13 February 2020

ASX Market Announcements
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

HALF-YEARLY REPORT AND ACCOUNTS

Sydney, Australia, - Aguia Resources Limited ABN 94 128 256 888 (ASX:AGR) (**Aguia** or the **Company**) has today released its Half Year Report for the six months ended 31 December 2019. Please see overleaf.

AUTHORISED FOR ISSUE TO ASX BY THE BOARD OF AGUIA RESOURCES LIMITED

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About Aguia:

Aguia Resources Limited, ("Aguia") is an ASX listed company whose primary focus is on the exploration and development of mineral resource projects in Brazil including copper and phosphate. Aguia has an established and highly experienced in-country team based in Rio Grande State, Southern Brazil. Aguia now has multiple copper targets. It has undertaken extensive geophysical analysis and plans to commence drilling in Q1 2020. Aguia is also in the pre-production stage for a low cost natural phosphate fertiliser which is expected to be operational in Q4 2021.

Aguia Resources Limited

ABN 94 128 256 888

Interim Report - 31 December 2019

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 half-year ended 31 December 2019.

Directors

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

David Shearwood	Non- Executive Director (resigned 20 October 2019)
Christina McGrath	Non- Executive Chairman
Martin McConnell	Non- Executive Director
Jonathan Guinness	Non- Executive Director (resigned 6 February 2020)
David Gower	Non- Executive Director (resigned 16 August 2019)
Stephen Ross	Non- Executive Director (appointed 15 August 2019)
Fernando Tallarico	Managing Director (appointed 16 October 2019)

Principal activities

The principal activities of the consolidated entity were the continued exploration and development of resource projects, predominantly phosphate, copper and investment in the resources sector. No significant change in the nature of these activities occurred during the half-year.

Review of operations

The loss for the consolidated entity for the half year ended 31 December 2019 after providing for income tax amounted to $1,651,998 (31 December 2018: $1,411,358).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

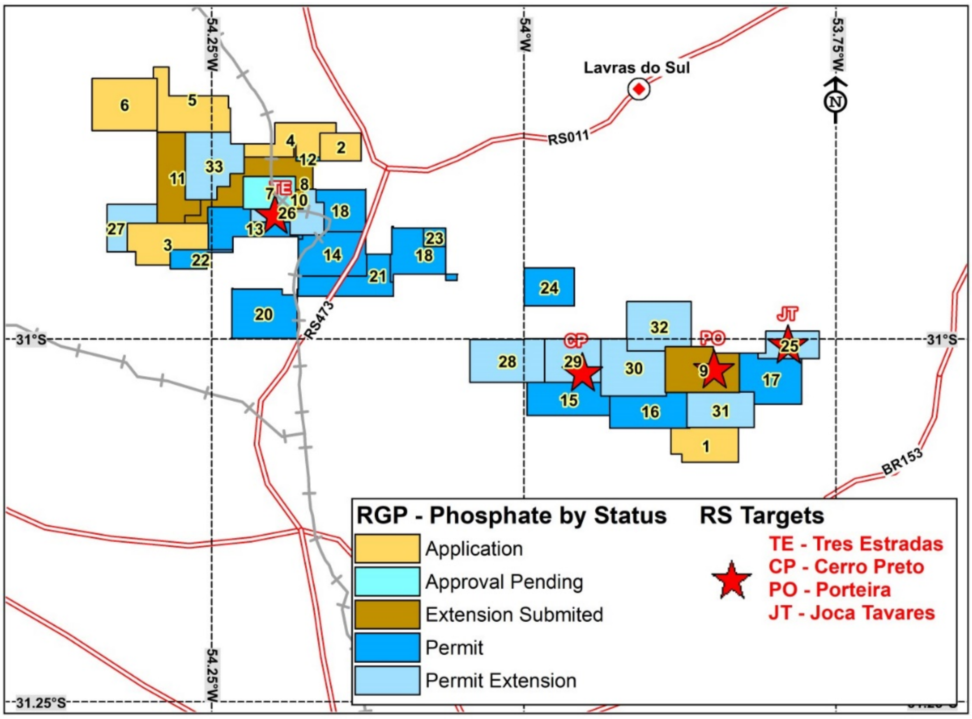
Christina McGrath

13 February 2020

During the six month period ended 31 December 2019 (the "Half Year" or "HY"), Aguia continued to focus its exploration efforts on the highly prospective copper targets in the Rio Grande Copper Belt while advancing its Três Estradas phosphate project located in the state of Rio Grande do Sul in Southern Brazil (see Figures 1 and 2).

