AGUIA RESOURCES LIMITED

13 February 2020

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

For further information, please contact:

Aguia Resources Limited - Investor Relations
ABN: 94 128 256 888
Level 12, 680 George Street, Sydney NSW 2000 Australia
E: investor.relations@aguiaresources.com.au
P: +61 (0) 419 960 560
W: www.aguiaresources.com.au

For enquiries, please contact Ben Jarvis (Six Degrees Investor Relations) at ben.jarvis@sdir.com.au or +61 (0) 413 150 448.

For enquiries in **North America** please contact Spyros Karellas, Investor Relations North America at spyros@pinnaclecapitalmarkets.ca or (416) 433-5696

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2019

Background

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Aguia Resources Limited. ("we", "our", "us", "Aguia" or the "Company") as of February 13, 2020 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our unaudited condensed consolidated interim financial statements for the six months ended December 31, 2019 and the audited consolidated financial statements as at and for the year ended June 30, 2019. The financial statements and related notes of Aguia have been prepared in accordance with International Financial Reporting Standards ("IFRS") and do not reflect the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Please refer to the notes of the December 31, 2019 unaudited condensed consolidated interim financial statements and the audited consolidated financial statements for the year ended June 30, 2019 for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Australian dollars. References to R$ refer to the Brazilian Real, US$ refer to the US dollar and C$ refer to the Canadian dollar.

Additional information relating to the Company can be found on the Aguia website at www.aguiaresources.com.au

Dr. Fernando Henrique Bucco Tallarico, B.Sc. Geology, M.Sc., Ph.D. and P.Geo., Technical Director for Aguia, is the in-house Qualified Person under National Instrument 43-101 and JORC for all technical materials. Mr. Tallarico has reviewed and approved the scientific and technical information in this MD&A.

Cautionary Statement Regarding Forward Looking Information

Except for statements of historical fact relating to Aguia, certain information contained herein constitutes forward-looking information under Canadian and Australian securities legislation. Forward-looking information includes, without limitation, statements with respect to: possible events, the future price of limestone and phosphate, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words “anticipates”, ‘‘plans’’, ‘‘expects’’, “indicative”, “intend”, ‘‘scheduled’’, “timeline”, ‘‘estimates’’, ‘‘forecasts”, “guidance”, “opportunity”, “outlook”, “potential”, “projected”, “schedule”, “seek”, “strategy”, “study” (including, without limitation, as may be qualified by “feasibility” and “pre-feasibility”), “targets”, “models”, or ‘‘believes’’, or variations of or similar such words and phrases or statements that certain actions, events or results ‘‘may’’, ‘‘could’’, ‘‘would’’, or ‘‘should’’, ‘‘might’’, or ‘‘will be taken’’, ‘‘occur’’ or ‘‘be achieved’’ and similar expressions identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Aguia and its external professional advisors as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management’s expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in the ‘‘Risk Factors’’ section of this MD&A. These factors are not intended to represent a complete list of the factors that could affect Aguia. Economic analyses in technical reports are based on commodity prices, costs, sales, revenue and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated. Aguia disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent actual events and such forward-looking information, except to the extent required by applicable law.

Overview of the Company

Aguia Resources Ltd. is an exploration and development company focused on Brazilian phosphate and copper projects to supply the Brazilian agriculture sector. Aguia is listed on the Australian Stock Exchange ("ASX") under the symbol AGR and has offices in Sydney, Australia and Porto Alegre, Brazil. The Company currently controls over 1,573 km^2 of land in the states of Rio Grande do Sul, Paraiba and Minas Gerais containing phosphate mineralization through exploration permits it has acquired from the Brazilian National Mining Agency ("ANM"). The Company seeks to develop its holdings of phosphate deposits into viable mining operations providing phosphate and agricultural limestone to Brazil's agriculture industry. The Company's phosphate properties in Brazil include its principal project, Três Estradas in Rio Grande do Sul State. Aguia's other property is the Lucena Project in Alagoas State.

