Aguia Resources Limited

ABN 94 128 256 888

Interim Report - 31 December 2016

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 period ended 31 December 2016.

Directors

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

Justin Reid
Paul Pint
David Gower
Alec Pismiris
Brian Moller

Principal activities

The principal activities during the year of the consolidated entity were the continued exploration and development of resource projects, predominantly phosphate and potash in Brazil, 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 after providing for income tax amounted to $2,126,922 (31 December 2015: $4,947,272).

During the half-year ended 31 December 2016, Aguia continued to focus on advancing the development of its Três Estradas phosphate asset located in the state of Rio Grande do Sul in Southern Brazil (Figure 1). In particular this development included the completion of a PEA optimisation study by Millcreek Mining Group which reinforced earlier positive results from the Três Estradas phosphate deposit, the filing of the Environmental Impact Assessment with the regional authorities, an infill drilling program to convert Inferred Resources to Measured and Indicated Resources to be used in the Bankable Feasibility Study ("BFS") which is now well underway.

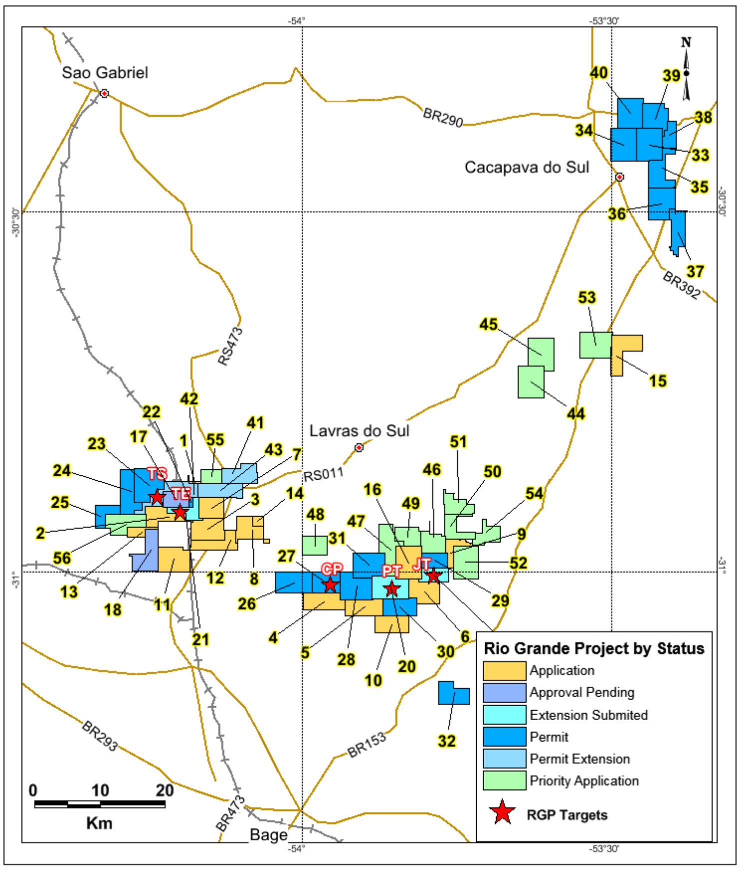

Figure 1: Rio Grande claims

Resource Increase
A report by Millcreek Mining Group to optimise the Três Estradas project resulted in an increase in the JORC Compliant Resource in July 2017. The audited pit-constrained resource is now estimated to be 74.7 million tonnes with an average grade of 4.13% P_2O_5, comprising 745,000 tonnes of measured resource grading 4.42% P_2O_5, 15.07 million tonnes of indicated resource grading 4.75% P_2O_5 and 58.89 million tonnes of inferred resource grading 3.97% P_2O_5.

The proposed project will also include a resource of 2.75 million tonnes grading 4.37% P_2O_5 from the nearby Joca Tavares carbonatite, which includes 915,000 tonnes of measured resource grading 3.98% P_2O_5, 1.5 million tonnes of indicated resource grading 4.31% P_2O_5 and 329,000 tonnes of inferred resource grading 5.74% P_2O_5.

Mining and Processing Improvements
Millcreek's report incorporated improvements to the processing facility compared to those previously considered. The processing plant will include a primary crusher, SAG mill and a sequence of rougher-cleaner-scavenger column flotation to produce a 30 to 31% P_2O_5 concentrate. The tailings of the phosphate rougher flotation will then be subject to magnetic separation and mica flotation to produce a high-quality calcite concentrate.

