

PROSPECTUS



Agua Resources Limited

ABN 94 128 256 888

A renounceable pro rata entitlement offer to Eligible Shareholders of approximately 49,157,294 New Shares at an issue price of \$0.05 per New Share on the basis of 2 New Shares for every 9 Existing Shares held, together with 1 attaching New Option for every 1 New Share subscribed for, to raise up to approximately \$2.5 million before issue costs (**Entitlement Offer**).

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety with the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. An investment in the New Securities offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the *US Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notices

This Prospectus is dated 1 June 2020 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act) and options to acquire continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering or 'full form' prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer Period on the Company's website at www.aguiarresources.com.au or by contacting the Company. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the relevant Offer Period by contacting the Company. The information on the Company's website does not form part of this Prospectus. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

Foreign jurisdictions

This Prospectus is not, and is not intended to constitute, an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue.

By applying for New Securities, including by submitting an Entitlement and Acceptance Form or making a payment using BPAY® an Applicant represents and warrants that there has been no breach of such laws.

The distribution of this Prospectus and accompanying Entitlement and Acceptance Forms (including electronic copies) outside Australia and New Zealand may be restricted by law and persons who come into possession of these documents should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liability to such persons. Please refer to Section 8.7 for further information.

Risk factors

Potential investors should be aware that subscribing for securities in the Company involves a number of risks. The key risk factors are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Company's securities in the future. An investment in the Company should be considered speculative. Investors should

consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or subscribe for New Securities.

The Company has not authorised any person to give any information or make any representation in connection with an Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon as having been authorised by the Company in connection with this Prospectus.

Statements of past performance

Past performance and pro forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Prospectus may be '*non-IFRS financial information*' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Prospectus.

Forward-looking statements

This Prospectus may contain forward-looking statements been based on current expectations about future acts, events and circumstances, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from

the expectations described in such forward-looking statements.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, except during an offer period and otherwise as required by law, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

Applications

Applications for New Securities offered by this Prospectus can only be made on an original Application Form accompanying this Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of an Offer.

By returning an Application Form, lodging an Application Form with a stockbroker or otherwise arranging for payment of New Securities in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offer to which the Application Form relates and agree to all of the terms and conditions as detailed in this Prospectus.

No cooling-off period

No cooling off rights apply to Applications submitted under the Offers.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offers which is not contained in this Prospectus.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Privacy

Please read the privacy information located in Section 8.15 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Enquiries

Before making a decision about investing in the Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker, or legal, financial or other professional adviser without delay. Should you have any questions about the Entitlement Offer or how to accept the Entitlement Offer, please call the Company Secretary.

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number below. Alternatively, if you have the Securityholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from the Share Registry's secure website at <https://investorcentre.linkmarketservices.com.au/>.

If you have any questions, please call the Company Secretary on + 61 2 9375 7974 at any time between 8.00am and 5.00pm (Sydney time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

Website

To view annual reports, shareholder and other information about the Company, announcements, background information on the Company's operations and historical information, visit the Company's website at www.aguiareources.com.au.

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1. TIMETABLE TO THE OFFERS

| Event | Target Date |
|-------------------------------------------------------------------------------------------------------------------|---------------------|
| Announcement of the Offers and lodgement of this Prospectus | 1 June 2020 |
| Ex date (Shares trade ex entitlement) Rights trading commences on a deferred settlement basis | 3 June 2020 |
| Record date to determine Entitlement (Record Date) | 5 pm on 4 June 2020 |
| Prospectus with Entitlement and Acceptance Form dispatched Entitlement Offer opens for receipt of Applications | 9 June 2020 |
| Rights trading ends | 17 June 2020 |
| Last date to extend the Entitlement Offer | 19 June 2020 |
| Closing Date for acceptances under the Entitlement Offer and Lead Manager Offer | 24 June 2020 |
| Notify ASX of under-subscriptions | 26 June 2020 |
| Issue of New Securities under the Entitlement Offer and Lead Manager Offer Dispatch of holding statements | 30 June 2020 |
| Normal trading of New Shares expected to commence | 1 July 2020 |
| Possible quotation of New Options on ASX | 1 July 2020 |
| Last date to issue Shortfall Securities (see Section 8.6) | 24 September 2020 |

Note: Dates and times in this Prospectus are indicative only and subject to change. All times and dates refer to AEST time. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Offers without prior notice, including extending the Offers or accepting late applications, either generally or in particular cases, or to withdraw the Offers without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. The commencement of quotation of New Shares is subject to confirmation from ASX and the possible quotation of New Options is subject to the Company meeting ASX's quotation conditions.

