

AGUIA RESOURCES LIMITED

Interim Financial Report



AGUIA

ASX:AGR

ABN 94 128 256 888

31 December 2023

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Corporate Profile

DIRECTORS

WARWICK GRIGOR

Non-Executive Chairman
Appointed 19 September 2023

CHRISTINA McGRATH

Executive Director¹
Appointed 19 September 2023

BEN JARVIS

Non-Executive Director
Appointed 6 September 2023

FERNANDO TALLARICO

Managing Director
Resigned 6 September 2023

MARTIN McCONNELL

Non-Executive Director
Resigned 15 December 2023

COMPANY SECRETARY

ROSS PEARSON

Appointed 8 November 2023

ALAN NASCIMENTO

Resigned 25 August 2023

REBECCA WARDROP

Resigned 27 November 2023

REGISTERED OFFICE

Level 12
680 George Street
Sydney NSW 2000
Tel. +61 2 8280 7355

PRINCIPAL PLACE OF BUSINESS

Rua Dr. Vale, 555, Sala 406,
Porto Alegre, RS, Brazil, 90560-010
Tel. +55 51 3519 5166

AUDITORS

Hall Chadwick NSW

BANKERS

National Australia Bank

STOCK EXCHANGE LISTING

Agua Resources Limited is listed on the Australian Securities Exchange (ASX code: AGR).

Effective 1 July 2020, the number of Agua Resources Limited securities owned either directly or indirectly by residents of Canada does not exceed 10% of securities on issue in the Company on a fully diluted basis. As such, Agua Resources Limited qualifies as a "Designated Foreign Issuer" as defined in the Canadian National Instrument 71-102.

Agua remains subject to all regulatory requirements of the Australian Securities Exchange (ASX) and the Australian Securities and Investment Commission (ASIC).

WEBSITE

www.aguiaresources.com.au

CORPORATE GOVERNANCE STATEMENT

<http://aguiaresources.com.au/about/corporate-governance/>

¹ Ms Christina McGrath resigned as Executive Chair on 19 September 2023, upon appointment of Warwick Grigor. Ms Christina McGrath remains Acting Managing Director,

appointed on 6 September 2023. Her original appointment to the Board was on 11 June 2019.

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CONTENTS

4	Director's Report
8	Auditor Independence Declaration
10	Financial Statements
23	Directors' Declaration
24	Auditor Report

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DIRECTOR'S REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Aguia Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2023.

Directors

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

WARWICK GRIGOR

Non-Executive Chairman
Appointed 19 September 2023

CHRISTINA McGRATH

Executive Director
Appointed 19 September 2023²

BEN JARVIS

Non-Executive Director
Appointed 6 September 2023

FERNANDO TALLARICO

Managing Director
Resigned 6 September 2023

MARTIN McCONNELL

Non-Executive Director
Resigned 15 December 2023

Principal Activities

The principal activities of the consolidated entity during the year were the continued exploration and development of resource projects, predominately phosphate and copper. No significant change in the

nature of these activities occurred during the financial half year.

Operating and Financial Review

The loss for the consolidated entity for the half year ended 31 December 2023 after providing for income tax amounted to \$825,587 (31 December 2022: \$1,132,006).

Significant Changes in The State of Affairs

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

Matters subsequent to the end of the financial half-year

On 15 January 2024, Aguia announced that Hall Chadwick NSW had been appointed auditor for the Company. The appointment follows the resignation of Ernst & Young with prior written consent received from the Australian Securities & Investment Commission.

On 25 January 2024, Aguia announced the successful completion of a Placement of the Entitlement Offer Shortfall raising approximately \$1.02 million. The funds were raised via the issue of approximately 73,200,951 fully

² Ms Christina McGrath resigned as Executive Chair on 19 September 2023, upon appointment of Warwick Grigor. Ms Christina McGrath remains Acting Managing Director, appointed

on 6 September 2023. Her original appointment to the Board was on 11 June 2019.

paid Ordinary Shares to sophisticated and institutional investors at a price of A\$0.014 per share. The funds will be used for Working Capital and exploration and project development activities related to the Company's Brazilian assets.

