



Aguia Resources Limited

ABN 94 128 256 888

Interim Report - 31 March 2018

Statement of profit or loss and other comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6

General information

The financial report consists of financial statements, notes to the financial statements and the directors' declaration.

Agua Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 2, Level 10
70 Phillip Street
Sydney NSW 2000

Principal place of business

Rua Antonio de Albuquerque n156, 1504
Bairro Savassi - Belo Horizonte / MG - Brazil
CEP: 30112-010

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 May 2018.

Agua Resources Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 March 2018



	Note	Consolidated		Consolidated	
		3 months ended 31 March 2018 \$	3 months ended 31 March 2017 \$	9 months ended 31 March 2018 \$	9 months ended 31 March 2017 \$
Other income	3	2,622	11,048	22,026	207,524
Expenses					
Employee benefits expense		(93,976)	(78,316)	(278,887)	(264,630)
Legal & professional		(139,089)	(54,900)	(291,621)	(293,167)
Depreciation and amortisation expense		(3,805)	(4,975)	(11,345)	(12,624)
Corporate expense		(275,103)	(274,940)	(1,276,034)	(1,124,179)
Exploration expenditure expensed		(1,789)	(3,430)	(3,332)	(411,994)
Business development		(144,635)	(114,602)	(522,745)	(424,598)
Share-based payments		-	-	(721,166)	-
Administration expense		(415,077)	(241,877)	(838,541)	(565,247)
Movement in fair value of financial derivatives		449,428	-	1,806,181	-
Loss before income tax expense		(621,424)	(761,993)	(2,115,464)	(2,888,915)
Income tax expense		-	-	-	-
Loss after income tax expense for the period attributable to the owners of Agua Resources Limited		(621,424)	(761,993)	(2,115,464)	(2,888,915)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		216,755	(573,735)	(347,810)	(96,228)
Other comprehensive income for the period, net of tax		216,755	(573,735)	(347,810)	(96,228)
Total comprehensive income for the period attributable to the owners of Agua Resources Limited		(404,669)	(1,335,728)	(2,463,274)	(2,985,143)
		Cents	Cents	Cents	Cents
Basic earnings per share		(0.91)	(0.84)	(1.81)	(3.56)
Diluted earnings per share		(0.91)	(0.84)	(1.81)	(3.56)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Agua Resources Limited
Statement of financial position
As at 31 March 2018



		Consolidated	
	Note	31 March 2018 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents	4	378,157	6,731,733
Trade and other receivables		207,511	136,307
Total current assets		<u>585,668</u>	<u>6,868,040</u>
Non-current assets			
Property, plant and equipment		58,136	57,479
Exploration and evaluation	5	33,277,333	27,242,357
Total non-current assets		<u>33,335,469</u>	<u>27,299,836</u>
Total assets		<u>33,921,137</u>	<u>34,167,876</u>
Liabilities			
Current liabilities			
Trade and other payables	6	353,097	1,354,235
Derivative financial instruments	7	975,351	1,522,117
Total current liabilities		<u>1,328,448</u>	<u>2,876,352</u>
Total liabilities		<u>1,328,448</u>	<u>2,876,352</u>
Net assets		<u>32,592,689</u>	<u>31,291,524</u>
Equity			
Issued capital	8	96,892,680	93,849,407
Reserves	9	(1,554,600)	(1,927,956)
Accumulated losses		(62,745,391)	(60,629,927)
Total equity		<u>32,592,689</u>	<u>31,291,524</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Agua Resources Limited
Statement of changes in equity
For the period ended 31 March 2018



