Aguia Resources Limited

ABN 94 128 256 888

Annual Financial Report - 30 June 2019

Aguia Resources Limited
Chairman's letter
30 June 2019

Dear Shareholders and other Stakeholders,

It is with much pleasure that I share with you news of Aguia after what has been a successful albeit challenging year. We are, however, very confident that the company has established strong foundations for a robust future with it's existing assets and its ongoing Brazilian exploration activities. Many of the new directors including myself visited Brazil in July 2019 seeing our assets, sharing time with our team and meeting with stakeholders and potential customers. We were greatly impressed by the calibre of our people there and the quality of their work.

Aguia has always been known as a phosphate company and we are pleased to report that the development of our phosphate projects is the key in our strategic planning. Our primary focus remains development of the Três Estradas Phosphate Project (**TEPP**) in Southern Brazil. Três Estradas along with several other satellite phosphate targets have the potential to provide long term cashflows thus providing much needed capital for copper drilling that will obviate the need for ongoing capital raises outside the shareholder base. We have been advised that we are now in the final stage of the TEPP planning approval process. In addition, to TEPP we have considerable other phosphate assets which are now under active management. We are greatly encouraged by an exciting opportunity at our Mata Grandê phosphate reserve which is located next to a limestone quarry. We have recently appointed Luiz Clerot as General Manager Phosphate. Luiz comes to Aguia with recent and extensive local experience in phosphate project development experience and is well placed to lead the development of the TEPP and Mata Grandê projects.

Aguia's copper story goes like this -

During the 2015/16 financial year our Technical Director, Dr. Fernando Tallarico, began quietly gathering permits (tenements) which were prospective for copper. Dr. Tallarico had diligently searched past records and had correctly recognized during the search for phosphate that similar geological settings existed in our phosphate region to those of the former operating Camaqua copper mine situated 47km east of our base in Lavras do Sul. Painstaking desktop investigation subsequently confirmed that historic copper activity, and copper showings, were widespread in our region. We first announced our copper portfolio and initial discoveries in March 2018 and we now have a significant position in what is known as the Rio Grande Copper Belt.

Our large tenement position was enhanced by the acquisition in February 2019 of the Andrade Copper Project (and associated and nearby tenement packages including the Primavera Target).

Today we have now uncovered numerous copper targets showing that copper is indeed widespread across the region and have therefore advanced efforts on several targets (Canhada, Passo Feio, Carlota, Primavera and Seival). We are expecting to drill at Andrade, Canhada, Passo Feio and Primavera in the upcoming 12 months.

We are sometimes asked "*why look for copper when you are a phosphate company*" and "*why not spin out the copper assets*".

Our answer is strategic. We have been fortunate enough to find copper in our backyard and copper is worth approximately 40x the price of phosphate (ie. the landed equivalent price in Southern Brazil). Our planned development of TEPP and Mata Grandê will provide cashflow to fund significant copper drilling over time. Thus, as a small company we plan not to have to farm-out our early stage copper portfolio and risk in the near-term giving away a major future copper find if it is ultimately identified. We are also mindful of the world's chase to increase renewable energy and the predicted demand for copper in electric vehicle use. These ambitions will require large copper resources and have caused some analysts to predict global shortages for copper.

I wish to take this opportunity to thank our team in Brazil for all their hard work and focus over many years; for their geological and technical success and, also on how well they have integrated into their local community, gathering widespread community support for their work. This multi-year effort includes significant time in the field during wet weather and the cold, often at times when budgets have been constrained. Through strong leadership and determined effort by our team the company has progressed and been successful.

The present 2019/20 year is likely to be significant for Aguia in many ways because of the platform put in place by the sustained multiyear effort of our Brazilian team and is expected to include:

1. Grant of the "License Preliminary" (**LP**) for Três Estradas (**TEPP**) which is essentially the culmination of a 4-year effort whereby the State government approves the environmental and social go-ahead for the project.
2. Final engineering and approval of the License Installation (**LI**) which permits the commencement of construction at TEPP.
3. Further drilling at the Andrade Project aimed at increasing the existing copper Mineral Resource by verifying previous drilling via twinning and drilling extensional targets after the completion of detailed ground geophysics.
4. First drilling at advancing copper targets, being Canhada, Passo Feio, Primavera and Carlota.

We know now that we have a large position in a historical copper belt, as exhibited by historical copper mines, the pervasive amount of copper mineralization on the surface and the regional setting of the copper mineralisation. Our copper focus now is to drill in order to add tonnes and copper grade to our regional resource inventory at Andrade and our regional targets.

The new Board (as of 11 June 2019) has completed its initial review and is now implementing strategies to;

- Reduce corporate overheads (which has included de-listing from the Toronto Stock Exchange) to deliver a larger proportion of funds for development of the TEPP and advance copper exploration.
- Enhance reporting lines and, upgrade systems and processes to improve productivity.
- Improve investor relations outcomes aimed at minimizing both future dilution and the cost of capital (equity and debt).
- Find a better way to reward our tremendous team in Brazil.

As Chair I will ensure all directors play their part in helping the objectives and ambitions of Aguia and I am committed to Board renewal over time because our success demands a collective Board that can continue to add value as the company grows. The recent addition to the Board of Non-Executive Director Mr Stephen Ross (experienced international exploration geologist and former Managing Director of ASX-listed companies) is an example of ongoing Board strengthening.

I thank all of our stakeholders, and especially our shareholders who have provided vital risk capital, for their historic and ongoing support of Aguia. I look forward to helping deliver success in the current year. I further look forward to meeting with many of you at our Annual General Meeting in November.

Yours sincerely

Christine McGrath

Chairman

Aguia Resources Limited

Directors	David Shearwood - Executive Director (appointed 11 June 2019) Christine McGrath - Non-Executive Chairman (appointed 11 June 2019) Martin McConnell - Non-Executive Director (appointed 11 June 2019) Jonathan Guinness - Non-Executive Director (appointed 11 June 2019) Paul Pint - Executive Chairman (resigned 14 June 2019) Justin Reid - Managing Director (resigned 19 July 2019) David Gower - Non-Executive Director (resigned 16 August 2019) Brian Moller - Non-Executive Director (resigned 14 June 2019) Alec Pismiris - Non-Executive Director (resigned 14 June 2019) Diane Lai - Non-Executive Director (resigned 14 June 2019) Stephen Ross - Non-Executive Director (appointed 15 August 2019)
Company secretary	Michael Duligal (appointed 31 July 2019) Christine McGrath (appointed 24 June 2019 and resigned 31 July 2019) Andrew Bursill (resigned 24 June 2019)
Registered office	Level 5 126 Phillip Street Sydney NSW 2000 Tel. 1300 288 664
Principal place of business	Rua Dr. Vale nº 555, Sala 406, Bairro Floresta, CEP.: 90560-010, Porto Alegre, RS. Tel. +51 3519 5166
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel. +61 2 8280 7111 Fax. +61 2 9287 0303
Auditor	Ernst & Young
Solicitors	KL Gates
Bankers	National Australia Bank
Stock exchange listing	Aguia Resources Limited is dual-listed since July 2017, trading on both the Australian Securities Exchange (ASX code: AGR) and on the TSX Venture Exchange (TSXV: AGRL) Following a Board meeting held on 15 August 2019 and liaison with the Toronto Stock Exchange (TSXV), the consolidated entity will delist from the TSX to reduce cost and duplication associated with a dual listing. The final date of TSX trading will be the close of business 16 September 2019.
Website	www.aguiaresources.com.au
Corporate Governance Statement	http://aguiaresources.com.au/about/corporate-governance/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Aguia Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of Aguia Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Shearwood (appointed 11 June 2019)
Christine McGrath (appointed 11 June 2019)
Martin McConnell (appointed 11 June 2019)
Jonathan Guinness (appointed 11 June 2019)
Paul Pint (resigned 14 June 2019)
Justin Reid (resigned 19 July 2019)
David Gower (resigned 16 August 2019)
Brian Moller (resigned 14 June 2019)
Alec Pismiris (resigned 14 June 2019)
Diane Lai (resigned 14 June 2019)
Stephen Ross (appointed 15 August 2019)

Principal activities

The principal activities of the consolidated entity during the year were the continued exploration and development of resource projects, predominately phosphate, copper and investment in the resources sector.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $3,342,455 (30 June 2018: $2,242,991).