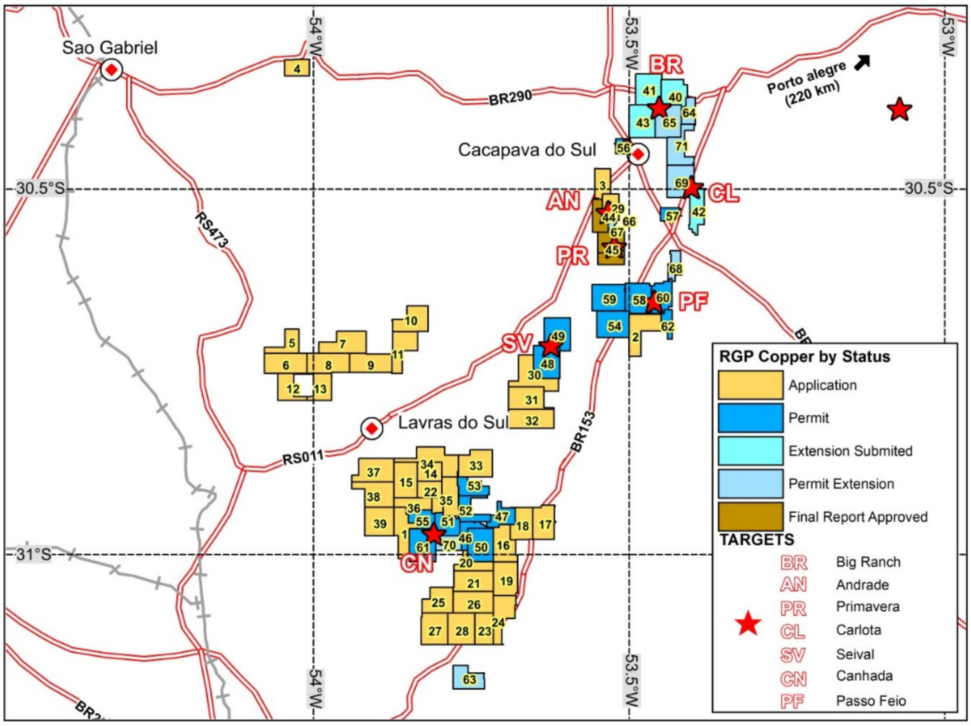
In the beginning of the Half Year, Aguia had its Environmental Impact Assessment (**EIA**) approved and was awarded the key Preliminary License (**LP**) allowing the Três Estradas phosphate project to proceed towards development.

Figure 1
Rio Grande Phosphate Tenement Map



Refer to Tenement Register for License Details

Figure 2
Rio Grande Copper Tenement Map



Refer to Tenement Register for License Details

Três Estradas has EIA approved and Preliminary License granted

At the beginning of the Half Year, on 17 October 2019, Aguia announced the granting of the LP for the development of the Três Estrades Phosphate Project (TEPP) in southern Brazil. The LP has been granted after approval of the EIA by the Rio Grande do Sul State Environmental Agency ("**FEPAM**").

The granting of the LP is a key milestone in the mine permitting and development process for the TEPP. The LP is only granted after approval of the EIA by FEPAM and is considered the most challenging mine permit milestone to obtain. The LP is considered a major milestone in the development of any mining project in Brazil and represents a substantial de-risking in the path to construction and production.

The next phase of development will be obtaining the Installation Permit or "**LI**". The LI provides the necessary authorisation to initiate construction and start developing the mine site. The LI requires implementation of the programs and requirements prescribed in the LP to ensure TEPP has a minimal impact on the environment and social wellbeing of the community.

During this time, Aguia will be finalising the design and plans for the project site, negotiating offtake and sales contracts and, sourcing capital so construction can commence immediately after the LI is granted.

The LI is expected to take up to 12 months to be granted after which construction can commence. Aguia has already commenced the LI process by investigating various mine and processing site options, including investigating different flow sheet scenarios, including commencing detailed studies and engaging a Project Manager for developing a Direct Application Natural Fertiliser (**DANF**) product. A DANF will potentially allow a significant reduction in start-up capital, a simpler flow sheet and a faster route to the commencement of production and ultimately cashflow.

After the achievement of such a significant milestone in the development of the TEPP, the Company looks forward to providing further updates as the LI process continues.

In December of 2019 the company hired GE21 Consultoria Mineral Ltda (GE21), a specialized, independent mineral consulting company, to conduct a Scoping Study (JORC Code) for TEPP with focus on the production of DANF product in the project phase 1. The scoping study with a project development plan and an economic analysis for the phase 1 is expected to be concluded by the end of January 2020.

The TEPP engineering detailing for the phase, considering the DANF production, is currently on course and should be presented to FEPAM, as part of the LI process, in June 2020.

Agronomic Trials: The company has recently started further agronomic efficiency tests with Integrar Gestão e Inovação Agropecuária (http://www.integrarcampo.com.br/). Integrar has a field test station located at Capivari do Sul – RS which is managed by Dr. Felipe Carmona, an agronomist with over 20 years of experience in agronomic researches. The agronomic efficiency tests will consider successive cycle of crops. In this first cycle (Brazilian summer), the tests are currently being conducted with soybean crop in the field and maize crop in pots. After the harvest in March, the tests conducted with Integrar will enter in the second stage (Brazilian winter) with the crops of ryegrass and wheat replacing the soybean and maize, respectively. First results of these tests are expected in April 2020.

Mato Grande Phosphate Project

The Mato Grande Phosphate Project is strategically located in an agricultural region, 270 km to The west of Porto Alegre, the capital of Rio Grande do Sul State. The project consists of one granted exploration license covering a total area of 1,406.77 hectares.