Consolidated	Ordinary shares \$	Performance shares \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	81,654,154	241,400	(1,013,026)	(56,806,178)	24,076,350
Loss after income tax expense for the period	-	-	-	(2,888,915)	(2,888,915)
Other comprehensive income for the period, net of tax	-	-	(96,228)	-	(96,228)
Total comprehensive income for the period	-	-	(96,228)	(2,888,915)	(2,985,143)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	8,016,346	-	-	-	8,016,346
Lapse of performance shares	-	(241,400)	-	241,400	-
Balance at 31 March 2017	<u>89,670,500</u>	<u>-</u>	<u>(1,109,254)</u>	<u>(59,453,693)</u>	<u>29,107,553</u>
Consolidated	Ordinary shares \$	Performance shares \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	93,849,407	-	(1,927,956)	(60,629,927)	31,291,524
Loss after income tax expense for the period	-	-	-	(2,115,464)	(2,115,464)
Other comprehensive income for the period, net of tax	-	-	(347,810)	-	(347,810)
Total comprehensive income for the period	-	-	(347,810)	(2,115,464)	(2,463,274)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	3,043,273	-	-	-	3,043,273
Share-based payments (note 17)	-	-	721,166	-	721,166
Balance at 31 March 2018	<u>96,892,680</u>	<u>-</u>	<u>(1,554,600)</u>	<u>(62,745,391)</u>	<u>32,592,689</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Agua Resources Limited
Statement of cash flows
For the period ended 31 March 2018



Note	Consolidated	
	31 March 2018 \$	31 March 2017 \$
Cash flows from operating activities		
Receipt from Vicenza option payment	-	183,433
Payments to suppliers and employees	(3,560,013)	(2,796,989)
Interest received	22,026	20,517
Net cash used in operating activities	<u>(3,537,987)</u>	<u>(2,593,039)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	<u>(6,388,511)</u>	<u>(5,107,067)</u>
Net cash used in investing activities	<u>(6,388,511)</u>	<u>(5,107,067)</u>
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	8 3,577,506	8,016,346
Repayment of borrowings	<u>-</u>	<u>(213,949)</u>
Net cash from financing activities	<u>3,577,506</u>	<u>7,802,397</u>
Net increase/(decrease) in cash and cash equivalents	(6,348,992)	102,291
Cash and cash equivalents at the beginning of the financial period	6,731,733	2,900,765
Effects of exchange rate changes on cash and cash equivalents	<u>(4,584)</u>	<u>4,095</u>
Cash and cash equivalents at the end of the financial period	<u><u>378,157</u></u>	<u><u>3,007,151</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 March 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107

The consolidated entity has adopted AASB 2016-2 from 1 January 2017. The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of \$2,115,464 (2017: \$2,888,915) and net cash outflows from operating and investing activities of \$9,926,498 (2017: \$7,700,106) for the 9 months period ended 31 March 2018.

The consolidated entity has not generated significant revenues from operations and the directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the raising of additional capital. The company will be required to raise additional funding (which may include equity, debt or extensions to existing debt facilities) of at least \$6.6 million to meet its minimum committed exploration expenditures, other principal activities and working capital requirements through to 30 June 2019. The company continues to review various capital raising opportunities (see note 15).

Should the company be unable to raise the funding referred to above, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment being mining and exploration in Brazil. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM comprises mainly direct exploration expenditure in assessing performance and allocation of resources and as such no segment result or segment revenues are disclosed. All the company's non-current assets (including exploration assets) are held in Brazil.

The information reported to the CODM is on a monthly basis.

Note 3. Other income

	Consolidated		Consolidated	
	3 months ended	3 months ended	9 months ended	9 months ended
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest	2,622	7,475	22,026	20,518
Vicenza option payment *	-	3,573	-	187,006
Other income	<u>2,622</u>	<u>11,048</u>	<u>22,026</u>	<u>207,524</u>

* The Mata da Corda tenements were subject to an Option Agreement between Aguia and Vicenza Mineração e Participações S.A. ("Vicenza") under which all of the Mata da Corda tenements had previously been transferred to Vicenza. The Option Agreement was terminated during the second quarter of the financial year 2017 and Vicenza made a final payment to Aguia of \$187,006.

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	31 March	30 June
	2018	2017
	\$	\$
Cash at bank	<u>378,157</u>	<u>6,731,733</u>

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31 March	30 June
	2018	2017
	\$	\$
Brazilian Phosphate project - at cost	45,937,970	39,902,994
Less: Accumulated impairment	<u>(12,660,637)</u>	<u>(12,660,637)</u>
	<u>33,277,333</u>	<u>27,242,357</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 March 2018	30 June 2017
	\$	\$
Trade payables	200,516	247,662
Accrued expenses	28,834	994,078
Other payables	123,747	112,495
	<u>353,097</u>	<u>1,354,235</u>

Refer to note 11 for further information on financial instruments.

