



**7 May 2020**

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

## **Interim Financial Statements to 31 March 2020**

**Sydney, Australia**, - Aguia Resources Limited ABN 94 128 256 888 (ASX:AGR) (**Aguia** or the **Company**) has today released the attached financial statements. Please see overleaf.

**AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING DIRECTOR 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 has multiple copper targets. Aguia is also in the pre-production stage of a low-cost natural phosphate fertiliser project which is expected to be operational in early 2022.

# **Agua Resources Limited**

**ABN 94 128 256 888**

**Condensed consolidated interim financial statements  
(Expressed in Australian dollars)**

**For the three and nine months ended 31 March 2020**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, the financial statements must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

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**Aguia Resources Limited**  
**Condensed Consolidated Interim Statements of loss and other comprehensive loss**  
**Expressed in Australian dollars**



	Three months ended 31 March 2020	Three months ended 31 March 2019	Nine months ended 31 March 2020	Nine months ended 31 March 2019
Other income	3,103	702	6,269	3,442
<b>Expenses</b>				
Employee benefits expense	(63,317)	(28,051)	(171,339)	(301,045)
Legal and professional	(30,362)	(59,399)	(198,541)	(140,954)
Depreciation and amortisation expense	(901)	(4,039)	(7,771)	(11,847)
Corporate expense	(132,428)	(304,517)	(796,356)	(978,305)
Exploration expenditure expensed	-	(1,761)	-	(3,194)
Business development	(239,000)	(139,067)	(558,925)	(388,469)
Share-based payments	(48,140)	-	(65,597)	(152,586)
Administration expense	(141,089)	(322,793)	(532,195)	(713,145)
Movement in fair value of financial derivatives	21,429	137,331	41,752	553,151
<b>Loss before income tax expense</b>	<b>(630,704)</b>	<b>(721,594)</b>	<b>(2,282,702)</b>	<b>(2,132,952)</b>
Income tax expense	-	-	-	-
Loss after income tax expense	<u>(630,704)</u>	<u>(721,594)</u>	<u>(2,282,702)</u>	<u>(2,132,952)</u>
<b>Other comprehensive Loss</b>				
Foreign currency translation	(753,486)	(371,266)	(4,532,784)	410,352
Total comprehensive loss for the year	<u>(1,384,190)</u>	<u>(1,092,860)</u>	<u>(6,815,486)</u>	<u>(1,722,600)</u>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic Loss per share	(0.30)	(0.46)	(1.15)	(1.51)
Diluted Loss per share	(0.30)	(0.46)	(1.15)	(1.51)

*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 consolidated Interim statements of financial position**  
**Expressed in Australian dollars**



	Note	31 March 2020	30 June 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	477,711	55,498
Trade and other receivables		33,263	19,495
Other assets		62,626	41,708
<b>Total current assets</b>		<u>573,600</u>	<u>116,701</u>
Non-current assets			
Property, plant and equipment		180,806	43,580
Exploration and evaluation	5	35,083,135	37,471,942
<b>Total non-current assets</b>		<u>35,263,942</u>	<u>37,515,522</u>
<b>Total Assets</b>		<u>35,837,542</u>	<u>37,632,223</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	456,969	1,659,764
Derivative financial instruments	7	-	41,752
<b>Total current liabilities</b>		<u>456,969</u>	<u>1,701,516</u>
<b>Net assets</b>		<u><b>35,380,574</b></u>	<u><b>35,930,707</b></u>
<b>Equity</b>			
Issued capital	8	110,799,461	104,675,564
Reserves	9	(7,093,711)	(2,529,484)
Accumulated losses		(68,325,176)	(66,215,373)
<b>Total Equity</b>		<u><b>35,380,574</b></u>	<u><b>35,930,707</b></u>

Approved by the Board of Directors on May 7, 2020

"Fernando Tallarico"  
 Director

"Martin McConnell"  
 Director

**Agua Resources Limited**  
**Condensed consolidated interim statements of changes in shareholders' equity (deficiency)**  
**Expressed in Australian dollars**