The introduction of column flotation was a definitive positive factor that supported the redesign to a more efficient and higher performing mill circuit. Demonstrating that the production of calcite is viable and that this by-product is of exceptionally high quality and will create a secondary stream of revenue once in production. The decision to produce phosrock only instead of the more capital intense SSP production previously considered will result in project versatility and lower capital cost to construct.

Submission of Environmental Impact Assessment for Três Estradas
In October, Aguia submitted the Environmental Impact Assessment (EIA) for the Três Estradas Phosphate Project to the Rio Grande State Environmental Agency (FEPAM). In November, FEPAM advised Aguia that the EIA had passed its first review and the guidelines set in the Terms of Reference had been met. FEPAM's review of the EIA is expected to take 6 to 12 months, with the Preliminary License for the Project issued on final approval.

The Preliminary License is considered a major milestone in the development of a mining project in Brazil and represents a substantial de-risking in the path to construction and production. This is the phase of permitting where all of the technical data relating to the environmental impact assessment is presented and the community consultations are completed to provide the social license to proceed to installation and operating permits.

FEPAM will proceed with a detailed assessment of the EIA which will include community consultations and public hearings. The Company engaged Via Mosaico, a communications firm out of Porto Alegre, to assist management with these activities. By the end of 2016, Aguia had hosted four public hearings with the local community of Lavras do Sul where the Três Estradas Phosphate Project is located. The purpose of these meetings was to share Aguia's development plans with the local community, listen to feedback and ensure that any concerns are being addressed. Meetings with local stakeholders will be an ongoing process throughout 2017.

Bankable Feasibility Study
In November, Aguia appointed the key engineering consulting firms to oversee the BFS of Três Estradas after an exhaustive tender process. The winning tender was presented by Millcreek Mining Group from Salt Lake City, Utah.

Millcreek will be supported by supplementary work from ECM Engenharia (ECM) and Walm Engenharia (Walm), both based in Belo Horizonte, Brazil. ECM brings specific experience in the areas of plant process and site infrastructure, with a track record that includes participation in the engineering and construction of every phosphate mine operating in Brazil. Walm has consulted previously to Aguia and will be responsible for geotechnical and hydrological studies.

Infill Drilling Program
In November, Aguia commenced an infill drilling program at Três Estradas. The objective of the drilling program is to convert the current pit-constrained resource of 70.4 million tonnes with an average grade of 4.13% P_2O_5 comprising 58.89 million tonnes of inferred resource grading 3.97% P_2O_5, 15.07 million tonnes of indicated resource grading 4.75% P_2O_5

and 745,000 tonnes of measured resource grading 4.42% P_2O_5 to Measured and Indicated categories.

The program includes 6,000 metres of diamond drilling that will be strategically sited to upgrade the inferred resources, and another 3,500 metres of reverse circulation drilling to be collared along a 50 by 50 metre grid. Four diamond rigs and one reverse circulation rig are employed in this campaign. Converting the resource to Measured or Indicated categories greatly de-risks the project and is necessary for developing BFS level production plans and economic models.

The current program is demonstrating that the mineralised carbonatite is very consistent and continuous both along strike and at depth. The latest drill results reveal that certain parts of the deposit are even thicker than predicted in the previous resource model.

By mid-February 2017, the original drill program had been completed, but drilling along the southeast sector of Três Estradas found a new carbonatite zone. This new and shallow mineralised zone was intercepted in the first 100 metres from surface and is open at depth and currently appears to have a potential strike length of approximately 500 metres. The newly identified shallow mineralisation has expanded the interpretation of Aguia's model for Três Estradas and suggests a structural connection by folding to the previously known carbonatite zones. As such, management decided to extend the drilling by another 1,500 to 2,000 meters and the program is ongoing.

The drill program provided sufficient material for a pilot plant test which was shipped to Eriez Flotation Division in Pennsylvania.