A full review of operations is presented below.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 4 July 2019, the consolidated entity closed a private placement financing for gross proceeds of $2,535,395. These funds were raised in connection with the issuance of 21,128,290 ordinary shares via a non-brokered private placement to sophisticated and institutional investors at a price of $0.12 per ordinary share.

Following a Board meeting held on 15 August 2019 and liaison with the Toronto Stock Exchange (TSXV), the consolidated entity will delist from the TSX to reduce cost and duplication associated with a dual listing. The final date of TSX trading will be the close of business 16 September 2019.

On 19 July 2019, Justin Reid resigned as the Managing Director of the company.

On 15 August 2019, Stephen Ross was appointed as Non-Executive Director of the company.

On 16 August 2019, David Gower resigned as the Non-Executive Director of the company.

On 23 September 2019, the company announced that it issued 15,176,068 fully paid ordinary shares in the company at $0.15 per share, with a total of $2,139,825.64 in funds raised.

No other matter or circumstance has arisen since 30 June 2019 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.

Likely developments and expected results of operations
A summary of the likely developments in the operations of the consolidated entity and the expected results of operations, to the extent they would not likely result in unreasonable prejudice to the consolidated entity, has been included in the review of operations report below.

Environmental regulation
The consolidated entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the consolidated entity during the financial year.

Information on directors

Name:	David Shearwood (appointed 11 June 2019)
Title:	Executive Director
Qualifications:	BEng, AICD, GradDipAppFin, Prof.DipHR
Experience and expertise:	After working in copper/gold and coal mines as an explosives engineer, David's career shifted focus to the financial services sector, where he worked in analysis, strategy, and management across stockbroking, investment banking, funds management, and venture capital. Companies David worked for included Macquarie Bank, Westpac, QBE Insurance and what is now known as Deutsche Bank and Merrill Lynch. At Westpac, David co-founded one of Australia's first ethical funds and was an early signatory to the United Nations Principles of Responsible Investing (UNPRI). More recently he has managed his own investments and held generally non-executive directorships.
Other current directorships:	None
Former directorships (last 3 years):	Leigh Creek Energy Limited (May 2015 - September 2016)
Interests in shares:	7,858,742*
Interests in options:	None

Name:	Christine McGrath (appointed 11 June 2019)
Title:	Non-Executive Chairman
Qualifications:	BJuris, LLB
Experience and expertise:	Christine has over 30 years' experience as a commercial lawyer and her specialities include Corporate Governance, Board and Audit Committee Advisory, and Corporations Law. She has held many senior executive management positions - including Company Secretary - in the retail and resources sectors. Christine worked at KPMG Australia for ten years as a senior corporate advisor and was instrumental in developing KPMG's approach to Corporate Governance globally. In addition, she held a senior advisory position at KPMG's headquarters in New York for several years.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,052,000**
Interests in options:	71,429**

Name:	Martin McConnell (appointed 11 June 2019)
Title:	Non-Executive Director
Qualifications:	BBus, Senior Executive Program
Experience and expertise:	Martin has over 30 years' experience in banking and advisory services, gaining initial experience in one of Australia's trading banks before moving into sales management roles with several domestic and international banks. Martin assisted with the establishment of Capital Finance (a Bank of Scotland subsidiary) in Australia. Martin was previously a Director of Grant Samuel, advising on property and finance transactions. Martin is currently the Head of Financial Risk Products at Assetinsure, supporting banks on a global basis providing an unfunded risk participation in transactions ranging from leverage and acquisition finance, aviation and shipping, mining, oil and gas, infrastructure and general corporate purposes.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	304,317***
Interests in options:	26,786***

Name:	Jonathan Guinness (appointed 11 June 2019)
Title:	Non-Executive Director
Qualifications:	BS, M. Mineral Energy and Economics, PostGradDip Econ Geol, AusIMM
Experience and expertise:	Jonathan is a geologist with roles in mining and mineral trading companies in technical, financial, and project management across a broad range of commodities. This included working as a geologist for gold and base metal companies, a financial analyst for a gold company, and a project manager for a minerals trading company responsible for conducting and supervising financial and technical due diligence for resources projects. Up until December 2018, Jonathan worked in the Energy and Resources Division of two major Australian Banks, and most recently was Global Head of Natural Resources and then Global Head of Resources, Energy and Infrastructure at ANZ Bank.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

Name:	Paul Pint (resigned 14 June 2019)
Title:	Executive Chairman
Qualifications:	B.Comm, CPA, CA
Experience and expertise:	Mr. Pint, CPA, CA, is a capital markets professional with over 20 years of experience. Mr. Pint began his capital markets career on the institutional equity team at a large Canadian financial institution. Over his career, he has held a number of senior positions at various financial institutions and boutique investment banks in Canada. Mr. Pint is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from the University of Toronto.
Other current directorships:	None
Former directorships (last 3 years):	Copper One Inc. (July 2016 - January 2019, listed on TSX)
Interests in shares:	334,037
Interests in options:	1,450,000

Name:	Justin Reid (resigned 19 July 2019)
Title:	Managing Director
Qualifications:	M.Sc, MBA
Experience and expertise:	Mr Reid is a geologist and capital markets executive with over 20 years of experience focused exclusively in the mineral resource space. Mr Reid currently holds the position of Chief Executive Officer of Troilus Gold Corp. Over his career he has raised in excess of C$4BB in mining investment, driven multiple acquisitions, relaunched and structured various mining ventures and led the development, financing and eventual sale of Sulliden Gold to Rio Alto Mining.
Other current directorships:	Deep Yellow Limited (since October 2016, ASX: DYL), Troilus Gold Inc. (since December 2017, TSXV: TLG)
Former directorships (last 3 years):	Sulliden Mining Capital Inc (2015 to 31 Dec 2017, listed on TSX), Trigon Metals (formerly Kombat Copper, November 2013 – September 2019, listed on TSXV) and Euro Sun Mining Inc. (June 2016 – March 2019, listed on TSX)
Interests in shares:	336,037
Interests in options:	1,500,000

Name:	David Gower (resigned 16 August 2019)
Title:	Non-Executive Director
Qualifications:	M.Sc, P. Geo
Experience and expertise:	Mr Gower has over 25 years' experience in the minerals industry including senior positions with Falconbridge Limited and Noranda Inc. He was previously a senior executive of several Forbes & Manhattan group companies. Mr Gower has a strong record of exploration and project development in Brazil including the Araguaia nickel deposits, Autazes potash discoveries, acquisition of the Irati Energia oil shales and presently the corporate qualified person for all resource and geological work on Brazil's largest underdeveloped gold deposit. He is a member of the Association of Professional Geoscientists of Ontario and of the Canadian Institute of Mining. Mr Gower was appointed a director of the Company on 30 November 2012.
Other current directorships:	Emerita Resources Corp, Alamos Gold Inc (all TSX listed)
Former directorships (last 3 years):	Halo Labs Inc. (formerly Apogee Opportunities Inc., April 2007 – October 2018, listed on TSXV)
Special responsibilities:	Chair of the Compensation Committee, member of the Audit Committee
Interests in shares:	559,234
Interests in options:	150,000

