1.94 g/t</b>	<b>47,050 oz</b>	<b>1.17 Mt</b>	<b>2.25 g/t</b>	<b>84,910 oz</b>	<b>2.26 Mt</b>	<b>2.19 g/t</b>	<b>159,383 oz</b>

Source : IRC 2017 Annual Report

IRC began mining Teal in the December 2016 quarter. As shown in Figure 10, IRC has extracted a total of 260kt grading 3.2g/t. This material was toll treated, with most of the ore being processed at the Paddington mill, and the remainder at the Lakewood facility (see Figure 2).

While the final mill campaign was completed in March 2018, and final bullion production shipped in April, final sales and gold in circuit calculations were expected in May and are yet to be announced, so we do not have actual gold sold or revenue.

IRC have advised that final All-In Sustaining Costs are expected to be in the range of \$A 1,000 to \$A 1,100/oz. From this, Beer & Co estimates that IRC generated about \$14m in (pre-tax) cash, some of which has been applied to exploration and corporate costs, but still leaving IRC with \$11m in cash.

**Figure 10 : IRC's production**

<b>Oxide</b>			
Jun Qtr 2017	61,962 t	3.02 g/t	6,017 oz
Sep Qtr 2017	56,353 t	3.51 g/t	6,360 oz
Dec Qtr 2017	65,199 t	3.53 g/t	7,400 oz
Mar Qtr 2018	26,632 t	3.50 g/t	2,997 oz
	<b>210,146 t</b>	<b>3.37 g/t</b>	<b>22,775 oz</b>
<b>Transitional</b>			
Mar Qtr 2018	51,600 t	2.54 g/t	4,206 oz
<b>TOTAL</b>	<b>261,746 t</b>	<b>3.21 g/t</b>	<b>26,981 oz</b>

Source : IRC's Quarterly reports

## Conclusions on Gimlet

Figure 3 showed that, based on historical work, Gimlet has a total 3.6km geo-chemical anomaly, of which 1.2km is well-defined as a supergene blanket co-incident with the top of the fresh rock, as shown in Figure 4.

Figure 6 showed that IRC's Teal and Peyé's Farm resources are located on a fault structure that extends into Gimlet, and that historical exploration has shown some anomalous values.

Figure 6 also showed a fault to the immediate west of IRC's Teal-Peyé's Farm area that appears it could host the geochemical anomaly shown in Figures 3 and 4.

Figure 7 showed a further structure that is likely to extend into Gimlet, that hosts Jacque's Find and Yolande, and for which IRC reported many high-grade intercepts and good width.

IRC has mined and had processed about 260kt of material, grading about 3.2g/t, generating, Beer & Co estimates, about \$14m in pre-tax cash. This has been taken from Resources totalling 2.26Mt.

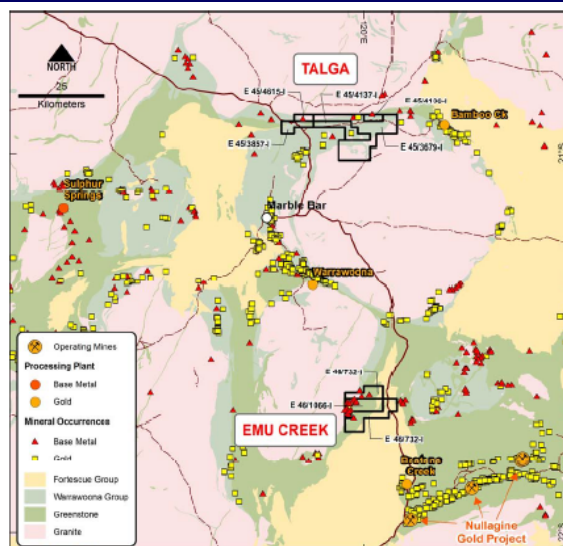
In contrast to historical exploration, FAU has a reasonable geological model to pursue, including deeper drilling to find higher grade feeder zones for the supergene blankets, as well as exploring along the fault lines hosting Teal and Peyé's Farm and also Jacque's Find and Yolande.