The Três Estradas project represents a significant new phosphate discovery with characteristics similar to existing producers in Brazil. The project is located in the southern region of Brazil where 30% of Brazilian national phosphate consumption is located. There are currently no producing phosphate mines in the region.

On March 20, 2018, Aguia Resources Ltd. completed its bankable feasibility study for its Três Estradas phosphate project in southern Brazil. The BFS financial model indicates a pre-tax IRR of 21% and a post-tax IRR of 18% with a pre-tax NPV of USD 300 million and post-tax NPV of USD 212 million using a 5% discount rate. The Três Estradas project will require an initial capital expenditure of USD 75.6 million (USD 84 million including contingency). The high efficiency of the column flotation circuit translated into an operational cost of USD 51/tonne of phosphate concentrate produced in Phase 1, USD 77/tonne of phosrock plus USD 5/tonne aglime produced in Phase 2 and USD 2/tonne of aglime in Phase 3.

Financial Results Summary

Financial Analysis	Unit	Pre-Tax[2]	Post-Tax
NPV@5%	(USD Million)	300	212
NPV@7.5%	"	186	129
NPV@10%	"	116	78
IRR	(%)	20.7%	18.3%
Total Cash Flow	(USD Million)	1,041	849
Payback[1]	(Years)	5.9	6.2
EBITDA years 1 to 3.5 (Phase 1 - Saprolite)	(USD Million)	28	
EBITDA years 3.6 to 16 (Phase 2 - Carbonatite)	"	37	
EBITDA years 17 to 36 (Phase 3 - Aglime)	"	26	

[1]Undiscounted, after start-up, [2]Before direct taxes

The mining plan forecasts a total of 43.5 million tonnes of ROM ore mined at a strip ratio of 1.61 (waste to phosphate, in tonnes). The project includes an open-pit, truck and shovel operation, over a life of mine (LOM) of 16 years plus another 20 years of aglime production which will be reclaimed from the tailings dam. The phased approach to the project reduced the initial capital and maximized the economics of the project.

- Phase 1 (Saprolite): Takes advantage of the highhead-grade, low strip-ratio, and relatively low processing costs to produce a high-value phosrock concentrate. Open pit mining of 1.3 Mtpy RoM of saprolitic ore, to the processing plant, which will produce an average of 307,000 tpy of phosrock.
- Phase 2 (Carbonatite): As saprolite is depleted, the plant is expanded to handle the carbonatite ore types, as well as produce an aglime by-product. Mining an average of 3.3 Mtpy RoM of lower-grade carbonatite ore, with expansion of the processing plant to maintain production of 300,000 tpy of phosphate concentrate, as well as 2.8 Mtpy of aglime. Anticipated that 1Mtpy of aglime will be sold, the remainder stored in a tailings dam.
- Phase 3 (Aglime): Remaining stockpile of stored aglime is reclaimed and depleted. Following mining operations, recovery of 1Mtpy of the remaining aglime from the Tailings Dam.

With an average capacity of 300,000 tpy of phosrock the average annual feed to the processing plant will be 1.3 million tonnes of the oxide ore in Phase 1 ,and 3.3 million in Phase 2 of the fresh carbonatite ore, resulting in a life of mine production of 4.7 million tonnes of phosphate concentrate and another 32.9 million tonnes of aglime, averaging about 300,000 tons of phosrock annually over 16 years and one million tonnes of by-product aglime annually over 33 years. The relatively steeply dipping and confined nature of the deposit, as well as the drive to optimize project value through early development of the saprolite ore, leads to a decreasing strip ratio after Three months 4.

The findings and conclusions from the most recent pilot-plant program and collector reagents optimization test work are as follows:

- For the saprolite ore, global phosphate recovery of 81.4% is achievable at a concentrate grade of 32.7% P_2O_5;
- For the carbonatite ore, global phosphate recovery of 75.3% is achievable at a concentrate grade of 30.1% P_2O_5;

For further information please see the press release dated March 20, 2018 and the technical report filed on www.sedar.com.