Balance Sheet Strength
During the First Quarter, Aguia successfully completed an $8.5 million Share Placement (Placement) through the issue of 85,000,000 new Fully Paid Ordinary Shares to institutional and sophisticated investors at $0.10 per share.
Proceeds from funds raised and Aguia's existing cash reserves are being used as follows:

- Complete an Infill drilling program at Três Estradas to commence immediately in order to convert Inferred Mineral Resources to Measured and Indicated Mineral Resources for the Bankable Feasibility Study ("BFS");
- Fully commission all engineering and appoint a Lead Third Party to oversee the BFS completion;
- Commission a Column Flotation Pilot Plant Program at the Eriez Flotation Division in Pennsylvania;
- Conduct all Community Consultations and public outreach programs to complete permitting;
- Undertake exploration of recently optioned projects adjacent to Três Estradas;
- Lease maintenance and general working capital purposes.

Lucena Phosphate Project
The Lucena Phosphate Project, comprised of 48 tenements and applications for 345,5km^2, 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 last six months.

Mata da Corda Phosphate Project
The Mata da Corda tenements were subject to an Option Agreement between Aguia and Vicenza Mineração e Participações S.A. ("Vicenza") under which all of the Mata da Corda tenements had previously been transferred to Vicenza. The Option Agreement was terminated during the Second Quarter and Vicenza made a final payment to Aguia of $183,433.

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

Matters subsequent to the end of the financial period
On 3 March 2017, the Company announced that it is intending to consolidate its shares on the basis that every 5 shares be consolidated into 1 share. This is subject to shareholders' approval at the general meeting to be held on 4 April 2017.

On 3 March 2017, the Company announced that it has commenced the application process to become a listed issuer on the Toronto Venture Exchange ("TSXV") in Canada. The ASX will remain as the Company's main listing.

No other matter or circumstance has arisen since 31 December 2016 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

Justin Reid
Managing Director

14 March 2017

Building a better
working world

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

As lead auditor for the review of Aguia Resources Limited for the six month period ended 31 December 2016, 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 period.

Ernst & Young

Ryan Fisk
Partner
14 March 2017

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
Suite 4, Level 9 341 George Street Sydney NSW 2000	Rua Antonio de Albuquerque n156, 1504 Bairro Savassi - Belo Horizonte / MG - Brazil CEP: 30112-010

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2017.

	Note	Consolidated 31/12/16 $	Consolidated 31/12/15 $
Other income	3	196,476	33,093
Expenses			
Employee benefits expense		(186,314)	(94,861)
Legal & professional		(238,266)	(76,279)
Depreciation and amortisation expense		(7,649)	(12,207)
Impairment expense	4	-	(3,194,182)
Corporate expense		(849,239)	(721,334)
Exploration expenditure expensed		(408,564)	(126)
Business development		(309,996)	(430,615)
Share-based payments		-	(279,940)
Administration expense		(323,370)	(170,821)
Loss before income tax expense		(2,126,922)	(4,947,272)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Aguia Resources Limited		(2,126,922)	(4,947,272)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		477,507	(1,310,447)
Other comprehensive income for the period, net of tax		477,507	(1,310,447)
Total comprehensive income for the period attributable to the owners of Aguia Resources Limited		(1,649,415)	(6,257,719)
		Cents	**Cents**
Basic earnings per share		(0.54)	(1.43)
Diluted earnings per share		(0.54)	(1.43)

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

Aguia Resources Limited
Statement of financial position
As at 31 December 2016

	Note	Consolidated 31/12/16 $	Consolidated 30/06/16 $
Assets			
Current assets			
Cash and cash equivalents		6,215,608	2,900,765
Trade and other receivables		170,627	113,043
Other assets		55,533	53,332
Total current assets		6,441,768	3,067,140
Non-current assets			
Property, plant and equipment		69,038	51,870
Exploration and evaluation	4	24,735,948	21,738,665
Total non-current assets		24,804,986	21,790,535
Total assets		31,246,754	24,857,675
Liabilities			
Current liabilities			
Trade and other payables		777,818	567,375
Borrowings	5	-	213,949
Total current liabilities		777,818	781,324
Total liabilities		777,818	781,324
Net assets		30,468,936	24,076,351
Equity			
Issued capital	6	89,696,154	81,895,554
Reserves	7	(535,518)	(1,013,025)
Accumulated losses		(58,691,700)	(56,806,178)
Total equity		30,468,936	24,076,351

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

Aguia Resources Limited
Statement of changes in equity
For the period ended 31 December 2016