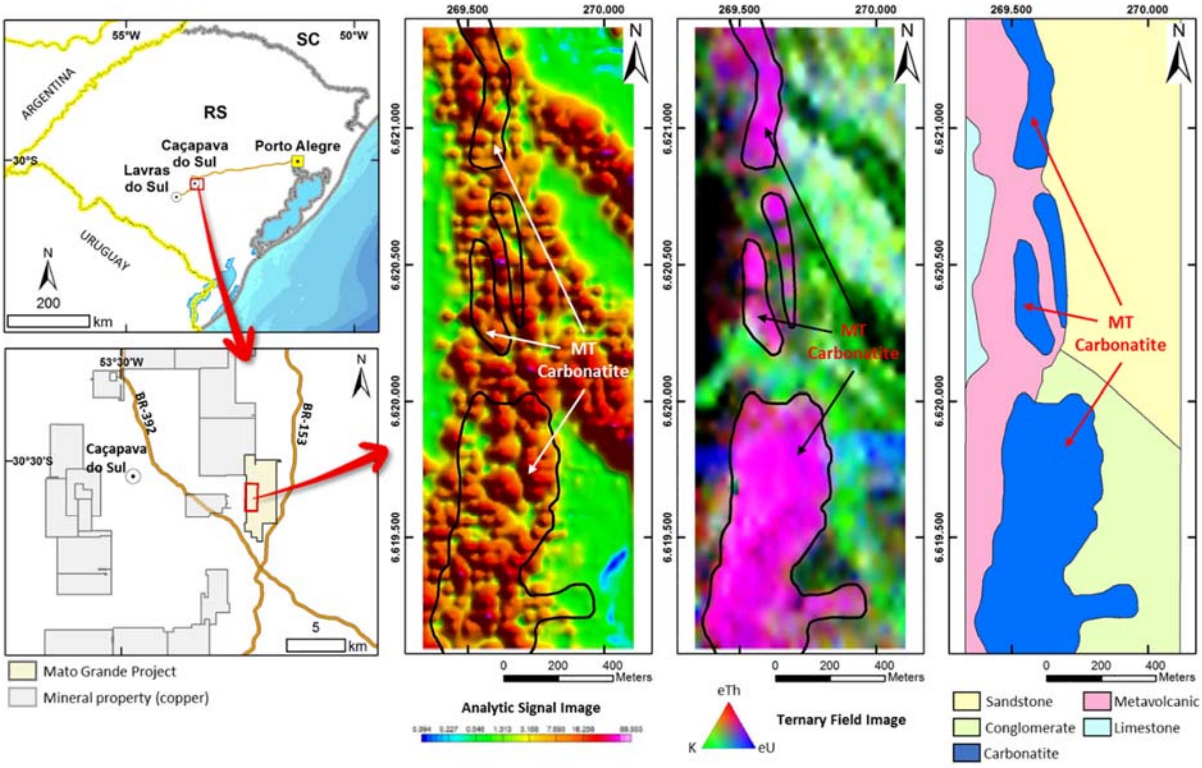
A ground geophysics survey was performed in October and November of 2019 and consisted of ground magnetometry and gamma-spectrometry using 50 meters East - West spaced lines over an area of 193.3 hectares.

Ground magnetic anomaly associated to the carbonatite appears discontinuous and with intermediate intensity along the North - South trend. Gamma-spectrometric results resulted in high values of Total Count, U and Th channels associated to the carbonatite rock. The carbonatite occurs very well defined in the Ternary Field Map and coincident with the geological map (see Figure 3).

In the South portion of the surveyed area the Mato Grande Carbonatite is approximately 1,000 m long and 300 m large in average. The carbonatite rock extension to the north is mapped as discontinuous bodies along approximately 1,200 m with width varying from 120 m to 180 m.

Historical data indicated results up to 8.38% P_2O_5 in fresh carbonatite samples and previous auger drilling indicated grades of up to 11.71% P_2O_5 in weathered carbonatit

Figure 3
Mato Grande Phosphate Project – Ground Geophysics Results



Lucena Phosphate Project

The Lucena Phosphate Project comprises of 45 tenements and applications for 268.1km^2 and contains an initial JORC compliant Inferred Mineral Resource of 55Mt grading 6.42% P_2O_5 in the state of Paraiba in north eastern Brazil. A feature of the Lucena tenement is outcropping limestone, which is a potential commercialisation opportunity given the presence of a number of cement plants in the region. There was no activity during the Quarter.