The Lucena Phosphate Project, comprising 43 tenements and applications for 247 km^2 was drilled from August 2011 to October 2012 in which Aguia completed 49 core drill holes in two separate drilling campaigns, 40 of which were used to estimate the JORC/43.101 compliant mineral resource.

In 2018, Aguia identified a new zone of copper mineralisation on ground staked within the Rio Grande Copper Belt, as a result of regional exploration activities in the State of Rio Grande do Sul, Brazil. The Company successfully secured a strategic land package along the Rio Grande Copper Belt, totaling 77,500 hectares across 53 tenements and identified six mineralised targets within the belt: Canhada, Big Ranch, Carlota, Passo Feio, Seival and Lagoa Parada. During the March 2019 quarter, Aguia executed an Option Agreement to acquire the Primavera Project which includes the Andrade copper deposit from Referencial Geologia Ltda. The acquisition increases Aguia's holdings in the Rio Grande Copper Belt by 9,282 hectares for total area of 86,782 hectares. Andrade is located some 5 km southeast of the city of Caçapava do Sul, Rio Grande do Sul State, approximately 17 km to the southwest of Aguia's Big Ranch target and 65 km north of the Canhada target.

Quarterly Highlights

Aguia is pleased to report on its activities for the second quarter of its fiscal year ending on June 30, 2020:

- On October 17, 2019 Aguia announced the approval of the Environmental Impact Assessment and the award of the key Preliminary License;
- Different development scenarios and a Project Development Plan for the Três Estradas phosphate project commenced;
- Sampling and trenching continue at Carlota and Passo Feio with results of 13m at 4.2g/t gold at Carlota and 14m at 0.76% copper along the trench at Passo Feio;
- Reprocessing and reinterpretation of historical ground geophysics data using the Induced Polarization method (IP), covering and area about 9x3 km along the Andrade and Primavera trend has generated new targets and confirmed the geophysical signature for copper deposits
- An IP survey totalling about 12 line-km was completed over the Carlota Target to follow up on significant copper- and gold-in-soils anomaly has mapped a prominent chargeability anomaly
- 6 line-km of IP was completed over the Passo Feio Target to follow up on the copper geochemical anomalies.
- Drill test of Andrade deposit and these promising geochemical and geophysical anomalies is planned for the March 2020 quarter
- Completed capital raising for approximately $1.7 million
- Aguia's Annual General Meeting was held on 29 November 2019. All resolutions put forth by the Board were approved by shareholders.

During the second quarter, 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.

Aguia also 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.

Outlook

On January 17, 2020, Aguia announced that it commenced a diamond drill program to potentially expand the existing Andrade Mineral Resource and to test the Primavera Target. The Company has also recently intensified the mapping, surface sampling and trenching activities, while also completing an extensive IP geophysical survey over its recently developed copper-gold targets at Carlota and Passo Feio. The interpretation of the entire dataset has generated exploration data that will allow the Company to plan further drilling of these targets.

At the Três Estrade Phosphate Project, more studies will be undertaken to test the viability of the development of a Direct Application Natural Fertiliser (DANF) product. At Mato Grande auger drilling will be undertaken to test for extensions to the phosphate mineralisation. Phosphate analysis for possible trial mining will be undertaken at Joca Tavares to the southeast of Tres Estradas and Mato Grande.

The granting of the LP is a key milestone in the mine permitting and development process for the Três Estrades Phosphate Project. 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 Três Estradas 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 Três Estrades Phosphate Project, the Company looks forward to providing further updates as the LI process continues.

For the Lucena Project, the Company will continue to maintain its claims.