## Talga and Emu Creek

As shown in Figure 1, Talga and Emu Creek are in the Pilbara region, about 200 and 250km south-east of Port Hedland. Figure 11 shows that Talga is about 30km north – north east, while Emu Creek is about 55km south south-east, of Marble Bar

**Figure 11 : FAU's Talga and Emu Creek projects**



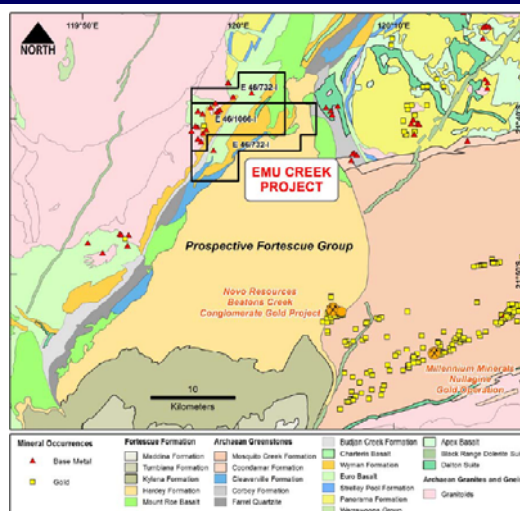
Source : FAU's Independent Geologist's Report, p. 24

### Emu Creek

Emu Creek comprises 2 Exploration Leases (note that E46/732-1 is both the northern and southern portions) for a total area of 120.9km<sup>2</sup>.

Figure 11 shows that FAU's Emu Creek project is about 40km from the plant at Millennium Mineral's (MOY.ASX) Nullagine operations, and about 25km North of Novo Resources (NVO.TSX-V) Beaton's Creek conglomerate gold project.

**Figure 12 : Emu Creek projects**



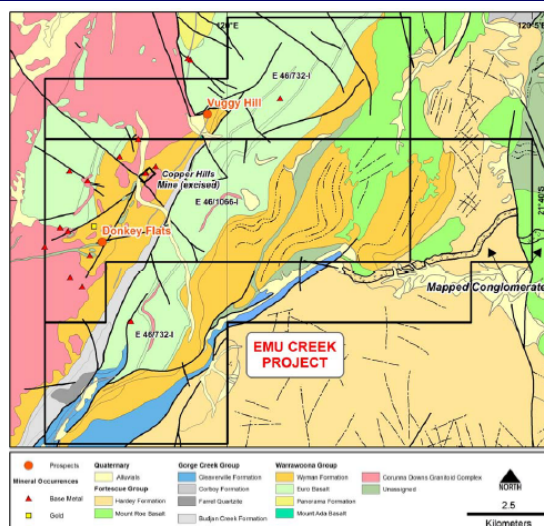
Source : FAU's Independent Geologist's Report, p. 25

## Geology

Figure 12 shows Emu Creek's location in more detail. It also shows that the tenement area is on the north-east fringe of the prospective Fortescue Group rocks at the margins of the basin.

Figure 13 also shows many reported base metals occurrences, with Vuggy Hill and Donkey Flats being prominent, though the historic Copper Hills mine which, between 1952-1963 produced 15,730t of ore grading 13% Cu, has been excised from FAU's tenement area.

**Figure 13 : Emu Creek - geology**



Source : FAU's Independent Geologist's Report, p. 26

## Prospectivity

Figure 13 also shows conglomerates in the south-east corner mapped by GSWA .

There has been sporadic exploration activity over the tenement area from the 1970s to recently.

Mapping by BHP in 1978 indicated the presence of acid volcanic rocks consistent with a very active near-vent volcanic environment, which is a good indicator of potential Volcanogenic Massive Sulphide (VMS) mineralisation, with a range of base metals, plus gold and silver.

In 1982 the Mitchell prospecting syndicate identified the Copper Cliff prospect, a zone of malachite staining and chlorite alteration. Further sampling was undertaken in the period from 1983 – 1987. Results from these programmes included :

- 13.5% Cu, 340g/t Ag and 3.88g/t Au in 1982; and
- 11.6g/t Au, 23.5% Zn and 6.8% Pb in the later programme.