Mata da Corda Phosphate Project

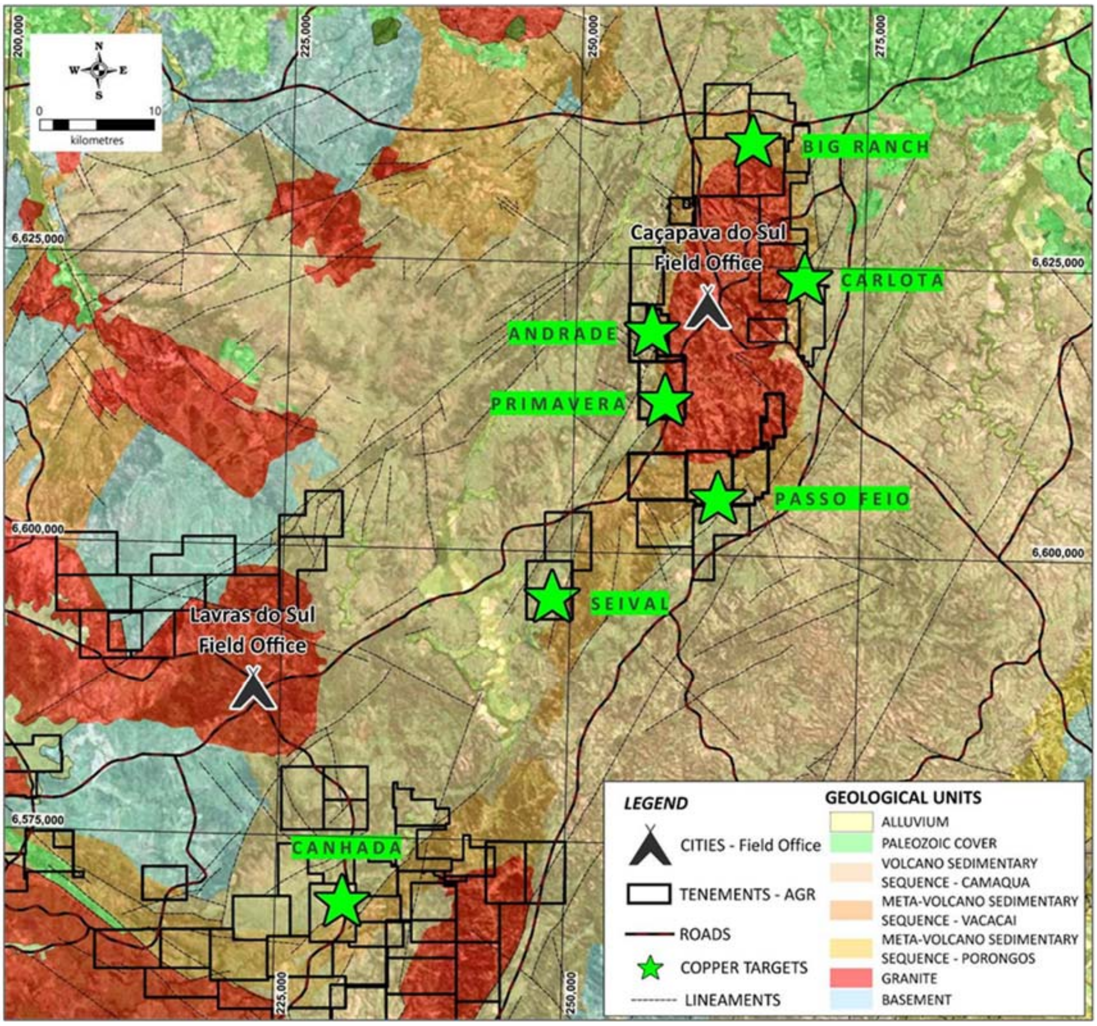
There was no activity during the Half Year.

Rio Grande Copper Exploration Continues

In 2018, as a result of regional exploration activities in the State of Rio Grande do Sul, Brazil, Aguia identified new zones of copper mineralisation on exploration applications within the Rio Grande Copper Belt. Since first applications, the Company successfully secured a strategic land package along the Rio Grande Copper Belt, totalling 77,500 hectares across 53 permits (tenements) and has subsequently identified six mineralised targets within the belt: Canhada, Big Ranch, Carlota, Passo Feio, Seival and Lagoa Parada.

Aguia has been focusing it's ongoing exploration activities in the Rio Grande Copper Projects on surface sampling, trenching, geophysics, and planning for an upcoming drilling program at the Andrade Mineral Resource. The main regional target areas are currently Carlota, Seival, and Passo Feio (see Figure 4).

Figure 4
Regional Geological Map and Location of the Copper Targets in the Rio Grande Copper Belt



Andrade Copper Project

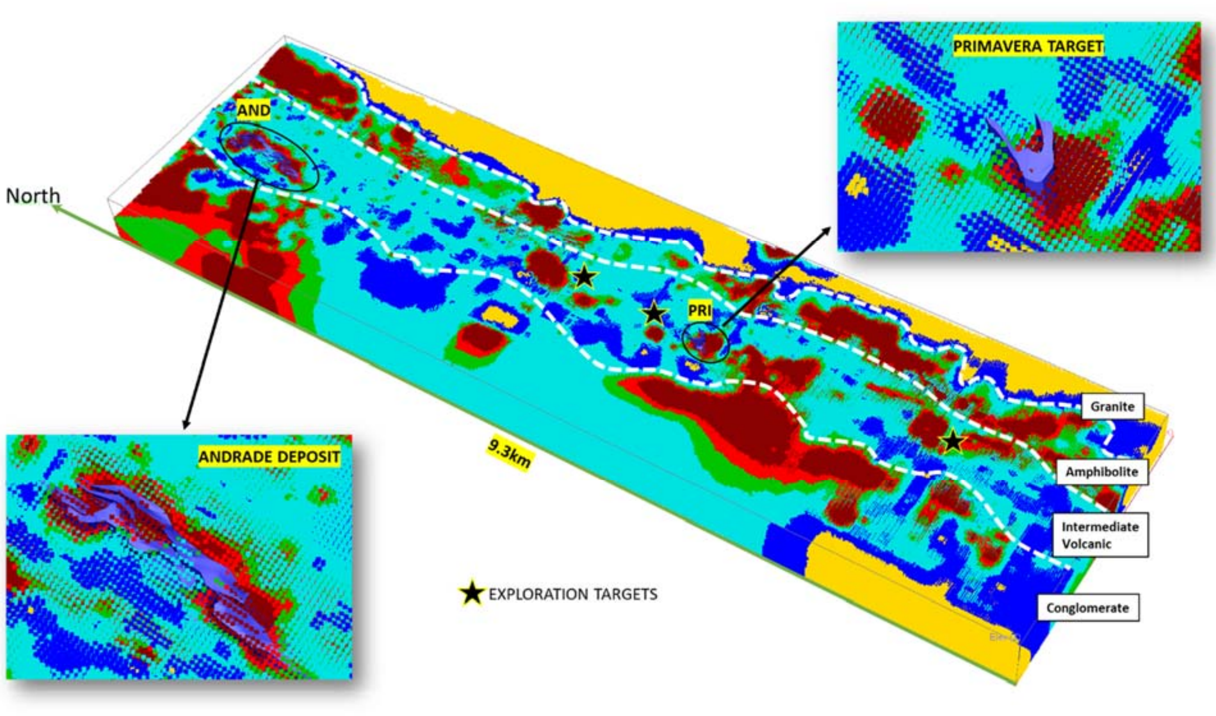
In the March 2019 Quarter Aguia executed an Option Agreement to acquire the Andrade and Primavera copper projects. The acquisition increased Aguia's holdings in the Rio Grande Copper Belt by 9,282 hectares for total area of 86,782 hectares.