Summary of Unaudited Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q2-2020 31-Dec 2019	Q1-2020 30-Sep 2019	Q4-2019 30-Jun 2019	Q3-2019 31-Mar 2019	Q2-2019 31-Dec 2018	Q1-2019 30-Sep 2018	Q4-2018 30-Jun 2018	Q3-2018 31-Mar 2018
Net (loss)	(797,775)	(854,223)	(1,209,503)	(721,594)	(1,019,404)	(391,954)	(127,527)	(621,424)
Net (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)
Working Capital*	1,368,259	1,402,963	(1,584,815)	329,420	1,701,500	1,291,109	2,558,413	(742,780)
Total Assets	37,317,890	39,472,600	37,632,223	36,568,680	37,511,919	34,011,184	35,176,878	33,921,137
Total Non-current Liabilities	-	-	-	-	-	-	-	-

Working Capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standardized meaning. Please see "Non-IFRS Measures" for a reconciliation.

Factors Affecting Comparability of Quarters

Results of operations can vary significantly due to a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by a number of factors, including the level of working capital, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties and the nature of activity, and the number of personnel required to advance each individual project.

At December 31, 2019 the Company had positive working capital of $1,368,259 due to the successful private placement financings as outline in the quarterly highlights section of this MD&A.

The Company is an exploration and evaluation stage company with no producing assets. As such, it expects to generate losses for its exploration activities and supporting corporate costs until such time as it commences profitable commercial production.

There were no significant changes in accounting principles during the eight most recent quarters.

Results of Operations – Financial

The following is a discussion of the results of operations of the Company for the three and six months ended December 31, 2019 and 2018. This should be read in conjunction with the Company's un-audited condensed consolidated interim financial statements for the three and six months ended December 31, 2019 and related notes.

	Three months ended December 31,	
	2019	2018
Net loss	**797,775**	**1,019,404**
Interest income	(2,350)	(1,084)
Corporate Expenses	262,444	379,648
Business development cost	214,016	138,308
Employee benefits expenses	37,733	172,129
Professional fees	163,160	24,264
General administration	214,270	216,210
Depreciation	3,120	4,023
Share-based payments	17,457	152,586
Exploration and evaluation expenses	0	1,433
Movement in fair value of derivatives	(112,075)	(68,113)

For the three months ended December 31, 2019, the Company recorded a net loss of $797,775 compared to a net loss of $1,019,404 for the three months ended December 31, 2018.

Corporate expenses decreased by $117,204 in Q2 2020 compared with Q2 2019 due to corporate level staff reductions.

Business development expenditures of $214,016 in Q2 2020 increased by $75,708 from $138,308 incurred Q2 2019 due increased technical consultants engaged after the approval of the Environmental Impact Assessment and the aware of the preliminary license.

Employee benefit expenditures decreased by $134,396 in Q2 2020 compared to Q2 2019 due to staff reductions in Brazil.

Professional fees increased by $138,896 in Q2 2020 compared to Q2 2019 due mainly to additional legal fees incurred.

The movement in the fair value of derivatives was $112,075 gain in the three months ended December 31, 2019 compared with a gain of $68,113 in the comparative period. Due to the depreciation in the Company's share price combined with remaining time value erosion, the Black Scholes value of the outstanding warrants at December 31, 2019 decreased resulting in an gain being recognized due to the reduction in the warrant liability. Refer to "outstanding share section" of this MD&A for detailed information on the number of warrants outstanding, their strike price and expiry date.

	Six months ended December 31,	
	2019	2018
Net loss	**1,651,998**	**1,411,358**
Interest income	(3,166)	(2,740)
Corporate Expenses	663,928	673,788
Business development cost	319,925	249,402
Employee benefits expenses	108,022	272,994
Professional fees	168,179	81,555
General administration	391,106	390,352
Depreciation	6,870	7,808
Share-based payments	17,457	152,586
Exploration and evaluation expenses		1,433
Movement in fair value of derivatives	(20,323)	(415,820)

For the six months ended December 31, 2019, the Company recorded a net loss of $1,651,998 compared to a net loss of $1,411,358 for the six months ended December 31, 2018.