The 1983 – 1987 programme identified seven anomalous zones from its rock chip and stream sediment sampling.

While conglomerate hosted gold has been identified in many nearby areas, available records do not detail any gold exploration over the Fortescue Group rocks within the project area.

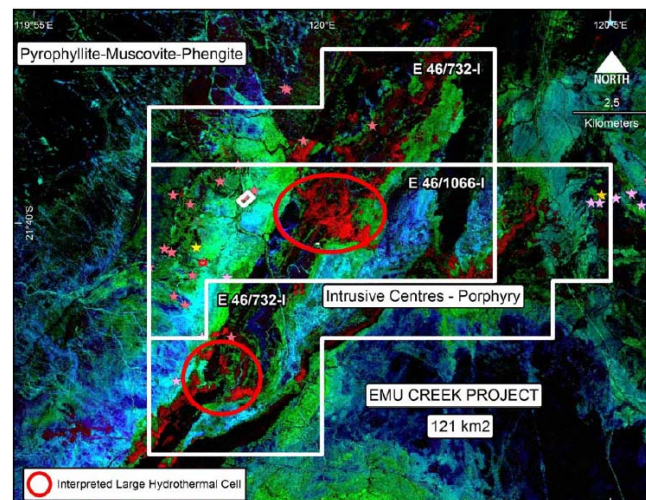
Novo Resources (NOV.TSX-V), in September 2015, reported a NI43-101 Mineral Resource Estimate for its Beaton's Creek, 25km south of Emu Creek, of 6.4Mt grading 2.7g/t gold for a total of 658koz contained gold.

The vendors acquired hyperspectral and Landsat images of the entire project area. Their interpretation, shown in Figure 13, indicated large areas of minerals associated with hydrothermal alteration within the mafic and felsic rocks in the centre and south of the project and to the east and south of the Copper Cliff prospect.

Hydrothermal cells, as indicated in Figure 14, are usually associated with VMS and vein-style deposits.

Recent field work by the vendors included rock sampling along a line of historic shallow workings and shafts within a northwest trending fault structure. Quartz and porphyry veins fill the extensive fracture which was traced for approximately 600m on surface with the fracture continuing a similar distance further west.

**Figure 14 : Emu Creek – Hyperspectral image**



Source : FAU's Independent Geologist's Report, p. 28

Copper assays up to 12.4% Cu with gold up to 1.52ppm Au were recorded. It was noted that a number of these northwest trending fractures can be seen across the project area.

### Acquisition Details

Emu Creek tenements are held by Atlas Iron (AGO.ASX). The vendor, who is very experienced in this area, and whose projects formed the basis of the AGO IPO, approached AGO to farm-in. The agreed farm-in terms, from November 2016, were :

- Spend \$190k on exploration within 2 years (ie.by November 2018) to earn 51%
  - Much work has already been done and it is expected to be completed soon;
- Get to 70% by completion of a Feasibility Study within 5 years from November 2016.

### Some conclusions on Emu Creek

There have been many historic gold mines in the area as well as copper mining.

The tenement has highly prospective geology for both base metals, from VMS, and gold, with the conglomerates to be explored.

Hyperspectral imagery shows good target areas.

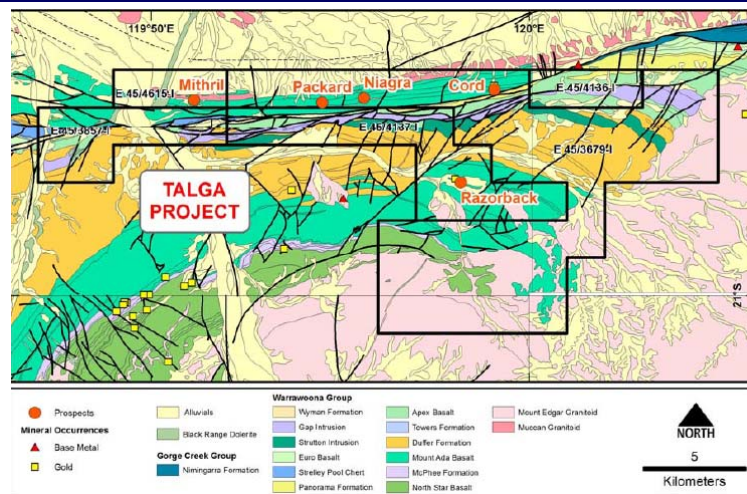
## Talga

Figure 11 shows that Talga :