Name:	Brian Moller (resigned 14 June 2019)
Title:	Non-Executive Director
Qualifications:	LLB Hons
Experience and expertise:	Mr Moller has been a partner at the legal firm, HopgoodGanim for 35 years and leads the Corporate Advisory and Governance practice. Mr Moller holds an LLB Hons from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association. Mr Moller specialises in capital markets, mergers and acquisitions and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors. Mr Moller acts for many publicly listed companies in Australia and regularly advises boards of directors on corporate governance and related issues.
Other current directorships:	DGR Global Ltd (ASX: DGR), Dark Horse Resources Ltd (ASX: DHR), Lithium Consolidated Mineral Exploration Limited (ASX: LI3), AusTin Mining Limited (ASX: ANW), Platina Resources Ltd (ASX: PGM), and the LSE and TSX listed SolGold plc.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Compensation Committee
Interests in shares:	120,000****
Interests in options:	150,000

Name:	Alec Pismiris (resigned 14 June 2019)
Title:	Non-Executive Director
Qualifications:	B. Comm, MAICD, IGIA
Experience and expertise:	Mr Pismiris is currently a director and company secretary for several ASX listed companies as well as a number of unlisted public and private companies. Mr Pismiris was recently appointed a director of Pacton Gold Inc., a company listed on the TSX Venture Exchange, where he is engaged as Interim President and Chief Executive Officer. Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia, is a member of the Australian Institute of Company Directors and a Fellow of The Governance Institute of Australia. Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and has participated numerous times in the processes by which boards have assessed the acquisition and financing of a diverse range of assets and has participated in and become familiar with the range of evaluation criteria used and the due diligence processes commonly adopted in the commercial assessment of corporate opportunities.
Other current directorships:	Agrimin Limited (ASX: AMN), HotCopper Holdings Limited (ASX: HOT), and Pelican Resources Limited (ASX: PEL)
Former directorships (last 3 years):	Impression Healthcare Limited (August 2013 – March 2017)
Special responsibilities:	Chair of the Audit Committee, member of the Compensation Committee
Interests in shares:	91,966*****
Interests in options:	150,000

Name:	Diane Lai (resigned 14 June 2019)
Title:	Non-Executive Director
Qualifications:	MBA
Experience and expertise:	Diane Lai has over 22 years of global experience in business development, management and acquisitions. She formerly worked at In Touch Communications in the United Kingdom and Entrata Communications in California, before returning to Canada where she was instrumental in the acquisition of FloNetwork to DoubleClick and Platform Computing to IBM. Diane's entrepreneurial nature led to the launch of a successful organic skin care company in 2010. She formerly held Board positions at Windmill Line Co-Operative, Cloverdale Inc. in Bermuda and Sulliden Mining Capital Inc, and currently holds board positions with the Flato Markham Theatre. Diane graduated from the University of Waterloo and holds an MBA from the Kellogg School of Management at Northwestern University.
Other current directorships:	Troilus Gold Corp. (TSX:TLG)
Former directorships (last 3 years):	Sulliden Mining Capital Inc. (Dec 2014 – Sep 2018)
Special responsibilities:	Member of the Audit Committee
Interests in shares:	None
Interests in options:	150,000

Name:	Stephen Ross (appointed 15 August 2019)
Title:	Non-Executive Director
Qualifications:	B.Sc, FFin, MAusIMM
Experience and expertise:	Mr Ross is a geologist and public company director that has been involved in the international minerals industry in technical, business development and corporate positions for over 25 years. Stephen has sourced investments of over $100m for junior explorers and pre-development resource companies worldwide while holding senior management and technical positions when based in Central Asia, West Africa and Sri Lanka. Mr Ross specialises in finding new projects in frontier economies while attracting minerals investment and establishing and managing operations whilst building a development team for new projects. He has developed strong relationships with investors and resource companies from Australia, Europe, China, Russia, Central Asia, South-East Asia and West Africa.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

* David Shearwood holds 6,932,219 shares indirectly through Mr David Shearwood & Mr Harry Shearwood <D K Shearwood DIY S/F A/C>. Mr Shearwood is a joint trustee and the sole beneficiary of the fund.

** Christine McGrath holds her interest in shares and options indirectly through Houtskar Pty Ltd <Footie Super Fund A/C> (Houtskar). Ms McGrath controls Houtskar and is a joint beneficiary of the fund.

*** Martin McConnell holds 66,099 shares indirectly through Allambie Pty Ltd <McConnell Family A/C> and 192,114 shares and all of his options indirectly through Allambie Pty Ltd <McConnell S/F A/C>. Mr McConnell controls Allambie Pty Ltd and is a beneficiary of both entities.

**** Brian Moller holds 40,000 shares indirectly through Sealth Pty Ltd, of which he is the ultimate controlling party.

***** Alec Pismiris holds 38,957 shares indirectly through A.C.P Investments Pty Ltd and 53,009 shares indirectly through A.C.P. Investments Pty Ltd <A&L Pismiris S/F A/C>, both of which he is the ultimate controlling party.

Company secretary
Christine McGrath (appointed 24 June 2019 and resigned as company secretary on 31 July 2019)

Refer to Christine's director biography for further details on her experience and qualification.

Michael Duligal (BA, LLB, M.AppFin) (appointed 31 July 2019)

Michael has over 30 years' experience in banking and financial markets services. After gaining early experience in open outcry markets such as the London Metal Exchange and the London Traded Options Market, Michael gained broad experience in debt and equity financing, business analysis, strategy, asset allocation and venture capital exposure. Michael has managed investment strategy and services for a family office for an Australian High Net worth family, managed a multi faceted dealing and execution desk for a multi-national insurance company. More recently, Michael has managed money for high net worth individuals and provided company secretarial, venture capital experience, and business and scientific analysis for a venture capital business, bringing energy and petroleum assets to exchange trading.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
David Shearwood*	3	3
Christine McGrath*	3	3
Martin McConnell*	3	3
Jonathan Guinness*	3	3
Paul Pint**	9	10
Justin Reid	12	13
David Gower	13	13
Brian Moller**	9	10
Alec Pismiris**	9	10
Diane Lai**	9	10

Held: represents the number of meetings held during the time the director held office.

* Appointed 11 June 2019
** Resigned 14 June 2019

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The consolidated entity's remuneration policy for its key management personnel ("KMP") has been developed by the Board taking into account the size of the consolidated entity, the size of the management team for the consolidated entity, the nature and stage of development of the consolidated entity's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:
- the consolidated entity is currently focused on undertaking exploration, appraisal and development activities;
- the risks associated with small cap resource companies whilst exploring and developing projects; and
- other than profit which may be generated from asset sales, the consolidated entity does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the consolidated entity, incentive options have been used to attract and retain non-executive directors. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The Board did not use remuneration consultants during the year.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. Total directors' fees paid to all non-executive directors is not to exceed $200,000 per annum. Director's fees paid to non-executive directors accrue on a daily basis. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the consolidated entity and non-executive directors may in limited circumstances receive incentive options in order to secure their services.

Executive remuneration
The consolidated entity's remuneration policy is to provide a fixed remuneration component and a performance based component. The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

The executive remuneration and reward framework has four components:
- base pay;
- short-term performance incentives;
- share-based payments; and
- other remuneration.

The combination of these comprises the executive's total remuneration.

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Short-term incentives ('STI') payments are granted to executives based on specific targets being achieved and include bonus payments. Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. KPIs may include:

- Increase in market cap and share price performance relative to peer groups
- Completion of drilling and resource estimate at Joca Tavares
- Expanding institutional ownership
- Budget control
- Maintain strong balance sheet
- Further metallurgical testing and submission of EIS at Tres Estradas

The Board has focused the consolidated entity's efforts on finding and completing new business opportunities. The Board considers that the prospects of the consolidated entity and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings. Accordingly, the Board may pay a bonus to executive KMP's based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition.

The long-term incentives ('LTI') include share-based payments. The Board has chosen to issue incentive options to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the consolidated entity. The Board considers that each executive's experience in the resources industry will greatly assist the consolidated entity in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to executives is commensurate to their value to the consolidated entity.