Business development expenditures increased by $70,523 in Q2 2020 compared with Q2 2019 due increased technical consultants engaged after the approval of the Environmental Impact Assessment and the aware of the preliminary license.

Corporate expenses of $663,928 in Q2 2020 is materially consistent with the $673,788 incurred Q2 2019.

Employee benefit expenditures decreased by $164,972 in Q2 2020 compared to Q2 2019 due to a reduction of headcount in Brazil.

Professional fees increased by $86,624 in Q2 2020 compared to Q2 2019 due mainly to additional legal fees incurred.

The movement in the fair value of derivatives was $20,323 gain in the six months ended December 31, 2019 compared with a gain of $415,820 in the comparative period. Due to the depreciation in the Company's share price along with time value erosion, the Black Scholes value of the outstanding warrants at December 31, 2019 decreased resulting in a gain being recognized due to the reduction in the warrant liability. Refer to "outstanding share section" of this MD&A for detailed information on the number of warrants outstanding, their strike price and expiry date.

Cash Flows

CASH FLOW STATEMENT	Dec 31, 2019
Payments to suppliers and employees	(2,624,913)
Interest income	3,166
Net cash flow from/(used) in operating activities	**(2,621,747)**
Payment for exploration	(1,804,094)
Net cash flow from/(used in) in investing activities	**(1,804,094)**
Proceeds from issue of shares	6,630,244
Share issue transaction costs	(430,487)
Net cash flow from/(used in) in financing activities	**6,199,756**
Net increase / decrease in cash and cash equivalents	1,773,916
Cash at beginning of financial period	55,498
Net foreign exchange differences	(16,281)
Cash balance at end	**1,813,133**

During the six months ended December 31, 2019, the Company used cash in operating activities of $2,621,747 of which $2,624,913 related to payments to suppliers and employees. The Company spent $1,804,094 on exploration and evaluation activities at the Rio Grande Copper Belt and for the public hearings for the environmental permitting process for Tres Estradas project. During the six months ended December 31, 2019, the Company raised a $6,199,756 (net) from financing activities.

EXPLORATION AND EVALUATION IN PROPERTY-BY-PROPERTY BASIS

	Tres Estradas Project	Lucena Project	Copper Project	Total E&E
E&E Initial Balance 30 June, 2019	**25,455,046**	**9,723,978**	**2,292,919**	**37,471,942**
Labor	362,657	0	73,310	435,967
Property (Claims, Land Fees)	61,787	6,786	310,949	379,522
Travel & Accomodation	33,889	0	19,539	53,429
Vehicle / Equipment Lease & Maintnce	17,060	0	12,691	29,751
Field Supplies	12,571	0	9,538	22,109
Other Exploration Expenses	2,707	0	41,472	44,180
Drilling / Assays	16,296	0	87,212	103,508
Bankable Feasibility Study and technical studies	76,527	0	0	76,527
Geophysics / Geochemistry	15,612	0	65,253	80,865
Environmental, Social, Health and Safety	136,466	0	24,048	160,515
Depreciation	0	0	0	0
Asset Exchange variation of the period	(2,979,194)	(258,553)	(297,239)	(3,534,986)
Increase of E&E in the quarter	**(2,243,619)**	**(251,767)**	**346,773**	**(2,148,613)**
Total Exploration & Evalutaion in 31 Dec 2019	**23,211,426**	**9,472,211**	**2,639,692**	**35,323,329**

During the six months ended December 31, 2019, the Company focused on developing its flagship Tres Estradas project and exploration of the Rio Grande Copper belt, including the development of the Primavera Project. Exploration and evaluation expenses reflect the work on the environmental studies and social communication for the public hearings as part of the permitting process of Tres Estradas phosphate project that originated the granting of the firs environmental license, as well as exploration expenses for the Rio Grande Copper belt development.