- Is just to the west of Haoma Mining's (formerly HAO.ASX, until de-listed) Bamboo Creek gold operations;
  - Production from Bamboo Creek gold mine from 1897 to 1995 total 779,350t at an average grade of 8.15g/t gold; and
- Has a number of identified gold and base metal occurrences.

As shown in Figure 15, Talga comprises 5 granted ELs and covers an area of 207.9km<sup>2</sup> and includes 5 prospects.

**Figure 15 : FAU's Talga project**



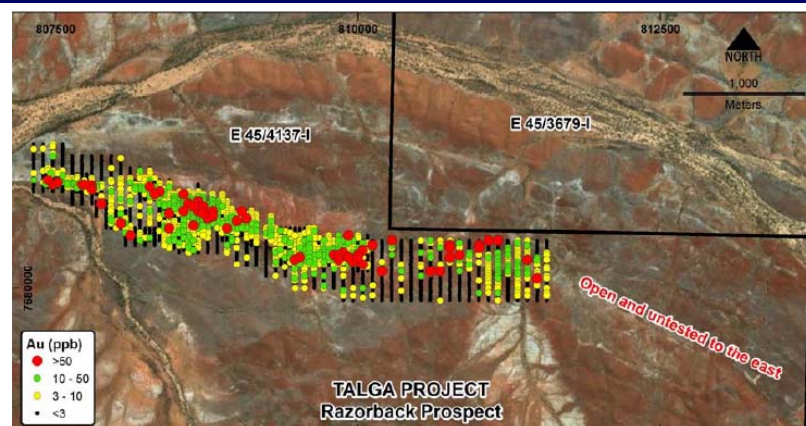
Source : FAU's Independent Geologist's Report, p. 35

## Razorback Prospect

Razorback is an orogenic lode gold target in an extensive chert unit which crops out as a prominent ridge with 4km of anomalous gold-in-soil geochemistry, which is still open to the east. This is shown in Figure 16.

A previous explorer drilled 49 aircore holes at Razorback, of which 23 yielded at least one intercept above 1g/t gold, with a best intercept of 12g/t. Most of the drilling has been within a 700m strike length, leaving over 3km of strike untested by drilling. The average aircore hole depth is 55m.

**Figure 16 : Razorback prospect, soil sampling**



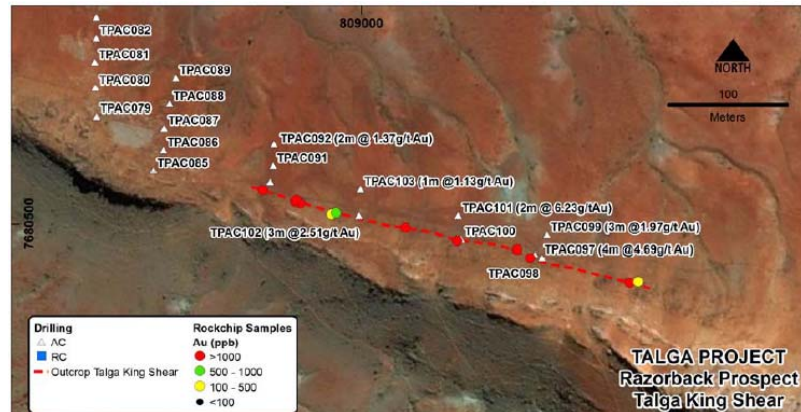
Source : FAU's Independent Geologist's Report, p. 42



This drilling showed that gold mineralisation at Razorback appears to occur in a series of stacked near parallel lodes at a slight angle to the strike of the main ridge.