Andrade has the potential to become a core regional project acting as a central point for further regional copper discoveries. Andrade and Primavera are the most advanced and are being prepared for drilling while the six surrounding copper targets are being actively explored.

As part of the effort of refining our copper targets Aguia reprocessed the historical IP data available for the Andrade – Primavera zone. The exercise initiated with the remodeling of the geophysical data over the known Andrade deposit. As a result, the 3D geophysical model married extremely well the resource model that was based in extensive drilling. This allowed the extension of the reprocessing and modeling along a 9.3 km corridor extending from Andrade at the north and beyond Primavera at the south (see Figure 5). The geophysics is designed to help us optimise drill hole locations and rank our copper targets.

Andrade will be the main focus of drilling activity with the target of expanding and extending the current Inferred Mineral Resource of **10.8 million tonnes with an average grade of 0.56% copper and 2.56 grams per tonne of silver** (see press release dated 19 March 2019).

Figure 5
Regional 3D model of the reprocessed and reinterpreted IP historical data, highlighting the geophysical signature of Andrade and Primavera deposits and showing the numerous exploration targets along tis 9.3 km-long highly prospective zone.



Carlota and Passo Feio Targets

Aguia has been intensifying the mapping, surface sampling and trenching over the Carlota gold/copper target and the Passo Feio copper/silver target. Recent results include:

Table 1
Aguia – Notable Exploration Results at Carlota and Passo Feio

Target	Commodity	Sampling	Results
Carlota	Gold, Copper	Channel	13m at 4.20 g/t Au, from 7m including 4m at 13.34 g/t Au from 16m and 2m at 25.45 g/t Au from 17m 12m at 3.64 g/t Au and 0.4% Cu from 8m including 3m at 10.25 g/t Au and 2m at 1.11% Cu from 9m and 1m at 6.07 g/t Au from 17m
Passo Feio	Copper, Silver	Trench	14m at 0.76% Cu and 11.31 g/t Ag, including 5m at 1.72% copper and 25.44 g/t Ag from 15m

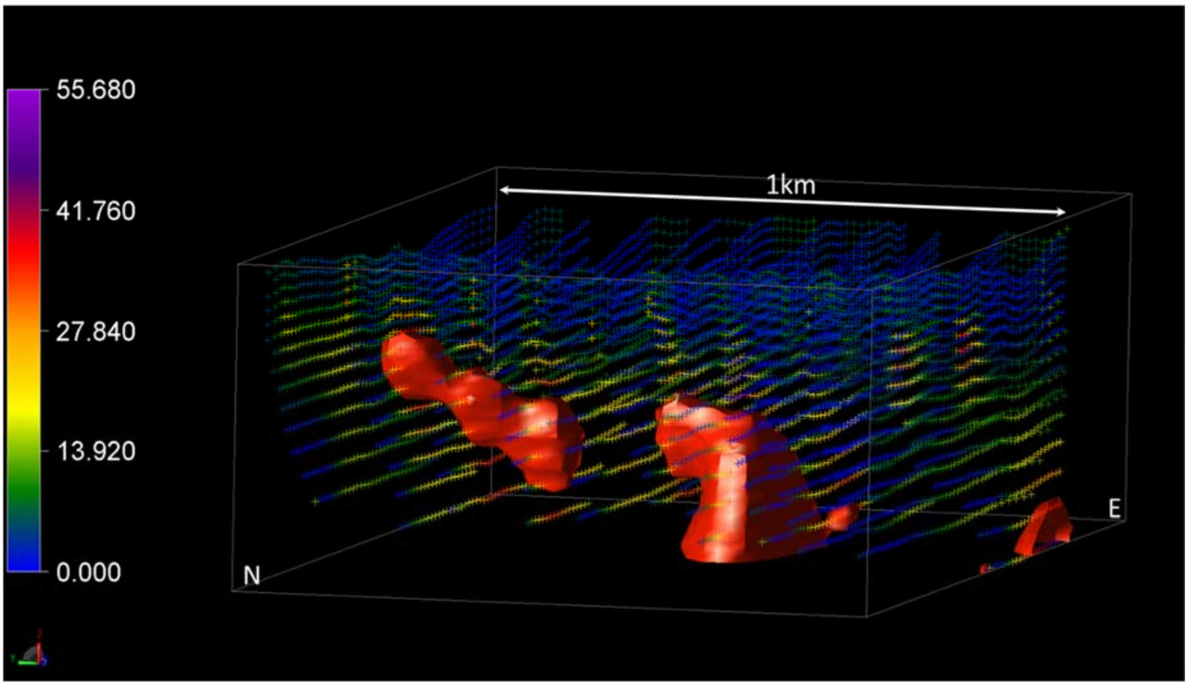
At **Carlota** rock and soil sampling have identified anomalous zones of elevated copper and gold; including a gold-in-soils anomaly measuring over 1,000 meters in length with rock chip samples of up to 48g/t gold and 1.63% copper. A channel sampling program was performed to follow up this geochemical anomaly. Eight channels were sampled over 1 metre interval for a total of 170 samples and grades up to 29.8g/t Au were returned from a channel sample of 12m at 4.20g/t Au along the trench. The complete assay results are shown in the Table 2.