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the consolidated entity increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, options may be subject to vesting based on development milestones. The consolidated entity does not currently have a policy regarding executives entering into arrangements to limit their exposure to incentive options granted as part of their remuneration package.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to performance of the consolidated entity. The consolidated entity is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP. The performance measure which drives incentive awards is the company's share price and the discovery, delineation and development of new mineral resources. Refer to 'Additional information' of the remuneration report for details of the last five years earnings and share price.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')
The company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Aguia Resources Limited:
- David Shearwood (appointed 11 June 2019)
- Christine McGrath (appointed 11 June 2019)
- Martin McConnell (appointed 11 June 2019)
- Jonathan Guinness (appointed 11 June 2019)
- Paul Pint (resigned 14 June 2019)
- Justin Reid (resigned 19 July 2019)
- David Gower (resigned 16 August 2019)
- Brian Moller (resigned 14 June 2019)
- Alec Pismiris (resigned 14 June 2019)
- Diane Lai (resigned 14 June 2019)
- Stephen Ross (appointed 15 August 2019)

And the following persons:
- Catherine Stretch - Chief Commercial Officer (resigned 18 July 2019)
- Fernando Tallarico - Technical Director
- Ryan Ptolemy - Chief Financial Officer (resigned 21 June 2019)

2019	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Post-employment benefits: Super-annuation $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:					
David Gower	47,500	-	-	-	47,500
Brian Moller*	48,750	-	-	-	48,750
Alec Pismiris*	48,117	-	-	-	48,117
Diana Lai*	47,500	-	-	-	47,500
Martin McConnell**	2,472	-	235	-	2,707
Jonathan Guinness**	2,472	-	235	-	2,707
Christine McGrath**	3,572	-	339	-	3,911
Executive Directors:					
Paul Pint*	200,000	-	-	27,784	227,784
Justin Reid	350,000	-	-	33,341	383,341
David Shearwood**	13,736	-	1,305	-	15,041
Other Key Management Personnel:					
Catherine Stretch	160,000	-	-	24,450	184,450
Fernando Tallarico	278,877	60,008	-	22,227	301,112
Ryan Ptolemy	19,068	-	-	-	19,068
	1,222,064	60,008	2,114	107,801	1,331,987

* Resigned 14 June 2019
** Appointed 11 June 2019

Director fees to David Gower, Brian Moller, Alec Pismiris and Diana Lai are paid through the entities they control. These directors are not entitled to superannuation or long service leave. Paul Pint and Justin Reid are based overseas where superannuation or long service leave are not applicable in their service agreements.

Fees and salaries for each director and key management personnel is paid through the following entities :

- David Gower - Gower Exploration Consulting Inc.
- Brian Moller - Moller, Brian Gerry
- Alec Pismiris - Lexcon Services Pty Ltd
- Diana Lai - Diana Lai Group Inc
- Paul Pint - Tarkus Consulting Inc
- Justin Reid - EJ3 Consulting Inc
- Catherine Stretch - Castara Management Inc
- Fernando Tallarico - Metalica Consultoria e Serviços de Geologia
- Ryan Ptolemy - 1809276 Ontario Inc

In addition to director fees disclosed in the table above, Brian Moller is a partner of HopgoodGanim law firm, who provides legal services to the company. The contract between the company and HopgoodGanim is based on normal commercial terms. Payments made to HopgoodGanim during the year were $8,864 (2018: $15,815).

Refer to note 16 for related party transactions.

2018	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Post-employment benefits: Super-annuation $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:					
David Gower	-	-	-	20,535	20,535
Brian Moller	50,000	-	-	20,535	70,535
Alec Pismiris	50,000	-	-	20,535	70,535
Diane Lai	50,000	-	-	20,535	70,535
Executive Directors:					
Paul Pint	200,000	150,000	-	135,474	485,474
Justin Reid	350,000	200,000	-	162,569	712,569
Other Key Management Personnel:					
Catherine Stretch	159,996	70,000	-	119,217	349,213
Fernando Tallarico	160,215	40,000	-	108,379	308,594
Ryan Ptolemy	18,487	10,000	-	11,406	39,893
	1,038,698	470,000	-	619,185	2,127,883

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
David Gower	100%	-	-	-	-	100%
Brian Moller	100%	71%	-	-	-	29%
Alec Pismiris	100%	71%	-	-	-	29%
Diane Lai	100%	71%	-	-	-	29%
Martin McConnell	100%	-	-	-	-	-
Jonathan Guinness	100%	-	-	-	-	-
Christine McGrath	100%	-	-	-	-	-
Executive Directors:						
Paul Pint	82%	41%	-	31%	18%	28%
Justin Reid	87%	49%	-	28%	13%	23%
David Shearwood	100%	-	-	-	-	-
Other Key Management Personnel:						
Catherine Stretch	80%	46%	-	20%	20%	34%
Fernando Tallarico	74%	52%	16%	13%	10%	35%
Ryan Ptolemy	100%	46%	-	25%	-	29%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements.

Name:	Paul Pint
Title:	Executive Chairman
Agreement commenced:	12 January 2016
Term of agreement:	3 months' notice to company and 6 months' notice by company. Resigned 14 June 2019.
Details:	Annual remuneration of $200,000. Bonus as recommended and approved by the Board based on achievement of annual milestones. Mr Pint is also entitled to share based payment options subject to shareholders approval.

Name:	Justin Reid
Title:	Managing Director
Agreement commenced:	1 April 2015
Term of agreement:	3 months' notice to company and 6 months' notice by company. Resigned 19 July 2019.
Details:	Annual salary of $350,000. Bonus as recommended and approved by the Board based on achievement of annual milestones. Mr. Reid is also entitled to share based payment option to Board approval.

Name:	Catherine Stretch
Title:	Chief Commercial Officer
Agreement commenced:	1 April 2015
Term of agreement:	3 months' notice to company and 6 months' notice by company. Resigned 18 July 2019.
Details:	Annual fees of $160,000. Bonus as recommended and approved by the Board based on achievement of annual milestones. Ms Stretch is also entitled to share based payment option to Board approval.

Name:	Fernando Tallarico
Title:	Technical Director
Agreement commenced:	1 April 2010
Term of agreement:	3 months' notice to company and 6 months' notice by the company
Details:	Annual remuneration of $280,000. Bonus as recommended and approved by the Board based on achievement of annual milestones. Mr. Tallarico is also entitled to share based payment option to Board approval.

Name:	Ryan Ptolemy
Title:	Chief Financial Officer
Agreement commenced:	1 April 2017
Term of agreement:	Month-to-month notice by the Company. Resigned 21 June 2019.
Details:	Base fee of CAD$1,500 per month, subject to annual review. Entitlement to a cash bonus and/or options upon meeting KPIs prescribed by the Board

Name:	David Shearwood
Title:	Executive Director
Agreement commenced:	11 June 2019
Term of agreement:	3 months' notice to company and 6 months' notice by company.
Details:	Annual salary of $273,750 (including superannuation).