Prospecting by the vendor discovered a 300m long, gold bearing quartz reef, associated with the Talga King shear zone. Rock chip sampling returning a best assay of 7.89g/t gold, as shown in Figure 17.

**Figure 17 : FAU's Razorback project, Talga King shear**



Source : FAU's Independent Geologist's Report, p. 43

### Cord and other prospects

The Cord prospect comprises a series of gossans identified by geological mapping and sampling extending over a length totalling 13.5km. Drilling by previous tenement holders has identified some attractive base metal intercepts.

The Niagara gold-copper prospect is 6km west of Cord. At Niagara, many rock chips grading over 0.5g/t, with a highest grade of 7.1g/t, were found in a defined area. The Packard gold-copper prospect is a 700m long zone of float and outcrop about 8km west of Cord. There are two mineralised structures, up to 8m in width and up to 20m apart. Rock chip sampling of the outcropping gossanous zones produced results up to 12.9g/t Au, 6.6g/t Ag and 14.3% Cu.

### Conclusions on Talga

The Razorback gold project is an obvious target, while there are good indications from the other prospects.

## FAU – Beer & Co.'s Conclusions

Beer & Co rates investment in FAU as a Speculative BUY due to its

- People;
- Assets; and
- Low Enterprise Value, with enough cash to produce exploration results that can drive the share price.



**People :**

- Highly experienced and successful exploration team lead by Brian Richardson (ex Thundelarra (THX.ASX) and Royal Resources (ROY.ASX) and Brett Keillor (ex Independence Group (IGO.ASX))
  - Brian has substantial Pilbara experience as well as experience in exploration beneath salt lakes, such as Gimlet;
- All 3 of FAU's projects were vended in by Denis O'Meara, who is a very well known, experienced and successful mining identity;
  - He has held some of these tenement areas for up to 30 years (Gimlet);
  - He will be involved in FAU's on-going exploration;
  - Success for Mr O'Meara and his associated will come from appreciation of the FAU share price, as the vend has been for 32.5m FAU stock, with a further 13m to be granted upon success, which will give this group of interests a total stake of just over 16% of FAU;
- The vendor has had a camp in the Pilbara region for over 30 years, complemented by Outback Trees of Australia of which Damon O'Meara, a non-executive Director of FAU and the son of Denis O'Meara, is the MD .
- The board of FAU, comprising Bryan Frost, Chairman, Richard Revelins, Michael Quinert and Damon O'Meara has substantial experience in operating and promoting listed mining companies.

**Assets**

- Gimlet
  - Is 400m to the north, and along strike, of IRC's Teal gold mining operations, where 260kt of material grading about 3.2g/t has been mined and processed, producing about 25koz of gold and generating, Beer & Co estimates, \$14m in pre-tax cash
  - Has a well-defined area of mineralisation from historical drilling;
  - Historically defined mineralisation appears to be associated with more recently fault structures; and
  - The geology is now much better understood than for past explorers
- Emu Creek has
  - had many historic gold mines in the area as well as copper mining;
  - highly prospective geology for both base metals, from VMS, and gold, with the conglomerates to be explored; and
  - Hyperspectral imagery showing good target areas.
- Talga is less mature but has produced encouraging gold results from drilling at Razorback and good base metals value from rock chip samples at the other prospects.

**Low Enterprise Value**

FAU's market capitalisation upon listing will be \$10.4m, including about \$5.7m in cash which will be applied to exploring its highly prospective ground.

This cash is likely to be supplemented by the exercise of the 256.2m quoted and 13.5m unquoted options, exercisable at 6c each, by December 2020.

## Board and Key Management

### Bryan Frost, Executive Chairman

Mr Frost has over 55 years that includes experience in stockbroking, investment banking, venture capital, direct investment and corporate structuring. In 1989, Mr Frost co-founded Peregrine Corporate Limited, an Australian boutique investment bank which maintains a Financial Services Licence.