Liquidity and Capital Resources

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the development of a property that leads to the production of phosphate. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

The Company currently has a negative operating cash flow and finances its mineral exploration activities through equity financings. The Company's financial success will be dependent on the economic viability of its mineral exploration properties and the extent to which it can establish economic mineral reserves and operations.

The Company had working capital of $1,368,259 as at December 31, 2019 (December 31, 2018 - $1,701,500) including cash and cash equivalents of $1,813,133 (December 31, 2018 - $2,502,234). None of the cash equivalents are invested in asset-backed securities.

The Company's estimate of the adequacy of its working capital is a forward-looking statement as it involves known and unknown risks, uncertainties and other factors. Actual results could differ, perhaps materially; with the result that the adequacy of working capital required for fiscal three months ended December 31, 2019 expressed by such forward-looking statements is materially different than so stated. Also, the ability of the Company to successfully acquire and develop additional properties in the resource sector or to continue development of its current properties is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through equity financing when required. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company. See "Cautionary Statement Regarding Forward Looking Information".

The Company is currently focusing its efforts on the Três Estradas Phosphate project and Rio Grande Copper belt.

Non-IFRS Measures

The Company has included a Non-IFRS performance measure, working capital, throughout this document. In the mining industry, this is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at December 31, 2019 and June 30, 2019.

	December 31, 2019	June 30, 2019
Current assets		
Cash and cash equivalents	1,813,133	55,498
Prepaid expenses and sundry receivables	156,392	61,237
	1,969,525	116,735
Current liabilities		
Accounts payable and accrued liabilities	601,266	1,701,516
Working Capital		
current assets less current liabilities	1,368,259	(1,584,781)

Capital Risk Management

The Company's capital includes cash and equity, comprised of issued ordinary shares, share-based payment reserve and deficit in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's properties are in the intermediate exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned engineering, test work, advancement and development of the mining projects, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the twelve months ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

Commitments and contingencies

Legal contingencies

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount that may be required to be paid in connection thereto, will have a material effect on the financial condition or future results of operations. As at December 31, 2019 and 2018, no amounts have been accrued related to such matters.

Environmental Commitments

The Company's mining and exploration activities are subject to various federal, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Off Balance Sheet Arrangements

The Company is not party to any off-balance sheet arrangements.

Related Party Transactions

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

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

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

During the three and six months ended December 31, 2019 and 2018, the Company did not enter into any transactions with related parties that are not subsidiaries of the Company.

The following balances included in accounts payable and accrued liabilities were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	Dec 31, 2019	June 30, 2019	Dec 31, 2019	June 30, 2019
Directors and officers of the company	-	-	18,101	391,334

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel of the Company

	Six months ended December 31,		Twelve months ended June 30,	
	2019	2018	2019	2018
Short-term benefits	455,242	1,284,186	1,284,186	1,508,702
Share-based payments	17,457	172,576	172,576	619,185

*share-based payments is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions are disclosed in Note 26 of the September 30, 2019 financial statements.

In accordance with IAS 24 Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

Financial Instruments and Other Instruments

The carrying value of cash and cash equivalents, prepaid expenses, sundry receivable, accounts payable and finance leases approximate their fair values due to the short maturity of those instruments.

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the six months ended December 31, 2019.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparty related to its cash and cash equivalents and term investment carry an investment grade rating as assessed by external rating agencies. The Company maintains all of its cash and cash equivalents and term investment with major Australian, Canadian and Brazilian financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

The Company's maximum exposure to credit risk at the balance sheet date is the carrying value of cash and cash equivalents, trade and other receivables.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at December 31, 2019, the Company had current assets of $1,944,831 to settle current liabilities of $601,266. Approximately $500,000 of the Company's financial liabilities as at December 31, 2019 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company's cash equivalents are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one three months or less on the date of purchase.