Note 7. Current liabilities - derivative financial instruments

	Consolidated	
	31 March 2018	30 June 2017
	\$	\$
Warrants	<u>975,351</u>	<u>1,522,117</u>

Refer to note 11 for further information on financial instruments.

Refer to note 12 for further information on fair value measurement.

A total of 13,180,418 warrants with the expiry date of 30 June 2020 were issued in various tranches in relation to capital raising in June and July 2017. This represents the 1 for 2 ratio for warrants based on the issued 26,360,835 shares. The exercise price for these options are denominated in Canadian dollars. As the warrants are denominated in foreign currency the value of these warrants is recorded as a derivative financial liability. Using the Black-Scholes model, these warrants have a fair value of between A\$0.2026 and A\$0.2377 each and the total fair value at the date of issue was \$2,781,532.

At 31 March 2018, these warrants were revalued to reflect their fair value at reporting date. The fair value at reporting date was deemed to be \$975,351 and the movement in the fair value (\$1,806,181) is recognised as a gain to the statement of profit and loss and other comprehensive income.

Note 8. Equity - issued capital

	Consolidated			
	31 March 2018	30 June 2017	31 March 2018	30 June 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>117,198,326</u>	<u>105,863,326</u>	<u>96,892,680</u>	<u>93,849,407</u>

Note 8. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	105,863,326		93,849,407
Shares issued	3 July 2017	5,000,000	\$0.40	1,999,992
Derivative financial liability - warrant	3 July 2017	-	\$0.00	(506,500)
Shares issued	7 July 2017	6,335,000	\$0.40	2,585,067
Derivative financial liability - warrant	7 July 2017	-	\$0.00	(752,915)
Share issue costs		-	\$0.00	(282,371)
Balance	31 March 2018	<u>117,198,326</u>		<u>96,892,680</u>

Movements in unlisted options / warrants

Details	Date	Options	\$
Balance	1 July 2017	8,639,418	-
Warrants* issued for placement	3 July 2017	4,137,500	-
Warrants* issued for placement	7 July 2017	3,167,500	-
Options issued to employee	27 November 2017	150,000	-
Option issues to directors and employees / consultants	5 December 2017	<u>7,520,000</u>	-
Balance	31 March 2018	<u>23,614,418</u>	-

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

* note that options is known as warrants in the Canadian market.

Note 9. Equity - reserves

	Consolidated	
	31 March 2018	30 June 2017
	\$	\$
Foreign currency reserve	(6,217,179)	(5,869,370)
Share-based payment reserve	4,580,394	3,859,229
Capital contribution reserve	82,185	82,185
	<u>(1,554,600)</u>	<u>(1,927,956)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 9. Equity - reserves (continued)

Capital contribution reserve

This reserve records the capital contribution arising from unrecognised interest due to non-arm's length interest rate at 1% of the \$1 million loan with Forbes Empreendimentos Ltda, a company associated with three of its current/former directors.

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Foreign currency reserve \$	Share-based payment reserve \$	Capital contribution \$	Total \$
Balance at 1 July 2017	(5,869,370)	3,859,229	82,185	(1,927,956)
Foreign currency translation	(347,810)	-	-	(347,810)
Share-based payments during the period	-	721,166	-	721,166
Balance at 31 March 2018	<u>(6,217,180)</u>	<u>4,580,395</u>	<u>82,185</u>	<u>(1,554,600)</u>

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 11. Financial instruments

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the group does not enter into derivative transactions to mitigate the financial risks. In addition, the group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the group's operations change, the directors will review this policy periodically going forward.

The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The entity does not carry in its books any foreign currency other than its functional currency and therefore the risk associated with foreign currency risk is deemed to be minimal.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The group's main interest rate risk arises from short-term deposits with a floating interest rate. As at the reporting date, the group did not have any significant funds on deposit therefore interest rate risk is minimal.

Note 11. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

There are no significant concentrations of credit risk within the group.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the group will always have sufficient liquidity to meet its liabilities when due. Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 March 2018	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	200,516	-	-	-	200,516
Other payables	-	123,747	-	-	-	123,747
Accruals	-	28,834	-	-	-	28,834
Total non-derivatives		<u>353,097</u>	-	-	-	<u>353,097</u>

Consolidated - 30 June 2017	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	417,260	-	-	-	417,260
Other payables	-	145,948	-	-	-	145,948
Accruals	-	39,334	-	-	-	39,334
Total non-derivatives		<u>602,542</u>	-	-	-	<u>602,542</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Other than the derivatives financial liability - warrants as disclosed in Note 8 and Note 12, the consolidated entity does not have any other financial assets and financial liabilities that are measured at fair value on a recurring basis.