On the 14 February 2024, the Company announced the appointment of Tim Hosking as In House Country Manager. Tim brings +15 years of c-suite and project management experience in Brazil, including 12 years as General Manager, South America for ASX-listed oil & gas company Karoon Energy. Mr Hosking is fluent in Portuguese and has overseen direct engagement with investors and policymakers in the Brazilian market.

On the 20 February 2024, the Company released the Bidders Statement in relation to the Takeover Offer by Aguia Resources Limited to acquire all of the shares in Andean Mining Limited. The Consideration offered is Three (3) Aguia shares for every One (1) Andean share. The Aguia Shares offered and issued under the Takeover Offer are to be voluntarily escrowed for the Escrow Period. The Take Over Offer closes on the 8 April 2024, with the Completion of the merger and issue of shares expected to take place on 11 April 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's Independence Declaration

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

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

On behalf of the directors



Christina McGrath – Executive Director

15 March 2024

REVIEW OF OPERATIONS AND ACTIVITIES

During the Half year ended 31 December 2023, The Company undertook a strategic review of the two Brazilian projects, the Tres Estradas Organic Phosphate Project and the Andrade Copper Project, both located in close proximity to each other in the Southern most Brazilian State of Rio Grande do Sul ('RS' or 'the State').

Delays in the advancement of Tres Estradas Project, caused by parties injunctioning the development, have been a major source of frustration for shareholders.

Whilst the Company is confident that it will succeed in having the injunction lifted, timing is dependent upon a judicial review underway to resolve this dispute. The effect on the share price of this delay has been disappointing but it was also an impediment to additional equity capital raisings.

TRES ESTRADAS: PHOSPHATE ASSETS

Aguia's Portfolio includes a Measured & Indicated Phosphate resource of 83.21Mt at 4.11% P2O5 + Inferred of 21.8 MT at 3.67% P2O5.

As per the March 2023 Banking Feasibility Study, the Economics of the Project are summarized in the table below;

Economics

Average EBITDA	A\$ 22 M
NPV @ 10%	A\$ 111 M
IRR	54.7%
Payback	2.9 years
CAPEX	A\$ 26M
Life of mine	18 years

An 18-year life of mine corresponds to the first phase of the project (without expansion) and Aquia is planning to produce 306,000 tonnes of Pampafos® (our natural phosphate fertiliser) per annum from the TEPP site.

The Tres Estradas Resource has undergone environmental permitting and received a previous licence in August 2019, followed by a construction licence in November 2022. However, in July 2021, the Brazilian Federal Public Prosecutor's Office began a public civil action questioning the environmental permitting under alleged flaws in technical and social studies. The company received a first favourable decision in court, which was reversed in the courts of appeal. Since late 2022 conciliation proceedings have been conducted. The full thread on the legal proceedings are available at our website on [ASX Announcements](#) section.

RARE EARTH ELEMENTS ('REE') TARGETS

Historic diamond drill hole results from a 2011 drill campaign of the Tres Estradas show a total of 19 diamond drill holes had REE assays. The best individual result is from an oxidised carbonatite sample grading 2.16% or TREO 21,618 ppm. The results are based on assays from drill holes in only one of six known carbonatites on Aquia's tenements. Priority will be given to exploration and assessment of the other five carbonatites.

COPPER ASSETS

During the year ended 31 December 2023 the Company undertook a strategic review of the Andrade Copper Project.

The geological modelling of the Andrade Copper Project has resulted in a Measured & Indicated Mineral Resources of 22.6 Mt at 0.43% Copper and 2.11 g/t Ag and Inferred Mineral Resources totalizing 3.0Mt at 0.43% Cu and 1.85 g/t Ag.

The Resource Statement, that was updated in March 2023 is a significant

milestone in Aguia's Andrade copper story because it:

- Means that no further high-cost drilling at the Andrade deposit will be required;
- Provides additional certainty in relation to the copper resource;
- Permits us to proceed to the next stage the Pre-Feasibility Study (PFS), which will provide increasing economic confidence in the project; and
- Allows the start of the Environmental Impact Assessment (EIA) which leads to permitting.