Table 2
Channel Assays Results from Carlota Target

ID	Intercepts
CH-CL-01	13m at 0.72g/t Au from 7m including, 1m at 1.47g/t Au from 11m and 1m at 2.01g/t Au from 15m
CH-CL-02	15m at 0.33g/t Au from 5m including 1m at 1.38g/t Au from 9m
CH-CL-03	2m at 0.18g/t Au
CH-CL-04	13m at 4.20g/t Au from 7m including 4m at 13.34g/t Au from 16m and 2m at 25.45g/t Au from 17m
CH-CL-05	4m at 0.45g/t Au including 1m at 1.075g/t Au from 0m and 3m at 5.7g/t Au from 16m
CH-CL-06	20m at 0.5g/t Au including 10m at 0.76g/t Au from 10m

Furthermore, 12.2 line-km of IP using the Dipole-Dipole array, has been completed at Carlota Target. The survey mapped a very prominent chargeability anomaly that wraps around the copper and gold geochemical anomalies previously reported, providing better resolution targeting and refining of the collaring of drill holes. The data was processed to produce a 3D IP model of the electrically anomalous zone. At the Carlota Target an anomaly in excess of 600 meters emerged from the modeling and appears to indicate a structurally-controlled zone plunging to the south (see Figure 6).

Figure 6
3D model of the IP chargeability data along the Carlota Target.



At **Passo Feio** surface sampling has returned 1.55% copper and 2.1% copper in different rock types. Soil sampling is in progress and six (6) trenches were dug to follow up on the rock results. These trenches returned grades up to 4.53% Cu and 34.1g/t Ag. The mineralised intersects are shown in Table 3. Also, 6 line-km of IP was completed over the Passo Feio Target to follow up on the copper geochemical anomalies.

Table 3
Trench Assays Results from Passo Feio Target

Trench ID	Intercepts
PF-TR-02	14m at 0.76% copper, 11.31g/t silver from 7m, incl. 5m at 1.72% copper, 25.44g/t silver from 15m
PF-TR-03	21m at 0.53% copper, 3.95g/t silver, incl. 12m at 0.84% copper, 6.18g/t silver from 0m, incl. 4m at 2.13% copper, 11.77g/t silver from 5m
PF-TR-04	3m at 0.13% copper, 2.23g/t silver from 0m
PF-TR-05	11m at 0.15% copper, 4.09g/t silver from 3m, incl. 4m at 0.208% copper, 7.80g/t silver from 10m
PF-TR-06	17m at 1.5g/t silver from 5m, incl. 8m at 2.47g/t silver from 7m
PF-TR-07	17m at 0.74g/t silver from 0m, incl. 5m at 0.6g/t silver from 8m

Corporate Activity

At the beginning of the Half Year, Aguia announced that it had closed a private placement financing for gross proceeds of $2,535,394.80. 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 A$0.12 per Ordinary Share.

On 16 September 2019 Aguia announced it had delisted from the Toronto Stock Exchange.

On 23 September 2019 Aguia announced that it had closed a private placement financing for net proceeds of $2,139,825.64. These funds were raised in connection with the issuance of 15,176,068 Ordinary Shares via a private placement to sophisticated and institutional investors at a price of A$0.15 per Ordinary Share.

Aguia's Brazilian operation completed a relocation from Belo Horizonte in Minas Gerais State to Porto Alegre in Rio Grande do Sul to be close to the project site. The relocation will better position the technical team to complete the final detailed engineering over the next year and prepare for the construction phase. A streamlined operation and lower cost operating environment are expected to result in cost savings for the coming year.

In Brazil, Mr. Lucas Galinari was appointed General Manager Exploration, Mr. Luis Clerot was appointed General Manager Phosphate Development, Mr Thiago Bonas was appointed General Manager Resource Modelling and Ms. Marina Carvalho was appointed General Manager Finance and Administration.

On 16 October 2019, Aguia announced that Dr Fernando Tallarico was appointed Managing Director of Aguia, Ms. Sarah Prince was appointed Company Secretary, replacing Mr. Michael Duligal, and Mr David Shearwood resigned as a Director of the Company.

During November and December 2019, Aguia announced that it closed two non-brokered private placements raising a total of $1,668,120. The first private placement closed on November 21, 2019 and raised gross proceeds of $250,000 with the issue of 1,428,571 shares at $0.175 per share and the second private placement closed on December 20, 2019 raising gross proceeds of $1,418,120 with the issue of 9,454,666 shares at $0.15 per share.