Currency Risk

As the Company operates on an international basis, foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the Brazilian Real. Fluctuations in the exchange rates between these currencies and the Australian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

A strengthening of $0.01 in the Brazil Real against the Australian dollar would have decreased other comprehensive income by approximately $92,000 for the six months ended December 31, 2019. Rates as at December 31, 2019 and 2018 are represented in the following chart:

	As at	
	December 31, 2019	December 31, 2018
1 Australian dollar = Brazilian Real	2.8312	2.7358

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Nature of Mining, Mineral Exploration and Development Projects

Development projects have no operating history upon which to base estimates of future capital and operating costs. For development projects, mineral resource estimates and estimates of operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the mineral deposit, expected recovery rates of minerals from ore, estimated operating costs, and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several three months until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish measured, indicated and inferred mineral resources through drilling. Upon completion of a feasibility study, with an accompanying economic analysis, proven and probable mineral reserves may be estimated. Because of these uncertainties, no assurance can be given that exploration programs will result in the expansion of mineral resources or the establishment of mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Mine development capital cost estimates are vulnerable to market forces, cost escalations and reductions, exchange rate fluctuations and supplier price changes. These factors can affect capital cost estimates.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral resource and reserve estimates, financial position and results of operations.

Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may attach to mineral resources, there is no assurance that mineral resources will be upgraded to mineral reserves.

Foreign Operations

At present, the mineral properties of Aguia are located in Brazil. As a result, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to, currency exchange rates; price controls; import or export controls; currency remittance; high rates of inflation; labour unrest; renegotiation or nullification of existing permits, applications and contracts; tax disputes; changes in tax policies; restrictions on foreign exchange; changing political conditions; community relations; currency controls; and governmental regulations that may require the awarding of contracts of local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitudes in Brazil or other countries in which Aguia may conduct business, may adversely affect the operations of the Company. The Company may become subject to local political unrest or poor community relations that could have a debilitating impact on operations and, at its extreme, could result in damage and injury to personnel and site infrastructure.

Failure to comply with applicable laws and regulations may result in enforcement actions and include corrective measures requiring capital expenditures, installing of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill and infrastructure facilities, require permits and approvals from various government authorities, and are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. The Company will be required to obtain additional licenses and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no assurance that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or to operate its mining facilities.

The costs and potential delays associated with obtaining the necessary authorizations and licenses and complying with these authorizations, licenses and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of the Tres Estradas Project. Any failure to comply with applicable laws, regulations, authorizations or licenses, even if inadvertent, could result in interruption or termination of exploration, development or mining operations or logistics operations, or material fines, penalties or other liabilities which could have a material adverse effect on the Company's business, properties, results of operations, financial condition or prospects. The Company can make no assurance that it will be able to maintain or obtain all of the required mineral licenses and authorizations on a timely basis, if at all. There is no assurance that it will obtain the corresponding mining concessions, or that if they are granted, that the process will not be heavily contested and thus costly and time consuming to the Company. In addition, it may not obtain one or more licenses. Any such failure may have a material adverse effect on the Company's business, results of operations and financial condition.

The Environmental Secretary Office of the State of Rio Grande do Sul is the regulatory authority responsible for evaluating and determining the appropriateness of preliminary licenses. As part of the standard application process the Environmental Secretary Office holds public hearings. There can be no assurances that the Environmental Secretary Office of the State of Rio Grande do Sul will grant a license to the Company.

Environmental

The Company's activities are subject to extensive federal, state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

The current and future operations of the Company, including development and mining activities, are subject to extensive federal, state and local laws and regulations governing environmental protection, including protection and remediation of the environment and other matters. Activities at the Company's properties may give rise to environmental damage and create liability for the Company for any such damage or any violation of applicable environmental laws. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that the Company may incur to remedy environmental pollution would reduce otherwise available funds and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards.