Mr Frost has been involved in a myriad of public companies, usually through appointments to board positions and direct funding in a number of sectors including consumer products, mining, biotechnology and technology in Australia, Canada, South Africa, USA, UK, Ghana, Chile, and several other countries.

Mr Frost is currently Executive Chairman of Peregrine Corporate Limited and a Director of Watermelon Gold Limited.

### Richard Revelins, Executive Director

Mr Revelins holds a Bachelor of Economics Degree from Monash University. He is a co-founder of Peregrine Corporate Limited and is also a Managing Director at Cappello Group Inc in Los Angeles, USA. Mr Revelins has over 30 years of experience with international investment banks in the area of corporate finance and corporate advice and has held senior positions with Kleinwort Benson Australia Limited, Morgan Grenfell Australia Limited and McIntosh Securities Limited.

Mr Revelins has predominantly specialised in mining and natural resources and was the former Chairman of Atlas Iron Ltd as well as a director of numerous other public and private companies.

### Damon O'Meara, Non-Executive Director

Mr O'Meara holds a Bachelor of Education and a Diploma in teaching. He has over 40 years of experience in the mining and prospecting industry, having worked for Denis O'Meara Prospecting and former ASX-listed company, Kalmet Resources NL. Mr O'Meara is Co-Founder and Managing Director of Outback Trees of Australia Pty Ltd which is a commercial landscaping and irrigation group in Western Australia that has worked with prominent mining clients including BHP, Rio, Chevron and Woodside..

### Michael Quinert, Non-Executive Director

Mr Quinert graduated from Monash University with a Bachelor of Economics and a Bachelor of Laws in 1984 and 1985 respectively. He is a founding partner of Quinert Rodda & Associates which was established in July 2009. Mr Quinert has specific expertise in assisting corporations to complete IPOs and has assisted numerous groups across a range of industry sectors to successfully list on the ASX.

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

## **Brian Richardson, Exploration Manager and Chief Consulting Geologist**

Brian is a Pilbara veteran with 35 years Australian and international experience. He was a founding director of Thundelarra Resources Ltd and Royal Resources Ltd.

## **Brett Keillor, Consulting Geologist**

Brett has 30 years' experience in the mining industry working across a diverse range of commodities and was recently Chief Consulting Geologist for Independence Group and remains as a consultant. He was involved in the discovery of the Marymia Gold deposit and the Plutonic Gold discovery as well as the initial targeting that led to the discovery of the Tropicana Gold deposit. Mr Keillor is a two-time recipient of the AMEC "Prospector of the Year Award"

## **Denis O'Meara, Vendor / Consultant**

The Company also has ongoing access to Mr Denis O'Meara and the facilities provided by Denis O'Meara Prospecting.

Mr O'Meara has had a lifelong involvement in the mining industry. His prospecting activities have led to joint ventures with Cominco, International Nickle, Aztec, Metana, ACM, Carpentaria, Homestake, Gwalia Group, Placer Pacific, BHP Gold (Newcrest), Alkane, CRA and Hill 50 Gold.

Mr O'Meara was the joint founder of Atlas Iron, De Grey Mining and Shaw River Resources with involvement in numerous other ASX listings. He is a joint recipient with Geoff Blackburn of the AMEC "Prospector of the Year Award".

## Important Information

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### **Analyst Certification**

The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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### **Beer & Co Recommendation**

Beer & Co provide general recommendations only and do not consider the specific interests of the recipient of this report. Beer & Co generally provides a 2 part recommendation and both need to be considered together.

Recommendation : Beer & Co's investment recommendation is driven by the difference between our base case, riskd valuation and the share price at the time. A Strong BUY recommendation means a very large difference (eg. over 100%), while BUY means a significant difference and Accumulate means a small, but positive difference. The recommendation is not independent of the uncertainty in Beer & Co's valuation.

Risk : Risk relates to the potential, over the long run, for an investor to lose money; it is a function of both the difference between our base case valuation and the uncertainty in our valuation due to the degree of estimation and/or uncertainties about project execution. Speculative means a high chance of loss; High risk means a good chance of loss and medium means some chance of loss, given the company size.

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