Non-executive director arrangements
Non-executive directors may receive a board fee. The total fees for the non-executive director is currently limited to $200,000 per annum. All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Paul Pint	1,250,000	28/11/2017	Based on milestones*	29/11/2020	$0.600	$0.137
Justin Reid	1,500,000	28/11/2017	Based on milestones*	29/11/2020	$0.600	$0.137
Catherine Stretch	1,100,000	28/11/2017	Based on milestones*	29/11/2020	$0.600	$0.137
Fernando Tallarico	1,000,000	28/11/2017	Based on milestones*	29/11/2020	$0.600	$0.137

* 50% of the options vested when the bankable feasibility study was completed with the remaining 50% vesting upon granting of Preliminary Licence issued on the approval of the Environmental Impact Assessment by FEPAM, the Rio Grande do Sul, Brazil environmental authority.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
David Gower	-	150,000	-	150,000
Brian Moller	-	150,000	-	150,000
Alec Pismiris	-	150,000	-	150,000
Diane Lai	-	150,000	-	150,000
Paul Pint	-	1,250,000	-	625,000
Justin Reid	-	1,500,000	-	750,000
Catherine Stretch	-	1,100,000	-	550,000
Fernando Tallarico	-	1,000,000	-	500,000
Ryan Ptolemy	-	75,000	-	75,000

Additional information

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Loss after income tax	(3,342,455)	(2,242,991)	(4,065,149)	(5,873,212)	(10,744,829)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016*	2015*
Share price at financial year end ($)	0.12	0.20	0.42	0.60	0.80
Basic earnings per share (cents per share)	(2.27)	(1.87)	(4.87)	(8.25)	(21.60)

* Prior to the consolidation of shares

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Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Others / Disposals	Balance at the end of the year
David Shearwood	1,247,000	-	6,932,219	(320,477)	7,858,742
Christine McGrath	459,857	-	592,143	-	1,052,000
Martin McConnell	216,934	-	87,383	-	304,317
Paul Pint	334,037	-	-	-	334,037
Justin Reid	336,037	-	-	-	336,037
David Gower	559,234	-	-	-	559,234
Brian Moller	120,000	-	-	-	120,000
Alec Pismiris	91,966	-	-	-	91,966
Catherine Stretch	66,159	-	-	-	66,159
Fernando Tallarico	137,143	-	-	-	137,143
Ryan Ptolemy	602	-	-	-	602
	3,568,969	-	7,611,745	(320,477)	10,860,237

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
David Gower	220,000	-	-	(70,000)	150,000
Brian Moller	220,000	-	-	(70,000)	150,000
Alec Pismiris	220,000	-	-	(70,000)	150,000
Diane Lai	150,000	-	-	-	150,000
Paul Pint	1,450,000	-	-	-	1,450,000
Justin Reid	1,800,000	-	-	(300,000)	1,500,000
Catherine Stretch	1,280,000	-	-	(80,000)	1,200,000
Fernando Tallarico	1,240,000	-	-	(100,000)	1,140,000
Ryan Ptolemy	100,000	-	-	-	100,000
Christine McGrath	71,429	-	-	-	71,429
Martin McConnell	26,786	-	-	-	26,786
	6,778,215	-	-	(690,000)	6,088,215

Options over ordinary shares	Vested and exercisable	Unvested	Balance at the end of the year
David Gower	150,000	-	150,000
Brian Moller	150,000	-	150,000
Alec Pismiris	150,000	-	150,000
Diane Lai	150,000	-	150,000
Paul Pint	825,000	625,000	1,450,000
Justin Reid	750,000	750,000	1,500,000
Catherine Stretch	650,000	550,000	1,200,000
Fernando Tallarico	640,000	500,000	1,140,000
Ryan Ptolemy	100,000	-	100,000
Christine McGrath	71,429	-	71,429
Martin McConnell	26,786	-	26,786
	3,663,215	2,425,000	6,088,215

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Aguia Resources Limited under option at the date of this report are as follows:

Issue date	Expiry date	Exercise price	Number under option
7 December 2016	7 December 2019	$0.625	260,000
16 December 2016	16 December 2019	$0.600	810,000
2 June 2017	2 June 2020	$0.640	120,000
30 June 2017 - 7 July 2017 *	30 June 2020	$0.650	13,180,418
28 July 2017	28 July 2020	$0.540	150,000
28 November 2017	29 November 2020	$0.600	7,520,000
16 April 2018 *	12 April 2021	$0.600	7,142,900
5 April 2019	5 April 2022	$0.140	300,000
			29,483,318

* Exercise price is in Canadian dollars

All of above options are unlisted. No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. The options do not carry any voting and dividend rights.

Shares issued on the exercise of options
There were no ordinary shares of Aguia Resources Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Ernst & Young
There are no officers of the company who are former partners of Ernst & Young.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Shearwood

David Shearwood
Executive Director

27 September 2019
Sydney

Building a better working world

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Auditor's Independence Declaration to the Directors of Aguia Resources Limited

As lead auditor for the audit of the financial report of Aguia Resources Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aguia Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Ryan Fisk
Partner
27 September 2019

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

General information

The financial statements cover Aguia Resources Limited as a consolidated entity consisting of Aguia Resources Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Aguia Resources Limited's functional and presentation currency.

Aguia 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

Level 5
126 Phillip Street
Sydney NSW 2000

Principal place of business

Rua Dr. Vale nº 555, Sala 406,
Bairro Floresta,
CEP.: 90560-010, Porto Alegre, RS.

A description of the nature of the consolidated entity's operations and its principal activities are included in the notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on _____September 2019.

Aguia Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

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	Note	Consolidated 2019 $	2018 $
Revenue			
Interest revenue calculated using the effective interest method		4,048	23,499
Expenses			
Employee benefits expense		(567,338)	(372,895)
Share based payments	9	(181,170)	(904,270)
Depreciation and amortisation expense		(15,882)	(15,420)
Corporate expenses		(1,329,014)	(1,571,953)
Exploration costs		-	(3,305)
Business development costs		(672,366)	(682,948)
Legal and professional		(335,229)	(333,965)
Administrative expense		(798,655)	(1,154,081)
Movement in fair value of derivatives	7	553,151	2,772,347
Loss before income tax expense		(3,342,455)	(2,242,991)
Income tax expense	4	-	-
Loss after income tax expense for the year attributable to the owners of Aguia Resources Limited		(3,342,455)	(2,242,991)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		1,127,996	(2,814,964)
Other comprehensive income/(loss) for the year, net of tax		1,127,996	(2,814,964)
Total comprehensive loss for the year attributable to the owners of Aguia Resources Limited		(2,214,459)	(5,057,955)
		Cents	**Cents**
Basic earnings per share	21	(2.27)	(1.87)
Diluted earnings per share	21	(2.27)	(1.87)

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

Aguia Resources Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents		55,498	3,405,149
Trade and other receivables		19,495	30,089
Prepayments		41,708	39,478
Total current assets		116,701	3,474,716
Non-current assets			
Property, plant and equipment		43,580	48,519
Exploration and evaluation	5	37,471,942	31,653,643
Total non-current assets		37,515,522	31,702,162
Total assets		37,632,223	35,176,878
Liabilities			
Current liabilities			
Trade and other payables	6	1,659,764	321,400
Derivative financial instruments	7	41,752	594,903
Total current liabilities		1,701,516	916,303
Total liabilities		1,701,516	916,303
Net assets		35,930,707	34,260,575
Equity			
Issued capital	8	104,675,564	100,972,143
Reserves	9	(2,529,484)	(3,838,650)
Accumulated losses		(66,215,373)	(62,872,918)
Total equity		35,930,707	34,260,575

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

Aguia Resources Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Ordinary 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 year	-	-	(2,242,991)	(2,242,991)
Other comprehensive loss for the year, net of tax	-	(2,814,964)	-	(2,814,964)
Total comprehensive loss for the year	-	(2,814,964)	(2,242,991)	(5,057,955)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	7,122,736	-	-	7,122,736
Share-based payments (note 9)	-	904,270	-	904,270
Balance at 30 June 2018	100,972,143	(3,838,650)	(62,872,918)	34,260,575

Consolidated	Ordinary shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	100,972,143	(3,838,650)	(62,872,918)	34,260,575
Loss after income tax expense for the year	-	-	(3,342,455)	(3,342,455)
Other comprehensive income for the year, net of tax	-	1,127,996	-	1,127,996
Total comprehensive income/(loss) for the year	-	1,127,996	(3,342,455)	(2,214,459)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,703,421	-	-	3,703,421
Share-based payments (note 9)	-	181,170	-	181,170
Balance at 30 June 2019	104,675,564	(2,529,484)	(66,215,373)	35,930,707

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

Aguia Resources Limited
Statement of cash flows
For the year ended 30 June 2019

AGUIA

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,671,629)	(4,379,643)
Interest received		4,048	23,499
Net cash used in operating activities	20	(2,667,581)	(4,356,144)
Cash flows from investing activities			
Payments for exploration and evaluation		(4,343,682)	(7,174,579)
Net cash used in investing activities		(4,343,682)	(7,174,579)
Cash flows from financing activities			
Proceeds from issue of shares		3,954,438	9,470,010
Share issue transaction costs		(293,899)	(1,227,323)
Net cash from financing activities		3,660,539	8,242,687
Net decrease in cash and cash equivalents		(3,350,724)	(3,288,036)
Cash and cash equivalents at the beginning of the financial year		3,405,149	6,731,733
Effects of exchange rate changes on cash and cash equivalents		1,073	(38,548)
Cash and cash equivalents at the end of the financial year		55,498	3,405,149

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The adoption of this new Standard did not have any material impact to the current and prior financial year.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

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 $3,328,239 (2018: $2,242,991) and net cash outflows from operating and investing activities of $7,235,731 (2018: $11,503,723) for the year ended 30 June 2019.