Consolidated	Ordinary shares $	Performance shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	72,671,289	241,400	(1,971,174)	(50,932,966)	20,008,549
Loss after income tax expense for the period	-	-	-	(4,947,272)	(4,947,272)
Other comprehensive income for the period, net of tax	-	-	(1,310,447)	-	(1,310,447)
Total comprehensive income for the period	-	-	(1,310,447)	(4,947,272)	(6,257,719)
Additional interest on capital contribution	-	-	32,500	-	32,500
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	9,005,365	-	-	-	9,005,365
Share-based payments	-	-	279,940	-	279,940
Balance at 31 December 2015	81,676,654	241,400	(2,969,181)	(55,880,238)	23,068,635

Consolidated	Ordinary shares $	Performance shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	81,654,154	241,400	(1,013,025)	(56,806,178)	24,076,351
Loss after income tax expense for the period	-	-	-	(2,126,922)	(2,126,922)
Other comprehensive income for the period, net of tax	-	-	477,507	-	477,507
Total comprehensive income for the period	-	-	477,507	(2,126,922)	(1,649,415)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 6)	8,042,000	-	-	-	8,042,000
Lapse of performance shares	-	(241,400)	-	241,400	-
Balance at 31 December 2016	89,696,154	-	(535,518)	(58,691,700)	30,468,936

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

Aguia Resources Limited
Statement of cash flows
For the period ended 31 December 2016

	Note	Consolidated 31/12/16 $	31/12/15 $
Cash flows from operating activities			
Receipt from Vicenza option payment		183,433	-
Payments to suppliers and employees		(2,086,259)	(1,585,639)
Interest received		13,043	33,093
Net cash used in operating activities		(1,889,783)	(1,552,546)
Cash flows from investing activities			
Payments for exploration and evaluation		(2,643,036)	(1,931,891)
Net cash used in investing activities		(2,643,036)	(1,931,891)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	6	8,042,000	9,005,365
Repayment of borrowings		(213,949)	(500,000)
Net cash from financing activities		7,828,051	8,505,365
Net increase in cash and cash equivalents		3,295,232	5,020,928
Cash and cash equivalents at the beginning of the financial period		2,900,765	709,834
Effects of exchange rate changes on cash and cash equivalents		19,611	(47,465)
Cash and cash equivalents at the end of the financial period		6,215,608	5,683,297

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 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 2016 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, except for the policies stated below.

New standards, interpretations and amendments adopted
The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the consolidated entity's annual consolidated financial statements for the year ended 30 June 2016, except for the adoption of the following new standards and interpretations effective as of 1 July 2016:

- AASB 14 Regulatory Deferral Accounts
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle – AASB 5, AASB 7, AASB 119 and AASB 134
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The adoption of these amendments did not have any material impact on the financial position or performance of the consolidated entity.

The consolidated entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Accounting Standards and Interpretations issued but not yet effective

AASB 9 Financial Instruments
A finalised version of AASB 9 which contains accounting requirements for financial instruments, replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition. The consolidated entity is in the process of determining the potential impact of the new standard on the consolidated entity's financial report. This standard applies to annual reporting periods beginning on or after 1 January 2018.

AASB 15 Revenue from Contracts with Customers
AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The consolidated entity is in the process of determining the potential impact of the new standard on the consolidated entity's financial report. This standard applies to annual reporting periods beginning on or after 1 January 2018

AASB 16 Leases
AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees. The consolidated entity is in the process of determining the potential impact of the new standard on the consolidated entity's financial report. This standard applies to annual reporting periods beginning on or after 1 January 2019.

Note 1. Significant accounting policies (continued)

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard applies to annual reporting periods beginning on or after 1 January 2017. The consolidated entity is in the process of determining the potential impact of the amendments on the consolidated entity's financial report.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
This standard amends AASB 2 Share-based Payments, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the:

- Effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This standard applies to annual reporting periods beginning on or after 1 January 2018. The consolidated entity is in the process of determining the potential impact of the amendments on the consolidated entity's financial report.

Note 2. Operating segments

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

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

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

Note 3. Other income

	Consolidated	
	31/12/16 $	31/12/15 $
Interest	13,043	33,093
Vicenza option payment *	183,433	-
Other income	196,476	33,093

* The Mata da Corda tenements were subject to an Option Agreement between Aguia and Vicenza Mineração e Participações S.A. ("Vicenza") under which all of the Mata da Corda tenements had previously been transferred to Vicenza. The Option Agreement was terminated during the second quarter and Vicenza made a final payment to Aguia of $183,433.