Aguia has another 10 satellite targets close by, along with 1,500 sq km of copper tenements in the Rio Grande Copper Belt, where studies show unique geological similarities that suggest it once joined the famed African Kalahari Copper Belt that hosts many copper deposits and has been mined for decades.

ANDEAN MINING LIMITED

The Board was fortunate to be presented with the opportunity to acquire an unlisted public company, Andean Mining Limited, with its portfolio of high-grade gold, copper and silver projects in the neighbouring country, Colombia. In addition, the acquisition comes with an experienced management team headed by William Howe, who will assume the position of Managing Director and Chief Executive Officer of Aguia upon completion of the takeover. William has extensive underground mining experience and has spent many years operating in Colombia and Peru. He has undertaken to relocate to Colombia to provide in-country management expertise in the establishment of mining operations at the key project, the Santa Barbara Gold Mine.

Upon the completion of the takeover, Aguia will be transformed into a company with a pipeline of projects that will underpin an extended growth curve. Building on

earnings from the gold mine initially, subsequent developments could see it as also a producer of phosphate and copper to become a diversified mid-sized mining company. Geopolitical risk should be reduced by the Company now holding assets in two jurisdictions in South America which are in close physical proximity to each other.

Corporate

On 27 September 2023 Aguia announced the successful completion of a Private Placement at 1.45¢ to raise approximately \$500k.

On 18 December 2023 Aguia announced the closure of the 1 for 4 non-renounceable entitlement issue at 1.4¢ to raise approximately \$1.6m. It was symptomatic of the difficult equities market for junior mining companies that the take-up amounted to \$520,000.

On 25 January 2024, Aguia successfully placed the shortfall of approximately \$1m. Investor enthusiasm from both new and existing investors for the takeover of Andean was an important motivator.

The funds were raised via the issue of approximately 73,200,951 fully paid Ordinary Shares to sophisticated and institutional investors at a price of A\$0.014 per share.

AGUIA RESOURCES LIMITED
ACN 128 256 888

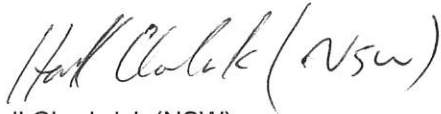
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AGUIA RESOURCES LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Aguia Resources Limited. As the lead audit partner for the review of the financial report of Aguia Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



Stewart Thompson

Partner

Dated: 15 March 2024

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Accounting Firms

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FINANCIAL STATEMENTS



Statement of Consolidated Profit and Loss and Other Comprehensive Income

For the half year ended 31 December 2023

	NOTE	6 MONTHS ENDED 31 DECEMBER 2023	6 MONTHS ENDED 31 DECEMBER 2022
Revenue			
Interest revenue		3,501	52,881
Expenses			
Employee benefits expense		(32,356)	(35,376)
Share based payments		(71,446)	(330,292)
Depreciation and amortisation expense		(4,978)	(4,120)
Corporate expenses		(257,267)	(379,758)
Business development costs		(206,314)	(205,930)
Legal and professional		(140,533)	(12,474)
Administrative expense		(116,194)	(216,937)
<i>Total Expenses</i>		(829,088)	(1,184,887)
Loss before income tax expense		(825,587)	(1,132,006)
Income tax expense			-
Loss after income tax expense for the year		(825,587)	(1,132,006)
Attributable to:			
Equity holders of Aguia Resources Ltd		(825,587)	(1,132,006)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation gain/(loss)	8	(718,975)	27,523
<i>Total other comprehensive income/(loss) for the year</i>		(718,975)	27,523
Total comprehensive loss for the year		(1,544,562)	(1,104,483)
Earnings per share (cents)			
Basic		(0.18)	(0.28)
Diluted		(0.18)	(0.28)

The above financial statements should be read in conjunction with the accompanying notes