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.

On 4 July 2019, the consolidated entity closed a private placement financing for gross proceeds of $2,535,395. These fund were raised in connection with the issuance of 21,128,290 ordinary shares via a non-brokered private placement to sophisticated and institutional investors at a price of $0.12 per ordinary share. The company continues to review various other capital raising opportunities.

Based on the consolidated entity's cash-flow forecasts and achieving the funding referred to above, the directors are confident that the consolidated entity will be able to continue as going concerns. In particular, the directors are confident in the company's ability to raise the capital as they have a successful track record as demonstrated in the financial year 2019 ($3.7 million), 2018 ($9.5 million), 2017 ($14.9 million), 2016 ($9.5 million) and 2015 ($3.8 million). The directors are also confident they are able to manage discretionary spending to ensure that cash are available to meet debts as and when they fall due.

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

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 17.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aguia Resources Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Aguia Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Aguia Resources Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the company stops capitalising exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible development assets according to the nature of the assets.

The demonstration of the technical feasibility and commercial viability is the point at which management determines that it will develop the project and is subject to a significant degree of judgement and assessment of all relevant factors. This typically includes, but is not limited to, the completion of an economic feasibility study, the establishment of mineral reserves and the ability to obtain the relevant construction and operating permits for the project.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options/warrants over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Aguia Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 1. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is not considered material by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions used in the valuation models relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Carrying value of exploration and evaluation assets
The consolidated entity assesses carrying value of exploration and evaluation assets at each reporting date. If an impairment trigger exists, the recoverable amount of the asset is determined. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant interest. The application of this exploration and evaluation expenditure policy requires management to make certain estimates and assumptions as to future events and circumstances, particularly in relation to the assessment of whether sufficient data exist to indicate that the carrying amount of the exploration and evaluation asset is likely to be recovered in full from successful development or by sale. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

Note 3. 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 4. Income tax expense

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,342,455)	(2,242,991)
Tax at the statutory tax rate of 27.5%	(919,175)	(616,823)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenditure not allowable for income tax purposes	49,822	248,674
Non-assessable income arising from fair value adjustments from derivatives	(152,116)	(762,395)
	(1,021,469)	(1,130,544)
Current year tax losses not recognised	1,021,469	1,130,544
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	20,114,305	16,399,869
Potential tax benefit @ 27.5%	5,531,434	4,509,964

Note 4. Income tax expense (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position as it is unlikely they will be utilised in the foreseeable future. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	2019	**2018**
	$	**$**
Brazilian Phosphate project - at cost	47,839,660	44,235,361
Less: Impairment	(12,660,637)	(12,660,637)
	35,179,023	31,574,724
Brazilian Copper project - at cost	2,292,919	78,919
	37,471,942	31,653,643

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation $	Total $
Balance at 1 July 2017	27,242,357	27,242,357
Additions	7,191,209	7,191,209
Exchange differences	(2,779,923)	(2,779,923)
Balance at 30 June 2018	31,653,643	31,653,643
Additions	4,543,593	4,543,593
Exchange differences	1,274,706	1,274,706
Balance at 30 June 2019	37,471,942	37,471,942

Note 6. Current liabilities - Trade and other payables

	Consolidated	
	2019	**2018**
	$	**$**
Trade payables	576,245	165,398
Accrued expenses	855,603	55,034
Other payables	227,916	100,968
	1,659,764	321,400

Refer to note 11 for further information on financial instruments.

Trade payables are settled in 30-90 day terms and are non-interest bearing.

Note 7. Current liabilities - Derivative financial instruments

	Consolidated 2019 $	Consolidated 2018 $
Warrants	41,752	594,903

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 had, at date of issue, 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.

The following weighted average assumptions were used to determine the fair value: expected dividend yield of 0%, expected volatility of 90%, risk-free interest rate of 2.21% and an expected life of 3 years.

Using the Black-Scholes model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 75%, risk-free interest rate of 2.17% and an expected life of 1 years, these warrants have a value of A$0.001 each for a total value of $13,180 as at 30 June 2019.

On 16 April 2018, the company issued 7,142,900 warrants in relation to capital raising. These options are also denominated in Canadian Dollar. Using Black-Scholes model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 75%, risk-free interest rate of 2.17% and an expected life of 3 years, the initial valuation on these options were A$0.082 each for a total value of $585,718. These options were subsequently revalued to 30 June 2019 with a value of $0.004 each for a total value of $28,572 with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 75%, risk-free interest rate of 2.17% and an expected life of 1.79 years.

		Number of warrants	Fair Value
Financial year ended 30 June 2018			
Opening balance	01/07/2017	7,512,917	1,522,117
Warrants issued	03/07/2017	2,500,001	506,500
Warrants issued	07/07/2017	3,167,500	752,915
Warrants issued	16/04/2018	7,142,900	585,718
Fair value adjustment to profit or loss	30/06/2018	-	(2,772,347)
Closing balance		20,323,318	594,903

		Number of warrants	Fair value
Financial year ended 30 June 2019			
Opening balance	01/07/2018	20,323,318	594,903
Fair value adjustments to profit or loss	30/06/2019	-	(553,151)
Closing balance		20,323,318	41,752

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Note 8. Equity - Issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	164,255,158	131,484,126	104,675,564	100,972,143

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	105,863,326		93,849,407
Shares issued (partly issued on 30 June 2017)	03 July 2017	5,000,000	$0.400	1,999,992
Derivative financial liability - warrant	03 July 2017	-	$0.000	(506,500)
Shares issued	07 July 2017	6,335,000	$0.400	2,618,567
Derivative financial liability - warrant	07 July 2017	-	$0.000	(752,915)
Shares issued	16 April 2018	14,285,800	$0.350	5,071,451
Derivative financial liability - warrant	16 April 2018	-	$0.000	(585,718)
Share issue costs		-	$0.000	(722,141)
Balance	30 June 2018	131,484,126		100,972,143
Shares issued	14 December 2018	24,350,861	$0.120	2,944,018
Shares issued - share based payments	14 December 2018	600,000	$0.120	72,000
Shares issued - share based payments	09 January 2019	530,934	$0.120	63,712
Shares issued	03 April 2019	7,289,237	$0.120	874,708
Share issue costs		-	$0.000	(251,017)
Balance	30 June 2019	164,255,158		104,675,564

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.

In April 2018, the company issued warrants together with its ordinary shares as part of its share placement. As these warrants are exercisable in Canadian dollars which is not the entity's functional currency, this give rise to derivative financial liability - see Note 7 for further details.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is continuously examining new business opportunities where the acquisition / working capital requirements may involve additional funding in some format, including issue of shares or debt where appropriate.

The consolidated entity is not subject to financing arrangements covenants.

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Note 9. Equity - Reserves

	Consolidated 2019 $	Consolidated 2018 $
Foreign currency reserve	(7,556,338)	(8,684,334)
Share-based payments reserve	4,944,669	4,763,499
Capital contribution reserve	82,185	82,185
	(2,529,484)	(3,838,650)

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. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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.