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/16	30/06/16
	$	$
Brazilian Phosphate project - at cost	37,396,585	34,399,302
Less: Accumulated impairment	(12,660,637)	(12,660,637)
	24,735,948	21,738,665

Note 5. Current liabilities - borrowings

	Consolidated	
	31/12/16	30/06/16
	$	$
Related party loan	-	213,949

The Company secured a line of credit facility of $1,000,000 on commercially attractive terms with Forbes Emprendimentos Ltda, a company associated with three of its current/former directors, Prakash Hariharan, David Gower and Fernando Tallarico. Interest is charged at 1% p.a. The loan was fully drawn down as at 31 December 2014. The debt was due on 31 December 2015 and the Company repaid $786,051 in the financial year 2016 with the remaining balance of $213,949 being paid on 29 July 2016.

Note 6. Equity - issued capital

	Consolidated			
	31/12/16 Shares	30/06/16 Shares	31/12/16 $	30/06/16 $
Ordinary shares - fully paid	451,828,270	366,828,270	89,696,154	81,654,154
Performance shares*	-	1,547,431	-	241,400
	451,828,270	368,375,701	89,696,154	81,895,554

* During the period, the performance shares lapsed and the balances has been transferred to the accumulated losses.

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	366,828,270		81,654,154
Shares issued	25 November 2016	85,000,000	$0.10	8,500,000
Share issue costs		-		(458,000)
Balance	31 December 2016	451,828,270		89,696,154

Note 7. Equity - reserves

	Consolidated	
	31/12/16	30/06/16
	$	$
Foreign currency reserve	(4,315,238)	(4,792,745)
Share-based payment reserve	3,697,535	3,697,535
Capital contribution reserve	82,185	82,185
	(535,518)	(1,013,025)

Note 7. Equity - reserves (continued)

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.

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

Consolidated	Foreign currency reserve $	Share-based payment reserve $	Capital contribution $	Total $
Balance at 1 July 2016	(4,792,745)	3,697,535	82,185	(1,013,025)
Foreign currency translation	477,507	-	-	477,507
Balance at 31 December 2016	(4,315,238)	3,697,535	82,185	(535,518)

Note 8. Equity - dividends

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

Note 9. Contingent liabilities

The consolidated entity's Brazilian subsidiary, Potassio do Atlantico Ltda, has reached a settlement on legal action involving the alleged breach of a contract for drilling services with Prest Perfuracoes Limitada undertaken in the first half of 2012 on some of Potassion do Atlantico Ltda's potash assets. The provider of drilling services was seeking damages of approximately $2.15 million for this alleged breach. On 13 September 2016 the Company reached a settlement over the legal dispute. Under the settlement the Company paid the other party a total of A$407,080 (R$1 million) in three instalments between 30 September to 15 December 2016. This is recognised in the exploration expenditure expensed in the profit or loss. This dispute is now concluded and there are no further payments owing.

Note 10. Events after the reporting period

On 3 March 2017, the Company announced that it is intending to consolidate its shares on the basis that every 5 shares be consolidated into 1 share. This is subject to shareholders’ approval at the general meeting to be held on 4 April 2017.

On 3 March 2017, the Company announced that it has commenced the application process to become a listed issuer on the Toronto Venture Exchange (“TSXV”) in Canada. The ASX will remain as the Company’s main listing.

No other matter or circumstance has arisen since 31 December 2016 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 11. Financial instruments

The company does not have any financial assets and financial liabilities that are measured at fair value on a recurring basis.

The directors consider that the carrying amounts of trade and other receivables, and trade and other payables approximate their fair values as at 31 December 2016.

Note 12. Earnings per share

	Consolidated	
	31/12/16	31/12/15
	$	$
Loss after income tax attributable to the owners of Aguia Resources Limited	(2,126,922)	(4,947,272)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	397,317,400	345,530,417
Weighted average number of ordinary shares used in calculating diluted earnings per share	397,317,400	345,530,417
	Cents	Cents
Basic earnings per share	(0.54)	(1.43)
Diluted earnings per share	(0.54)	(1.43)

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 2016 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Justin Reid
Managing Director

14 March 2017

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To the members of Aguia Resources Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Aguia Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the interim period end or from time to time during the six month period.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the interim 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 interim 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, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the six month period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aguia Resources Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Aguia Resources Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the six month period ended on that date; and

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

Ernst & Young

Ryan Fisk
Partner
Sydney
14 March 2017