	Ordinary shares	Reserves	Accumulated other comprehensive loss	Total shareholders' (deficiency) equity
	\$	\$	\$	\$
Balance 1 July 2018	100,972,143	(3,838,650)	(62,872,918)	34,260,575
Net loss for the year	-	-	(1,411,358)	(1,411,358)
Other comprehensive loss for the year	-	781,578	-	781,578
Contributions of equity (net)	2,800,621	-	-	2,800,621
Share based payments	-	152,586	-	152,586
<b>Balance 31 March 2019</b>	<b>103,772,764</b>	<b>(2,904,486)</b>	<b>(64,284,276)</b>	<b>36,584,002</b>
Balance 1 July 2019	104,675,564	(2,529,484)	(66,215,373)	35,930,707
<b>Net loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,282,702)</b>	<b>(2,282,702)</b>
<b>Other comprehensive loss for the year</b>	<b>-</b>	<b>(4,532,784)</b>	<b>-</b>	<b>(4,532,784)</b>
<b>Contributions of equity (net)</b>	<b>6,123,897</b>	<b>-</b>	<b>-</b>	<b>6,123,897</b>
<b>Grant of options</b>	<b>-</b>	<b>75,859</b>	<b>-</b>	<b>75,859</b>
<b>Share based payments</b>	<b>-</b>	<b>65,597</b>	<b>-</b>	<b>65,597</b>
<b>Lapse of share options</b>	<b>-</b>	<b>(172,899)</b>	<b>172,899</b>	<b>-</b>
<b>Balance 31 March 2020</b>	<b>110,799,461</b>	<b>(7,093,711)</b>	<b>(68,325,176)</b>	<b>35,380,574</b>

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

**Aguia Resources Limited**  
**Condensed consolidated interim statements of cash flows**  
**Expressed in Australian dollars**



	<b>Nine months ended 31 March 2020</b>	<b>Nine months ended 31 March 2019</b>
Cash flows from operating activities	(3,101,397)	(1,646,416)
Interest received	<u>6,269</u>	<u>2,740</u>
<b>Net cash used in operating activities</b>	<b><u>(3,095,128)</u></b>	<b><u>(1,643,676)</u></b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(2,492,983)	(2,242,109)
Acquisition of fixed assets	<u>(131,835)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,624,817)</u>	<u>(2,242,109)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	6,630,244	3,016,018
Share issue transaction costs	<u>(430,487)</u>	<u>(43,994)</u>
Net cash from financing activities	<u>6,199,756</u>	<u>2,972,024</u>
Net increase (decrease) in cash and cash equivalents	479,811	(913,761)
Cash and cash equivalents at beginning of the period	55,498	3,405,149
Effects of exchange rate changes	<u>(57,598)</u>	<u>10,846</u>
Cash and cash equivalents at end of the period	<u><u>477,711</u></u>	<u><u>2,502,234</u></u>

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



## **Note 1. General information**

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

### **Registered office**

Level 12, 680 George Street  
Sydney NSW 2000

### **Principal place of business**

Rua Antonio de Albuquerque n555 Sala 406  
Bairro Floresta CPE: 9056-010  
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 7 May 2020.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim reporting period ended 31 March 2020 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 \$2,282,702 (2019: \$2,132,952) and net cash outflows from operating and investing activities of \$5,719,945 (2019: \$3,885,785) for the nine months ended 31 March 2020.