Statement of Consolidated Financial Position

	NOTE	31 DECEMBER 2023	30 JUNE 2023
ASSETS			
Current assets			
Cash and cash equivalents		625,365	437,806
Trade and other receivables		85,127	81,591
Prepayments		126,813	85,656
<i>Total current assets</i>		837,305	605,053
Non-current assets			
Property, plant and equipment	4	2,100,421	2,157,484
Exploration and evaluation	5	31,264,839	31,571,757
<i>Total non-current assets</i>		33,365,260	33,729,241
Total assets		34,202,565	34,334,294
LIABILITIES			
Current liabilities			
Trade and other payables	6	628,227	256,854
<i>Total current liabilities</i>		628,277	256,854
Total liabilities		628,277	256,854
Net assets		33,574,338	34,077,440
EQUITY			
Contributed capital	8	124,277,557	121,307,543
Reserves	9	(6,001,479)	(5,353,950)
Accumulated losses		(84,701,740)	(83,876,153)
Total equity		33,574,338	34,077,440

The above financial statements should be read in conjunction with the accompanying notes

Statement of Consolidated Changes in Equity

For the half year ended 31 December 2022

	ORDINARY SHARES	RESERVES (NOTE 8)	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 July 2022	121,858,851	(8,567,673)	(81,639,319)	31,651,859
Loss after income tax expense for the year	-	-	(1,132,006)	(1,132,006)
Other comprehensive income/(loss) for the year, net of tax	-	27,523	-	27,523
Total comprehensive income/(loss) for the year	-	27,523	(1,132,006)	(1,104,483)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Share-based payments (note 8)	158,407	171,887	-	330,294
Balance at 31 December 2022	122,017,258	(8,368,263)	(82,771,325)	30,877,670

	ORDINARY SHARES	RESERVES (NOTE 7)	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 July 2023	123,307,543	(5,353,950)	(83,876,153)	34,077,440
Loss after income tax expense for the year	-	-	(825,587)	(825,587)
Other comprehensive income/(loss) for the year, net of tax	-	(718,975)	-	(718,975)
Total comprehensive income/(loss) for the year	-	(718,975)	(825,587)	(1,544,562)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	970,014	-	-	970,014
Share-based payments (note 8)	-	71,446	-	71,446
Balance at 31 December 2023	124,277,557	(6,001,479)	(84,701,740)	33,574,338

The above financial statements should be read in conjunction with the accompanying notes

Statement of Consolidated Cash Flows

For the half-year ended 31 December 2023

	NOTE	31 DECEMBER 2023	31 DECEMBER 2022
Cash flows from operating activities			
Payments to suppliers and employees		(502,628)	(1,032,341)
Interest received		3,502	52,881
<i>Net cash used in operating activities</i>		(499,126)	(979,460)
Cash flows from investing activities			
Purchase of land		-	(504,057)
Purchase of Fixed Assets		(38,940)	-
Payments for exploration and evaluation		(321,805)	(1,507,695)
<i>Net cash used in investing activities</i>		(282,865)	(2,011,752)
Cash flows from financing activities			
Proceeds from issue of shares	7	1,020,014	-
Share issue transaction costs	7	(50,000)	-
<i>Net cash from financing activities</i>		970,014	-
Net (Decrease)/Increase in cash and cash equivalents		188,023	(2,991,212)
Cash and cash equivalents at the beginning of the financial year		437,806	3,726,304
Effects of exchange rate changes on cash and cash equivalents		(464)	477
Cash and cash equivalents at the end of the financial year		625,365	735,569

The above financial statements should be read in conjunction with the accompanying notes

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Notes to the Financial Statements

Note 1. General Information

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

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 Dr. Vale nº 555, Sala 406,
Bairro Moinhos de Vento
CEP.: 90560-010, Porto Alegre, RS.

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

The financial statements were authorised for issue by the Board of Directors, on 15 March 2023.

Note 2. Significant Accounting Policies

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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.

GOING CONCERN

The financial statements of the Group have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets

and settlement of liabilities in the normal course of business.