Capital contribution reserve
This reserve records the capital contribution arising from unrecognised interest due to non-arm's length interest rate at 1% on the $1 million loan with Forbes Emprendimentos Ltd, a company associated with three of its current/former directors. The consolidated entity ceased to borrow from this counterparty in 2017.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Capital contribution $	Share-based payments $	Foreign currency $	Total $
Balance at 1 July 2017	82,185	3,859,229	(5,869,370)	(1,927,956)
Foreign currency translation	-	-	(2,814,964)	(2,814,964)
Share-based payments	-	904,270	-	904,270
Balance at 30 June 2018	82,185	4,763,499	(8,684,334)	(3,838,650)
Foreign currency translation	-	-	1,127,996	1,127,996
Share-based payments	-	181,170	-	181,170
Balance at 30 June 2019	82,185	4,944,669	(7,556,338)	(2,529,484)

Note 10. Equity - Dividends

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

Note 11. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity does not enter into derivative transactions to mitigate the financial risks. In addition, the consolidated entity's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the consolidated entity's operations change, the directors will review this policy periodically going forward.

The consolidated entity 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 consolidated 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.

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

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. 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 consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

There are no significant concentrations of credit risk within the consolidated entity.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Liquidity risk is the risk that the consolidated entity 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 consolidated entity will always have sufficient liquidity to meet its liabilities when due. Vigilant liquidity risk management requires the consolidated entity 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 by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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Note 11. Financial instruments (continued)

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.

Consolidated - 2019	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						
Non-interest bearing						
Trade payables	-	576,245	-	-	-	576,245
Other payables	-	227,916	-	-	-	227,916
Accruals	-	855,603	-	-	-	855,603
Total non-derivatives		1,659,764	-	-	-	1,659,764

Consolidated - 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						
Non-interest bearing						
Trade payables	-	165,398	-	-	-	165,398
Other payables	-	100,968	-	-	-	100,968
Accruals	-	55,034	-	-	-	55,034
Total non-derivatives		321,400	-	-	-	321,400

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

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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 - 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative financial liability	-	41,752	-	41,752
Total liabilities	-	41,752	-	41,752

Note 12. Fair value measurement (continued)

Consolidated - 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative financial liability	-	594,903	-	594,903
Total liabilities	-	594,903	-	594,903

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2
Derivative financial instruments have been valued using the Black-Scholes model. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. Refer to Note 8 for further details.

Note 13. Key management personnel disclosures

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	1,284,186	1,508,698
Share-based payments	172,576	619,185
	1,456,762	2,127,883

Note 14. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company, and its network firms:

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Ernst & Young		
Audit or review of the financial statements	45,344	79,624
Audit services - network firms - Ernst & Young Brazil		
Audit or review of the financial statements	51,633	54,543

Note 15. Contingent liabilities

The consolidated entity does not have any contingent liabilities as at 30 June 2019 (30 June 2018: nil).

Note 16. Related party transactions

Parent entity
Aguia Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 18.

Key management personnel
Disclosures relating to key management personnel are set out in note 13 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Payment for goods and services:		
Payment for legal services from HopgoodGanim of which Mr Brian Moller is a partner.	8,864	15,815

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Current payables:		
Payable to key management personnel for fees and remuneration	391,334	45,833

Terms and conditions
Transactions were made on normal commercial terms and conditions and at market rates.

Note 17. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	**2018**
	$	**$**
Loss after income tax	(2,208,281)	(5,025,825)
Total comprehensive loss	(2,208,281)	(5,025,825)

Note 17. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	74,217	3,205,535
Total assets	36,807,401	34,862,133
Total current liabilities	918,895	649,937
Total liabilities	918,895	649,937
Equity		
Issued capital	104,675,564	100,972,143
Share-based payments reserve	4,944,669	4,763,499
Capital contribution reserve	82,185	82,185
Accumulated losses	(73,813,912)	(71,605,631)
Total equity	35,888,506	34,212,196

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 18. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Aguia Mining Pty Ltd	Australia	100.00%	100.00%
Aguia Phosphates Pty Ltd	Australia	100.00%	100.00%
Aguia Potash Pty Ltd	Australia	100.00%	100.00%
Aguia Metais Ltda	Brazil	100.00%	100.00%
Potassio do Atlantico Ltda	Brazil	100.00%	100.00%
Aguia Rio Grande Mineracao Ltda	Brazil	100.00%	100.00%
Aguia Fertilizantes S.A.*	Brazil	49.00%	49.00%

* Controlled by the parent entity through the entity's board of directors.

Note 19. Events after the reporting period

On 4 July 2019, the consolidated entity closed a private placement financing for gross proceeds of $2,535,395. These funds were raised in connection with the issuance of 21,128,290 ordinary shares via a non-brokered private placement to sophisticated and institutional investors at a price of $0.12 per ordinary share.

Following a Board meeting held on 15 August 2019 and liaison with the Toronto Stock Exchange (TSXV), the consolidated entity will delist from the TSX to reduce cost and duplication associated with a dual listing. The final date of TSX trading will be the close of business 16 September 2019.

On 19 July 2019, Justin Reid resigned as the Managing Director of the company.

On 15 August 2019, Stephen Ross was appointed as Non-Executive Director of the company.

On 16 August 2019, David Gower resigned as the Non-Executive Director of the company.

On 23 September 2019, the company announced that it issued 15,176,068 fully paid ordinary shares in the company at $0.15 per share, with a total of $2,139,825.64 in funds raised.

No other matter or circumstance has arisen since 30 June 2019 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 20. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 $	2018 $
Loss after income tax expense for the year	(3,342,455)	(2,242,991)
Adjustments for:		
Depreciation and amortisation	15,882	15,420
Write off of property, plant and equipment	(1,848)	(2,955)
Share-based payments	181,170	904,270
Exploration costs	-	3,305
Movement in fair value of derivatives	(553,151)	(2,772,347)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,230)	(15,626)
Increase/(decrease) in trade and other payables	1,035,051	(245,220)
Net cash used in operating activities	(2,667,581)	(4,356,144)

Note 21. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of Aguia Resources Limited	(3,342,455)	(2,242,991)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	147,116,496	120,041,369
Weighted average number of ordinary shares used in calculating diluted earnings per share	147,116,496	120,041,369
	Cents	**Cents**
Basic earnings per share	(2.27)	(1.87)
Diluted earnings per share	(2.27)	(1.87)

Note 22. Share-based payments

A share option plan has been established by the consolidated entity, whereby the consolidated entity may, at the discretion of the Board and if permitted by the Board, grant options over ordinary shares in the parent entity to certain employees, key management personnel and advisers of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board, such as the completion of the bankable feasibility study and the granting of preliminary licence. The options are not quoted on the ASX and the Board may amend the option plan rules subject to the requirements of the Listing Rules.

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/09/2015	30/09/2018	$1.300	560,000	-	-	(560,000)	-
27/11/2015	27/11/2018	$1.100	614,000	-	-	(614,000)	-
07/12/2016	07/12/2019	$0.625	260,000	-	-	-	260,000
16/12/2016	16/12/2019	$0.600	810,000	-	-	-	810,000
02/06/2017	02/06/2020	$0.640	120,000	-	-	-	120,000
28/07/2017	28/07/2020	$0.540	150,000	-	-	-	150,000
28/11/2017	29/11/2020	$0.600	7,520,000	-	-	-	7,520,000
05/04/2019	05/04/2022	$0.140	-	300,000	-	-	300,000
			10,034,000	300,000	-	(1,174,000)	9,160,000
Weighted average exercise price			$0.670	$0.140	$0.000	$1.195	$0.585

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Note 22. Share-based payments (continued)

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/06/2015	26/06/2018	$0.840	400,000	-	-	(400,000)	-
30/09/2015	30/09/2018	$1.300	560,000	-	-	-	560,000
27/11/2015	27/11/2018	$1.100	614,000	-	-	-	614,000
07/12/2016	07/12/2019	$0.625	260,000	-	-	-	260,000
16/12/2016	16/12/2019	$0.600	810,000	-	-	-	810,000
02/06/2017	02/06/2020	$0.640	120,000	-	-	-	120,000
28/07/2017	28/07/2020	$0.540	-	150,000	-	-	150,000
28/11/2017	29/11/2020	$0.600	-	7,520,000*	-	-	7,520,000
			2,764,000	7,670,000	-	(400,000)	10,034,000
Weighted average exercise price			$0.892	$0.599	$0.000	$0.840	$0.670

* 2,170,000 of these options vest immediately, On the remaining options, 50% of the options vest when the bankable feasibility study is completed, and the remaining 50% vest upon granting of Preliminary Licence issued on the approval of the Environmental Impact Assessment by FEPAM, the Rio Grande do Sui, Brazil environmental authority.