The directors consider that the carrying amounts of trade and other receivables, and trade and other payables approximate their fair values as at 31 March 2018.

Note 12. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 March 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Derivatives financial liability - warrants	-	975,351	-	975,351
Total liabilities	-	975,351	-	975,351
Consolidated - 30 June 2017				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Derivatives financial liability - warrants	-	1,424,779	-	1,424,779
Total liabilities	-	1,424,779	-	1,424,779

There were no transfers between levels during the financial period.

Valuation techniques for fair value measurements categorised within level 2

Derivative financial instruments have been valued using Black-Scholes model. This valuation technique maximises the use of observable market data where it is available (including quoted market rates) and relies as little as possible on entity specific estimates.

Note 13. Key management personnel disclosures

Directors

The following persons were directors of Agua Resources Limited during the financial period:

Justin Reid
 Paul Pint
 David Gower
 Brian Moller
 Alec Pismiris
 Diane Lai (appointed 7 July 2017)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial period:

Andrew Bursill - Company Secretary
 Catherine Stretch - Chief Communication Officer
 Fernando Tallarico - Technical Director
 Ryan Ptolemy - Chief Financial Officer

Note 13. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	9 months ended 31 March 2018	9 months ended 31 March 2017
	\$	\$
Short-term employee benefits	1,239,023	905,333
Share-based payments	466,884	-
	<hr/>	<hr/>
Other income	<u>1,705,907</u>	<u>905,333</u>

Note 14. Related party transactions

Parent entity

Agua Resources Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 13.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 March 2018	31 March 2017
	\$	\$
Payment for goods and services:		
Payment for legal services from HopgoodGanim of which Mr Brian Moller is a partner.	10,501	30,000
Payment for accounting and company secretary services from Franks & Associates Pty Ltd of which Mr Andrew Bursill is an associate.	53,889	77,142

Other than the transactions noted below, there were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 15. Events after the reporting period

On 13 April 2018, the Company announced that it has concluded a bought deal private placement financing of 14,285,800 units of the Company at a price of CAD\$0.35 per unit for gross proceed of approximately CAD\$5 million. Each unit consist of one ordinary share in the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one ordinary share at a price of CAD\$0.60 until 12 April 2021.

No other matters or circumstances have arisen since 31 March 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 16. Earnings per share

	Consolidated	
	31 March	31 March
	2018	2017
	\$	\$
Loss after income tax attributable to the owners of Agua Resources Limited	<u>(2,115,464)</u>	<u>(2,888,915)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>117,023,107</u>	<u>81,245,216</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>117,023,107</u>	<u>81,245,216</u>
	Cents	Cents
Basic earnings per share	(1.81)	(3.56)
Diluted earnings per share	(1.81)	(3.56)

Note 17. Share-based payments

On 28 July 2017, the Company issued 150,000 unlisted options to various employees and contractors. Each option is exercisable at \$0.54 and has an expiry date 28 July 2022. Based on Black-Scholes model, each option is valued at \$0.182 these options were valued at \$27,368 and has been recognised in the profit or loss as share based payment.

On 5 December 2017, the Company issued 7,520,000 unlisted options to directors and employees. Each option is exercisable at \$0.60 and has an expiry date of 5 December 2017. 2,675,000 options vest when the Company completes a bankable feasibility study (expected to be completed by March 2018), and another 2,675,000 vest upon the granting of the preliminary licence relating to the Tres Estrades Phosphate Project (expected to be completed by December 2018). The remaining 2,170,000 have no vesting condition. Based on Black Scholes valuation model, each option is valued at \$0.1369 and a total \$693,798 has been recognised in the profit or loss as share-based payments.

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Issue date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/07/2017	28/07/2022	\$0.37	\$0.54	90.00%	-	1.85%	\$0.182
05/12/2017	05/12/2020	\$0.37	\$0.60	75.00%	-	2.17%	\$0.137

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Justin Reid
Managing Director

10 May 2018