During the half-year ended 31 December 2023, the Group incurred a loss after tax of \$825,587 and as of that date, has current assets in excess of current liabilities by \$ 209,028. On 31 December 2023, the Group had a surplus in net assets of \$33,574,338.

On 25 January 2024, the Company announced that it had successfully raised a further \$1.02million via the issue of 73,200,951 shortfall shares at the issue price of \$0.014 per share. Sophisticated and professional investors have committed to take up the shortfall from the entitlement offer originally announced on 4 October 2023. The shortfall placement together with the Entitlement Offer has raised a total of approximately \$1.544million through issue of 110,344,828 new fully paid ordinary shares.

As at the date of this report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern based on the following matters:

- The Group's history of being able to raise funds when required, through capital raising, including the \$1m raised subsequent to year end on 25 January 2023.
- The Group has capacity to manage its activities in the short term to minimise its funding requirements.
- The Directors regularly monitor the Group's cash position and, on an on-going basis, consider capital raisings or other methods to ensure that adequate funding continues to be available.
- The Group finance team have prepared cashflow projections that support the

Group's ability to continue as a going concern. The Directors of the Company consider that the cashflow projections and assumptions are achievable, and in the longer term, significant revenues will be generated from the further commercialisation of the projects, and accordingly, the Group will be able to continue as a going concern.

- The Public Civil Action (PCA) in respect of environmental permitting matter at the Phosphate Project remains ongoing. The outcome, and associated next steps, is not currently determinable, however, Aguiá remains committed to the project and will continue to fight the matter until resolved. Importantly, the matter does not impact the validity of the underlying mining concessions held by the Group.

In forming this view, the directors of the Company have considered the ability of the Company to generate sufficient revenues and raise funds as required by way of future capital raisings.

There are inherent uncertainties associated with growing revenue and the successful completion of capital raisings. Should the directors not be able to manage these inherent uncertainties and successfully secure funding as required, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and therefore continue as a going concern.

In the event that the Group is unable to achieve the above, such circumstances would indicate that a

material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

EXPLORATION AND EVALUATION ASSETS

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

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

The demonstration of the technical feasibility and commercial viability is the point at which management determines that

it will develop the project and is subject to a significant degree of judgement and assessment of all relevant factors. This typically includes, but is not limited to, the completion of an economic feasibility study, the establishment of mineral reserves and the ability to obtain the relevant construction and operating permits for the project.

Note 3. Operating segments

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The consolidated group 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 Maker ('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 is reported to the CODM every two months.

Note 4. Property, Plant & Equipment

	Freehold Land	Other Equipment	Total
Cost or valuation			
At 30 June 2022	1,766,297	164,180	1,930,476
Additions	235,098	50,028	285,126
FX Differences	52,913	4,918	57,831
At 30 June 2023	2,054,309	219,126	2,273,435
Additions	-	38,940	38,940
FX Differences	-66,472	-11,932	-78,404
At 31 December 2023	1,987,837	246,134	2,233,971
Depreciation			
At 30 June 2022	-	84,773	84,773
Depreciation – P&L	-	8,886	8,886
Depreciation – E&E	-	19,671	19,671
FX Differences	-	2,621	2,621
At 30 June 2023	-	115,951	115,951
Depreciation – P&L	-	4,978	4,978
Depreciation – E&E	-	9,836	9,836
FX Differences	-	2,786	2,786
At 31 December 2023	-	133,550	133,550
Net Book Value			
At 30 June 2023	2,054,309	103,175	2,157,484
At 31 December 2023	1,987,837	112,584	2,100,421

Note 5. Non-current Assets - Exploration and Evaluation

	31 DECEMBER 2023	30 JUNE 2023
Brazilian Phosphate project - at cost	47,637,802	47,968,946
Less: Cumulative Impairment	(21,852,634)	(21,852,634)
	25,785,168	26,116,312
Brazilian Copper project - at cost	5,479,670	5,455,445
	31,264,839	31,571,757
		EXPLORATION AND EVALUATION
Balance at 1 July 2023		31,571,757
Additions – Expenditure during the year		321,806
Exchange differences		(628,724)
Balance at 31 December 2023		31,264,839