Many of the local, state and federal environmental laws and regulations require the Company to obtain licenses for its activities. The Company must update and review its licenses from time to time, and is subject to environmental impact analyses and public review processes prior to approval of new activities. Aguia can make no assurance that it will be able to maintain or obtain all of the required environmental and social licenses on a timely basis, if at all.

In addition, it is possible that future changes in applicable laws, regulations and authorizations or changes in enforcement or regulatory interpretation could have a significant impact on the Company's activities. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the Company's or its subsidiaries' financial capabilities. Developments elsewhere in the Brazilian mining industry or in relation to Brazilian mining legislation may add to regulatory processes and requirements, including additional scrutiny of all current permitting applications.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of the Três Estradas Project. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of the Company's properties or reduce or terminate some or all of its activities. In the event that the Company completes an equity financing, such financing could be extremely dilutive to current shareholders who invested in the Company at higher share prices and dilutive as compared to the Company's estimated net asset value per share and mineral resource or reserve ounces per share.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in its properties indirectly through exploration permits and exploration applications. Title to, and the area of, the permits may be disputed, or applications may lapse. There is no guarantee that such title will not be challenged or impaired.

The Company may need to acquire title to additional surface rights and property interests to further exploration and development activities. There can be no assurances that the Company will be able to acquire such additional surface rights. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely affecting financial performance of the Company.

Project development costs

The Company plans to continue to develop its Três Estradas Project. There can be no assurance that this project will be fully developed in accordance with the Company's current plans or completed on time or to budget, or at all.

Litigation

Aguia has entered into legal binding agreements with various third parties on a consulting and partnership basis. The rights and obligations that arise from such agreements are open to interpretation and Aguia may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause Aguia to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any future disputes could have a material adverse effect on Aguia.

Dependence on Key Personnel

The success of the Company is dependent upon the efforts and abilities of its senior management and board of directors. The loss of any member of the management team or board of directors could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel will be found.

Conflicts of Interest

Certain of the directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in mining or natural resource exploration and development and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities.

The CEO and CFO have evaluated (or caused to be evaluated under their supervision) the effectiveness of the Company's disclosure controls and procedures as of December 31, 2019. Based upon the results of that evaluation, the CEO and CFO have concluded that as of December 31, 2019, the Company's disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

Aguia's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Under their supervision, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of the Company;
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control (COSO - 1992) Framework to design the Company's internal control over financial reporting.

The CEO and CFO have evaluated (or caused to be evaluated under their supervision) the Company's internal control over financial reporting as of September 30, 2019. Based on this assessment, the CEO and CFO have concluded that the Company's internal control over financial reporting was effective as at December 31, 2019.

There has been no change in the Company's internal control over financial reporting during the period ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Significant Accounting Policies

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended June 30, 2019 with the exception of the adoption of new accounting pronouncements on July 1, 2019 as outlined below.

The Company adopted IFRS 16, *Leases* on July 1, 2019. Adoption of this standard did not have a significant impact on the financial statements.

Critical Accounting Estimates

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

Outstanding Share Data

As at February 13, 2020, the Company has 211,729,249 common shares issued and outstanding.

Stock options, warrants and convertible securities outstanding as at February 13, 2020 are as follows:

Number of Stock Options Outstanding			Exercise Price	Expiry Date	
120,000	AUD	$	0.640	2-Jun-20	
150,000	CAD	$	0.650	30-Jun-20	
7,520,000	AUD	$	0.600	5-Dec-20	
697,233	AUD	$	0.120	30-Jun-21	
300,000	AUD	$	0.140	5-Apr-22	
6,000,000	AUD	$	0.230	31-Oct-24	(1)
6,997,233					

(1) Expected vesting date is 30 June 2023.

Number of Warrants Outstanding		Exercise Price	Expiry Date
13,180,418	CAD	$ 0.650	12-Jul-20
7,142,900	CAD	$ 0.600	12-Apr-21
20,323,318			