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

As lead auditor for the review of the half-year financial report of Aguia Resources Limited for the half-year ended 31 December 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
13 February 2020

Aguia Resources Limited
Condensed Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Consolidated		Consolidated	
	3 months ended 31 December 2019 $	**3 months ended 31 December 2018 $**	**6 months ended 31 December 2019 $**	**6 months ended 31 December 2018 $**
Other income	2,350	1,084	3,166	2,740
Expenses				
Employee benefits expense	(37,733)	(172,129)	(108,022)	(272,994)
Legal & professional	(163,160)	(24,264)	(168,179)	(81,555)
Depreciation and amortisation expense	(3,120)	(4,023)	(6,870)	(7,808)
Corporate expense	(262,444)	(379,648)	(663,928)	(673,788)
Exploration expenditure expensed	-	(1,433)	-	(1,433)
Business development	(214,016)	(138,308)	(319,925)	(249,402)
Share-based payments	(17,457)	(152,586)	(17,457)	(152,586)
Administration expense	(214,270)	(216,210)	(391,106)	(390,352)
Movement in fair value of financial derivatives	112,075	68,113	20,323	415,820
Loss before income tax expense	(797,775)	(1,019,404)	(1,651,998)	(1,411,358)
Income tax expense	-	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Aguia Resources Limited	(797,775)	(1,019,404)	(1,651,998)	(1,411,358)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(2,560,234)	1,153,127	(3,779,298)	781,578
Other comprehensive income for the half-year, net of tax	(2,560,234)	1,153,127	(3,779,298)	781,578
Total comprehensive income for the half-year attributable to the owners of Aguia Resources Limited	(3,358,009)	133,723	(5,431,296)	(629,780)

	Cents	**Cents**	**Cents**	**Cents**
Basic earnings per share	(0.38)	(1.05)	(0.78)	(1.05)
Diluted earnings per share	(0.38)	(1.05)	(0.78)	(1.05)

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

Aguia Resources Limited
Condensed Statement of financial position
As at 31 December 2019

	Note	Consolidated 31 December 2019 $	30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	4	1,813,133	55,498
Trade and other receivables		71,647	19,495
Other assets		60,051	41,708
Total current assets		1,944,831	116,701
Non-current assets			
Property, plant and equipment		49,730	43,580
Exploration and evaluation	5	35,323,329	37,471,942
Total non-current assets		35,373,059	37,515,522
Total assets		37,317,890	37,632,223
Liabilities			
Current liabilities			
Trade and other payables	6	579,837	1,659,764
Derivative financial instruments	7	21,429	41,752
Total current liabilities		601,266	1,701,516
Total liabilities		601,266	1,701,516
Net assets		36,716,624	35,930,707
Equity			
Issued capital	8	110,799,461	104,675,564
Reserves	9	(6,388,364)	(2,529,484)
Accumulated losses		(67,694,473)	(66,215,373)
Total equity		36,716,624	35,930,707

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

Aguia Resources Limited
Condensed Statement of changes in equity
For the half-year ended 31 December 2019

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 half-year	-	-	(1,411,358)	(1,411,358)
Other comprehensive income for the half-year, net of tax	-	781,578	-	781,578
Total comprehensive income for the half-year	-	781,578	(1,411,358)	(629,780)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,800,621	-	-	2,800,621
Share-based payments	-	152,586	-	152,586
Balance at 31 December 2018	103,772,764	(2,904,486)	(64,284,276)	36,584,002

Consolidated	Ordinary shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	104,675,564	(2,529,484)	(66,215,373)	35,930,707
Loss after income tax expense for the half-year	-	-	(1,651,998)	(1,651,998)
Other comprehensive income for the half-year, net of tax	-	(3,779,298)	-	(3,779,298)
Total comprehensive income for the half-year	-	(3,779,298)	(1,651,998)	(5,431,296)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	6,123,897	75,859	-	6,199,756
Share-based payments (note 14)	-	17,457	-	17,457
Lapse of share options	-	(172,898)	172,898	-
Balance at 31 December 2019	110,799,461	(6,388,364)	(67,694,473)	36,716,624

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

Aguia Resources Limited
Condensed Statement of cash flows
For the half-year ended 31 December 2019

	Consolidated	
	31 December 2019 $	31 December 2018 $
Cash flows from operating activities		
Payments to suppliers and employees	(2,624,913)	(1,646,416)
Interest received	3,166	2,740
Net cash used in operating activities	(2,621,747)	(1,643,676)
Cash flows from investing activities		
Payments for exploration and evaluation	(1,804,093)	(2,242,109)
Net cash used in investing activities	(1,804,093)	(2,242,109)
Cash flows from financing activities		
Proceeds from issue of shares	6,630,244	3,016,018
Share issue transaction costs	(430,488)	(43,994)
Net cash from financing activities	6,199,756	2,972,024
Net increase/(decrease) in cash and cash equivalents	1,773,916	(913,761)
Cash and cash equivalents at the beginning of the financial half-year	55,498	3,405,149
Effects of exchange rate changes on cash and cash equivalents	(16,281)	10,846
Cash and cash equivalents at the end of the financial half-year	1,813,133	2,502,234

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

Note 1. General information

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

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	**Principal place of business**
Level 12, 680 George Street Sydney NSW 2000	Rua Doutor Vale, 555 Sala 406 Bairro Moinhos de Vento CEP: 90560-010 Porto Alegre RS Brazil

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 February 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

Impact on the adoption of AASB 16 *Leases*
The consolidated entity has adopted AASB 16 *Leases* ("AASB 16") using the modified retrospective approach where the cumulative effect of adopting the standard is recognised in accumulated losses at 1 July 2019, with no restatement of prior year comparative information. As a result of adopting AASB 16, the consolidated entity has changed its accounting policy. The adoption of AASB 16 has no material impact to the financial statements.

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 $1,651,998 (2018: $1,411,358) and net cash outflows from operating and investing activities of $4,425,841 (2018: $3,885,785) for the half-year ended 31 December 2019.