Set out below are the options vested and exercisable at the end of the financial year:

Grant date	Expiry date	2019 Number	2018 Number
30/09/2015	30/09/2018	-	560,000
27/11/2015	27/11/2018	-	614,000
07/12/2016	07/12/2019	260,000	260,000
16/12/2016	16/12/2019	810,000	810,000
02/06/2017	02/06/2020	120,000	120,000
28/07/2017	28/07/2020	150,000	150,000
28/11/2017	29/11/2020	4,845,000	4,845,000
05/04/2019	05/04/2022	300,000	-
		6,485,000	7,359,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.31 years (2018: 2.06 years).

The weighted average exercise price of options outstanding at the end of the financial year was $0.585 (2018: $0.670).

For the options granted during the current financial year, the valuation model (Black-Scholes option pricing model) inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/04/2019	05/04/2022	$0.135	$0.140	120.79%	-	1.46%	$9.528

Note 23. Commitments

The consolidated entity does not have any significant commitments as at 30 June 2019 and 30 June 2018 other than those already been disclosed in the financial statements.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Shearwood

David Shearwood
Executive Director

27 September 2019
Sydney

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Independent Auditor's Report to the Members of Aguia Resources Limited

Opinion

We have audited the financial report of Aguia Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of exploration & evaluation assets

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the Group held capitalised exploration and evaluation assets of $37.5 million (refer Note 6 of the financial report). The carrying value of exploration and evaluation assets is assessed for impairment when facts and circumstances indicate the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has title and tenure to the licenses, has the intention to perform ongoing exploration and evaluation expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group determined there had been no indicators of impairment. Given the size of the balance and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we consider this a key audit matter.	In performing our procedures, we: ▸ Assessed the completeness of the Group's analysis of indicators of impairment, in conjunction with our valuation specialists. This included performance of a transaction multiple analysis comparing the valuation of other phosphate resources to the carrying value of the Group's exploration assets. ▸ Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements. ▸ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. ▸ Tested a sample of costs capitalised during the year agreement with supporting documentation and considered whether the costs meet the capitalisation requirements of Australian Accounting Standards and the Group's accounting policy. ▸ Considered the adequacy of disclosures in Note 6 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 15 of the Directors Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Aguia Resources Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young
Ryan Fisk
Partner
27 September 2019

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Independent auditors' report to the Shareholders of Aguia Resources Limited

We have audited the accompanying consolidated financial statements of Aguia Resources Limited, which comprise the consolidated statements of financial position as at June 30, 2019 and 2018, and the consolidated statements of profit of loss and other comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aguia Resources Limited as at June 30, 2019 and 2018, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Material uncertainty relating to going concern

We draw attention to Note 1 of the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

Ernst & Young

Ernst & Young
Chartered Accountants
Sydney, Australia
27 September 2019

The shareholder information set out below was applicable as at 2 September 2019.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

No. of Holders:	**Ordinary Shares**	**Unlisted Options Exercise price \$0.625, Expiry 07/12/2019**	**Unlisted Options Exercise price \$0.60, Expiry 16/12/2019**	**Unlisted Options Exercise price \$0.64, Expiry 02/06/2020**	**Unlisted Options Exercise price C\$0.65, Expiry 30/06/2020**
1 to 1,000	155	-	-	-	-
1,001 to 5,000	273	-	-	-	-
5,001 to 10,000	115	-	1	-	-
10,001 to 100,000	367	1	13	4	10
100,001 and over	249	1	1	-	18
	1,159	2	15	4	28
Holding less than a marketable parcel	372	-	-	-	-

No. of Holders:	Unlisted Options Exercise price \$0.54, Expiry 28/07/2020	Unlisted Options Exercise price \$0.60, Expiry 29/11/2020	Unlisted Options Exercise price CAD\$0.60, Expiry 12/04/2021	Unlisted Options Exercise price \$0.14, Expiry 05/04/2022
5,001 to 10,000	-	-	2	-
10,001 to 100,000	3	7	43	-
100,001 and over	-	16	15	1
	3	23	60	1

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
CANADIAN CONTROL A/C	23,666,304	14.41
BAOBAB HOLDINGS PTY LTD	8,000,000	4.87
CITICORP NOMINEES PTY LIMITED	7,019,771	4.27
MR DAVID SHEARWOOD & MR HARRY SHEARWOOD	6,932,219	4.22
CLUTTERBUCK SF PTY LTD	3,491,524	2.13
BNP PARIBAS NOMINEES PTY LTD	2,923,675	1.78
HENDERSON INTERNATIONAL PTY LIMITED	2,585,000	1.57
MS NICHOLA MARGUERITE CLUTTERBUCK	2,436,015	1.48
ARREDO PTY LTD	2,000,000	1.22
GEARD FAMILY PTY LTD	2,000,000	1.22
MR MITCHELL CHAPMAN & MRS JUDITH CHAPMAN	2,000,000	1.22
MR MICHAEL DULIGAL	1,733,723	1.06
COOPSTER PTY LIMITED	1,716,667	1.05
TASTE LIVING PTY LTD	1,612,324	0.98
FGDG SUPER PTY LTD	1,539,200	0.94
RYAN SUPERANNUATION NOMINEES PTY LTD	1,490,000	0.91
DIAMED SUPER PTY LTD	1,463,778	0.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,436,636	0.87
ONE DESIGN & SKIFF SAILS PTY LTD	1,402,522	0.85
MR HELIO BOTELHO DINIZ	1,377,100	0.84
	76,826,458	46.78

Unquoted equity securities

	Number on issue	Number of holders
$0.625 unquoted options expiring 07/12/2019	260,000	-
$0.60 unquoted options expiring 16/12/2019	810,000	-
$0.64 unquoted options expiring 02/06/2020	120,000	-
C$0.65 options expiring 30/06/2020	13,180,418	-
$0.54 unquoted options expiring 28/07/2020	150,000	-
$0.60 unquoted options expiring 29/11/2020	7,520,000	-
C$0.60 options expiring 12/04/2021	7,142,900	-
$0.14 unquoted options expiring 05/04/2022	300,000	-

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Paul Pint	$0.625 unquoted options expiring 07/12/2019	200,000
HFX Consultaria Empresarial Ltda	$0.625 unquoted options expiring 07/12/2019	60,000
Neil Said	$0.64 unquoted options expiring 02/06/2020	50,000
Spyros Karellas	$0.64 unquoted options expiring 02/06/2020	25,000
Ryan Ptolemy	$0.64 unquoted options expiring 02/06/2020	25,000
Neil Said	$0.54 unquoted options expiring 28/07/2020	50,000
Spyros Karellas	$0.54 unquoted options expiring 28/07/2020	75,000
Peter Curtis	$0.14 unquoted options expiring 05/04/2022	300,000

Substantial holders
There are no substantial holders in the company.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

Options
The options do not carry any voting rights.

There are no other classes of equity securities.

On-market buy back
There is currently no on-market buy-back program for any of Aguia Resources Limited's listed securities.