**Note 2. Significant accounting policies (continued)**

The consolidated entity has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its properties and to cover general and administrative expenses necessary for the maintenance of a public company. The consolidated entity's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. These matters represent material uncertainties that cast substantial doubt about the ability of the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and consolidated statement of financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

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**

	<b>Consolidated</b>	
	<b>31 March 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	<u>477,711</u>	<u>55,498</u>

**Note 5. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 March 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Brazilian Phosphate project - at cost	45,083,123	47,839,660
Less: Accumulated amortisation	<u>(12,660,637)</u>	<u>(12,660,637)</u>
	<u>32,422,486</u>	<u>35,179,023</u>
 Brazilian Copper project - at cost	 2,660,649	 2,292,919
	<u>35,083,135</u>	<u>37,471,942</u>

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

<b>Consolidated</b>	Exploration and evaluation \$
Balance at 1 July 2019	37,471,942
Additions - Expenditure during the year	1,853,521
Exchange differences	<u>(4,242,328)</u>
Balance at 31 March 2020	<u><u>35,083,135</u></u>

**Note 6. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 March 2020 \$</b>	<b>30 June 2019 \$</b>
Trade payables	73,853	576,245
Accrued expenses	125,733	855,603
Other payables	<u>257,383</u>	<u>227,916</u>
	<u><u>456,969</u></u>	<u><u>1,659,764</u></u>

**Note 7. Current liabilities - derivative financial instruments**

	<b>Consolidated</b>	
	<b>31 March 2020 \$</b>	<b>30 June 2019 \$</b>
Warrants	<u>Nil</u>	<u>41,752</u>

**Note 8. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 March 2020 Shares</b>	<b>30 June 2019 Shares</b>	<b>31 March 2020 \$</b>	<b>30 June 2019 \$</b>
Ordinary shares - fully paid	<u>211,729,249</u>	<u>164,255,158</u>	<u>110,799,461</u>	<u>104,675,564</u>

**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 March 2020	<u>211,729,249</u>		<u>110,799,461</u>

*Ordinary shares*

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

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

**Note 9. Equity - reserves**

	Consolidated	
	31 March 2020 \$	30 June 2019 \$
Foreign currency reserve	(12,089,123)	(7,556,338)
Share-based payments reserve	4,913,227	4,944,669
Capital contribution reserve	<u>82,185</u>	<u>82,185</u>
	<u>(7,093,711)</u>	<u>(2,529,484)</u>

*Foreign currency reserve*

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

*Share-based payments reserve*

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

*Capital contribution reserve*

This reserve recorded the capital contribution on unrecognised interest on a non-arm's length related party loan. The consolidated entity ceased to borrow from the counterparty in 2017.

**Note 9. Equity - reserves (continued)**

*Movements in reserves*

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

<b>Consolidated</b>	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	-	-	(4,532,784)	(4,532,784)
Share-based payments during the period	-	65,597	-	65,597
Grants of share options	-	75,859	-	75,859
Lapse of share options	-	(172,899)	-	(172,899)
Balance at 31 December 2019	<u>82,185</u>	<u>4,913,226</u>	<u>(12,089,122)</u>	<u>(7,093,711)</u>

**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 Agua Resources Limited during the financial half-year:

David Shearwood	Non-Executive Director (resigned 20 October 2019)
Christine 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:

	<b>Consolidated</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
	\$	\$
Short-term employee benefits	796,356	915,645
Share-based payments	65,597	138,326
	<u>861,953</u>	<u>1,053,971</u>

**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 31 March 2020 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**

	<b>Consolidated</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Agua Resources Limited	<u>(2,282,702)</u>	<u>(2,132,952)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>199,152,487</u>	<u>141,477,665</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>199,152,487</u>	<u>141,477,665</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.15)	(1.51)
Diluted earnings per share	(1.15)	(1.51)

**Note 14. Share-based payments**

On 29 November 2019, the Company issued 6,000,000 unlisted share options with an exercise price of \$0.23 and expiry 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 \$65,597 has been recognised in the profit or loss as share-based payments for the nine-month period ended 31 March 2020.

**Note 15. Subsequent Events**

On 22 April 2020, the Company closed a private placement financing for gross proceeds of approximately \$730,250. These funds were raised in connection with the issue of approximately 9,128,126 fully paid ordinary shares via a non-brokered private placement to sophisticated and institutional investors at a price of \$0.08 per share. Under the placement, for each ordinary share subscribed for, one half of one unlisted option will be issued for nil additional consideration with an exercise price of \$0.16 and an expiry date of 20 April 2022.