The carrying value of our Phosphate Project is stated at cost. In November 2022 the Installation Licence (LI) was issued by FEPAM. Due to the existing Public Civil Action around

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the Project permitting, Aguia has decided not to start construction, until the legal proceedings regarding the environmental permitting which is currently under discussion in the Tres Estradas Public Civil Action 'PCA' sponsored by the Brazilian Federal Public Prosecutor's Office (FPP0). Although Aguia had at first a favourable decision, which had been appealed and granted, there is still an injunction request pending of decision that could prevent the Company from starting construction until the court decides. Nevertheless, both the federal prosecutor currently representing the FPP0 in the PCA and the federal trial court judge in charge of the case responded positively to Aguia's attempt to negotiate with all parties involved to resolve the matters under dispute as soon as possible.

A number of meetings have been held to move the settlement negotiations forward between all parties however a settlement was unable to be reached. The matter is now with the federal trial court judge with a number of possible outcomes. Whilst the Group remains positive about a favourable decision the judge's verdict, the next steps that Aguia will need to take in order to progress the project is not currently known.

This matter does not impact the underlying mining concessions or LI and therefore the Group will continue to pursue this matter until the dispute is resolved. Once evidence that all required environmental programs have been implemented, the Operation License (LO) may then be issued and the project can progress, in line with the plans outlined in the Updated Bankable Feasible Study published in March 2023.

Note 6. Current Liabilities - Trade and Other Payables

	31 DECEMBER 2023	30 JUNE 2023
Trade payables	365,537	14,173
Accrued expenses	8,666	17,761
Advances of Future Capital Increases	-	120,016
Other payables	254,024	104,904
	628,227	256,854

Note 7. Equity - Issued Capital

	NUMBER OF SHARES		AUD	
	31 DECEMBER 2023	30 JUNE 2023	31 DECEMBER 2023	30 JUNE 2023
Ordinary shares - fully paid	505,480,888	433,854,253	124,277,557	123,307,543

MOVEMENTS IN ORDINARY SHARE CAPITAL

DETAILS	DATE	SHARES	ISSUE PRICE	AUD
Opening Balance 1 July 2023	1 Jul 2023	433,854,253		123,307,543
Private Placement	27 Sept 2023	34,482,758	\$0.0145	500,000
Entitlement Offer	18 Dec 2023	37,143,877	\$0.0140	520,014
Capital Raise Costs				(50,000)
Closing Balance 31 December 2023	31 Dec 2023	505,480,888		124,277,557

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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.

Note 8. Equity – Reserves

	31 DECEMBER 2023	30 JUNE 2023
Foreign currency reserve	(12,151,921)	(11,432,946)
Share-based payments reserve	6,068,257	5,996,811
Capital contribution reserve	82,185	82,185
	(6,001,479)	(5,353,950)

FOREIGN CURRENCY RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It was also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

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

CAPITAL CONTRIBUTION RESERVE

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

MOVEMENTS IN RESERVES

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

	CAPITAL CONTRIBUTION	SHARE-BASED PAYMENTS	FOREIGN CURRENCY	TOTAL
Balance at 1 July 2023	82,185	5,996,811	(11,432,946)	(5,353,950)
Foreign currency translation	-	-	(718,975)	(718,975)
Share-based payments	-	71,446	-	71,446
Balance at 31 December 2023	82,185	6,068,257	(12,151,921)	(6,001,479)

Note 9. Equity – Dividends

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

Note 10. Key Management Personnel

COMPENSATION

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

	31 DECEMBER 2023	31 DECEMBER 2022
Short-term employee benefits	225,986	271,083
Superannuation	1,340	11,769
Share-based payments	41,449	228,847
	<u>268,775</u>	<u>511,699</u>

Note 11. Related party transactions

PARENT ENTITY

Agua Resources Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 14.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 10.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties.