Note 2. Significant accounting policies (continued)

The consolidated entity has not generated significant revenues from operations and the directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the raising of additional capital. The company will be required to raise additional funding (which may include equity, debt or extensions to existing debt facilities) of at least $4 million to meet its minimum committed exploration expenditures, other principal activities and working capital requirements through to 31 March 2020. The company continues to review various capital raising opportunities. The Directors are confident that they will be successful in raising capital based on past success.

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

Note 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. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2019 $	30 June 2019 $
Cash at bank	1,813,133	55,498

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31 December 2019 $	30 June 2019 $
Brazilian Phosphate project - at cost	45,344,274	47,839,660
Less: Accumulated amortisation	(12,660,637)	(12,660,637)
	32,683,637	35,179,023
Brazilian Copper project - at cost	2,639,692	2,292,919
	35,323,329	37,471,942

Note 5. Non-current assets - exploration and evaluation (continued)

Consolidated	Exploration and evaluation $
Balance at 1 July 2019	37,471,942
Additions- Expenditure during the year	1,386,373
Exchange differences	(3,534,986)
Balance at 31 December 2019	35,323,329

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 December 2019 $	30 June 2019 $
Trade payables	384,519	576,245
Accrued expenses	85,380	855,603
Other payables	109,938	227,916
	579,837	1,659,764

Note 7. Current liabilities - derivative financial instruments

	Consolidated	
	31 December 2019 $	30 June 2019 $
Warrants	21,429	41,752

The above derivative financial liabilities relates to warrants that are exercisable in Canadian dollars and these are exercisable in a currency other than the functional currency (AUD). At 31 December 2019, fair value of these warrants were calculated using the Black-Scholes valuation method, and using the closing price of the company at A$0.13 as the closing share price at 31 December 2019, the calculated fair value of the warrants range between A$0.000 and A$0.003 using the following assumptions: expected dividend yield of 0%, expected velocity of 75%, risk-free interest of 2.17% and an expected life of 0.5 and 1.28 years. A difference in the fair value of $20,323 between 30 June 2019 and the balance date has been recognised in the profit and loss.

Note 8. Equity - issued capital

	Consolidated			
	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 $	30 June 2019 $
Ordinary shares - fully paid	211,729,249	164,255,158	110,799,461	104,675,564

Note 8. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares		$
Balance	1 July 2019	164,255,158		104,675,564
Shares issued - Placement	16 July 2019	21,128,290	$0.12	2,535,395
Shares issued - Placement	7 August 2019	286,496	$0.12	34,380
Shares issued - Placement	27 September 2019	15,176,068	$0.15	2,276,410
Shares issued - Placement	21 November 2019	1,428,571	$0.18	250,000
Shares issued - Placement	20 December 2019	9,454,666	$0.15	1,418,200
Share issue costs		-	$0.00	(390,488)
Balance	31 December 2019	211,729,249		110,799,461

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

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

Note 9. Equity - reserves

	Consolidated	
	31 December 2019 $	30 June 2019 $
Foreign currency reserve	(11,335,636)	(7,556,338)
Share-based payments reserve	4,865,087	4,944,669
Capital contribution reserve	82,185	82,185
	(6,388,364)	(2,529,484)

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

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

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

Note 9. Equity - reserves (continued)

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

Consolidated	Capital contribution $	Share-based payment reserve $	Foreign currency reserve $	Total $
Balance at 1 July 2019	82,185	4,944,669	(7,556,338)	(2,529,484)
Foreign currency translation	-	-	(3,779,298)	(3,779,298)
Share-based payments during the period	-	17,457	-	17,457
Grant of share options	-	75,859	-	75,859
Lapse of share options	-	(172,898)	-	(172,898)
Balance at 31 December 2019	82,185	4,865,087	(11,335,636)	(6,388,364)

Note 10. Equity - dividends

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

Note 11. Key management personnel disclosures

Directors
The following persons were directors of Aguia Resources Limited during the financial half-year:

David Shearwood	Non- Executive Director (resigned 20 October 2019)
Christina McGrath	Non- Executive Chairman
Martin McConnell	Non- Executive Director
Jonathan Guinness	Non- Executive Director (resigned 6 February 2020)
David Gower	Non- Executive Director (resigned 16 August 2019)
Stephen Ross	Non- Executive Director (appointed 15 August 2019)
Fernando Tallarico	Managing Director (appointed 16 October 2019)

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

	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Short-term employee benefits	455,242	1,284,186
Share-based payments	17,457	172,576
	472,699	1,456,762

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 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 13. Earnings per share

	Consolidated	
	31 December 2019 $	31 December 2018 $
Loss after income tax attributable to the owners of Aguia Resources Limited	(1,651,998)	(1,411,358)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	211,729,249	133,924,971
Weighted average number of ordinary shares used in calculating diluted earnings per share	211,729,249	133,924,971
	Cents	Cents
Basic earnings per share	(0.78)	(1.05)
Diluted earnings per share	(0.78)	(1.05)

Note 14. Share-based payments

On 29 November 2019, the Company issued 6,000,000 unlisted share options, with an exercise price of 23 cents and expiration date of 31 October 2024 to the directors of the Company. These options will vest in various tranches, depending on the satisfaction of a number of KPI's.

Based on Black Scholes valuation model, these options are valued at $0.1155 and a total of $17,457 has been recognised in the profit or loss as share-based payment for the six-month ended 31 December 2019.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-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.

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

On behalf of the directors

Christina McGrath

13 February 2020

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aguia Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
13 February 2020