	31 DECEMBER 2023	31 DECEMBER 2022
Payment for goods and services:		
Payment to Six Degrees for Investor Relations, NED Ben Jarvis is a director of Six Degrees.	15,070	-
Payment to Brooke McConnell, daughter of NED Mr Martin McConnell, for redesign of the Agua website and corporate presentation.	-	260

Note 12. Earnings per share

	31 DECEMBER 2023	31 DECEMBER 2022
Loss after income tax attributable to the owners of Aguia Resources Limited	(825,587)	(1,132,006)
Number of shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	454,430,218	398,874,897
Weighted average number of ordinary shares used in calculating diluted earnings per share	454,430,218	398,874,897
Basic Earnings (Cents)		
Basic	(0.18)	(0.28)
Diluted	(0.18)	(0.28)

Note 13. Commitment

The consolidated entity does not have any significant commitments as at 31 December 2023 other than those already been disclosed in the financial statements.

Note 14. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

NAME	PRINCIPAL PLACE OF BUSINESS /COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		31 DECEMBER 2023	31 DECEMBER 2022
Aguia Mining Pty Ltd	Australia	100.00%	100.00%
Aguia Phosphate Pty Ltd	Australia	100.00%	100.00%
Aguia Potash Pty Ltd	Australia	100.00%	100.00%
Aguia Copper Pty Ltd	Australia	100.00%	100.00%
Aguia Metais Ltda	Brazil	100.00%	100.00%
Potassio do Atlantico Ltda	Brazil	100.00%	100.00%
Aguia Rio Grande Mineracao Ltda	Brazil	100.00%	100.00%
Aguia Fertilizantes S.A. ³	Brazil	49.00%	49.00%

Note 15. Events after reporting date

On 15 January 2024, Aguia announced that Hall Chadwick NSW had been appointed auditor for the Company. The appointment follows the resignation of Ernst & Young with prior written consent received from the Australian Securities & Investment Commission.

On 25 January 2024, Aguia announced the successful completion of a Placement of the Entitlement Offer Shortfall raising approximately \$1.02 million. The funds were raised via the issue of approximately 73,200,951 fully paid Ordinary Shares to sophisticated and institutional

³ The Group considers that it controls Aguia Fertilizantes S.A. even though it owns less than 50% of the voting rights. This is because the parent entity holds a call option over the remaining 51% shares, exercisable at any time at the Group's full discretion at nominal consideration. The Group has current entitlement to 100% of returns and accordingly there is no NCI.

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investors at a price of A\$0.014 per share. The funds will be used for Working Capital and exploration and project development activities related to the Company's Brazilian assets.

On the 14 February 2024, the Company announced the appointment of Tim Hosking as In House Country Manager. Tim brings +15 years of c-suite and project management experience in Brazil, including 12 years as General Manager, South America for ASX-listed oil & gas company Karoon Energy. Mr Hosking is fluent in Portuguese and has overseen direct engagement with investors and policymakers in the Brazilian market.

On the 20 February 2024, the Company released the Bidders Statement in relation to the Takeover Offer by Aguia Resources Limited to acquire all of the shares in Andean Mining Limited. The Consideration offered is Three (3) Aguia shares for every one (1) Andean share. The Aguia Shares offered and issued under the Takeover Offer are to be voluntarily escrowed for the Escrow Period. The Take Over Offer closes on the 8 April 2024, with the Completion of the merger and issue of shares expected to take place on 11 April 2024. The full bidders statement can be found on The Company's website under Aguia>Investors>ASX announcements or by clicking [here](#).

No other matter or circumstance has arisen since 31 December 2023 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.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the 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 2023 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Christina McGrath
Executive Director

15 March 2024



AGUIA RESOURCES LIMITED
 ABN 96 128 256 888
 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
 AGUIA RESOURCES LIMITED AND CONTROLLED ENTITIES

SYDNEY

Level 40
 2 Park Street
 Sydney NSW 2000
 Australia
 Ph: (612) 9263 2600
 Fx: (612) 9263 2800

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aguia Resources Limited (the company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of Aguia Resources Limited 's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$825,587 during the half-year ended 31 December 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000


STEWART THOMPSON
Partner
Dated: 15 March 2024

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