2. KEY OFFER TERMS

| | Full Subscription |
|--------------------------------------------------------------|-------------------|
| Shares currently on issue ¹ | 221,207,823 |
| Total unquoted Options currently on issue ¹ | 39,175,424 |
| New Shares offered under this Prospectus, on a 2 for 9 basis | 49,157,294 |
| New Options offered on a 1 for 1 New Share basis | 49,157,294 |
| Issue price per New Share | \$0.05 |
| Amount raised under this Prospectus (before costs) | \$2,457,865 |

Note:

1. This assumes no further Shares are issued prior to the Record Date

3. CHAIRMANS LETTER

Dear Shareholder,

On behalf of Aguia's Directors, I am pleased to offer Eligible Shareholders the opportunity to participate in a 2:9 renounceable entitlement offer of New Shares in the Company at an Offer Price of A\$0.05 per New Share together with 1 attaching New Option for every 1 New Share subscribed for, to raise up to approximately \$2.5 million before issue costs.

The funds raised will enable the company to proceed to complete the Installation Licence stage as we advance the Company's Tres Estradas Phosphate Project. Funds will also be used to ensure that our copper assets continue to be maintained in good standing.

Details of your Entitlement

Eligible Shareholders are entitled to subscribe for 2 New Shares for every 9 Existing Shares held at 5.00pm (Sydney time) on 4 June 2020, together with 1 attaching New Option for every 1 New Share subscribed for.

Eligible Shareholders may also apply for Shortfall Securities at the Offer Price in excess of their Entitlement. Shortfall Securities will only be allocated to Eligible Shareholders if available and if and to the extent that the Company so determines, in its absolute discretion. The Company may elect to scale-back applications for Shortfall Securities in its absolute discretion.

Further information

Further information on the Entitlement Offer and Aguia's business is detailed in this Prospectus. You should read the entirety of this Prospectus carefully before deciding whether to participate in the Entitlement Offer. There are risks in investing in the Company, including risks associated with markets generally, and ongoing requirements for additional funding. See section 6 for details. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

Your Board is participating in the capital raise, with each Non-Executive Director participating in full for their entitlement. We look forward to the ongoing support of all Shareholders as we continue on this exciting journey.

The Board recommends the Entitlement Offer to you and looks forward to your support.

Yours sincerely

Christina McGrath
Non-Executive Chairman
AGUIA RESOURCES LIMITED

4. INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Securities.

| Question | Response | Where to find more information |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| What is the Entitlement Offer? | <p>A renounceable entitlement offer to subscribe for 2 New Shares for every 9 Existing Shares held on the Record Date at an issue price of \$0.05, with 1 attaching New Option for every 1 New Share subscribed for.</p> <p>The Entitlement Offer seeks to issue up to approximately 49 million New Shares and 49 million New Options to raise up to approximately \$2.5 million (before costs) if fully subscribed. Up to a further approximately \$5 million may be raised if all New Option to be issued under the Entitlement Offer are exercised.</p> | Section 8 |
| Am I an Eligible Shareholder? | <p>The Entitlement Offer is made to Eligible Shareholders, being Shareholders who:</p> <ul style="list-style-type: none">(a) are the registered holder of Shares as at 5.00pm (Sydney time) on the Record Date; and(b) have a registered address in Australia or New Zealand. | Section 8.4 |
| What is my Entitlement? | <p>Your Entitlement is the right granted to you under the Entitlement Offer to subscribe for 2 New Shares at the Offer Price for every 9 Existing Shares you hold as at the Record Date with 1 attaching New Option for every 1 New Share subscribed for.</p> <p>Your Entitlement will be noted on your personalised Entitlement and Acceptance Form.</p> | |
| What can I do with my Entitlement? | <p>As an Eligible Shareholder, you may do any one of the following:</p> <ul style="list-style-type: none">(a) take up all or part of your Entitlement;(b) take up all of your Entitlement and apply for Shortfall Securities;(c) sell all or part of your Entitlement; or(d) do nothing, in which case you will be deemed to have renounced your Entitlement and your Shareholding will be diluted if New Shares are issued under the Offers. | Section 7 |

| <p>What happens if I am an Ineligible Shareholder?</p> | <p>The Company will not be extending the Entitlement Offer to Ineligible Shareholders. However, for the purposes of Listing Rule 7.7.1(c), the Company has appointed the Lead Manager as nominee to arrange for the sale of the Ineligible Shareholders' Entitlements and to account for the net proceeds of the sale to them.</p> | <p>Section 8.8</p> | | | | | | | | | | | | | | | | | | |
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| <p>How will the proceeds of the Entitlement Offer be used?</p> | <p>The Company will use funds raised under the Entitlement Offer (together with existing cash on hand):</p> <table border="1" data-bbox="491 517 1142 913"> <thead> <tr> <th>Use of funds</th> <th>Full Subscription</th> <th>% of funds raised</th> </tr> </thead> <tbody> <tr> <td>Phosphate Projects</td> <td>850,000</td> <td>34%</td> </tr> <tr> <td>Copper Projects</td> <td>550,000</td> <td>22%</td> </tr> <tr> <td>Corporate and Administration</td> <td>915,000</td> <td>36.6%</td> </tr> <tr> <td>Costs of the Entitlement Offer</td> <td>185,000</td> <td>7.4%</td> </tr> <tr> <td>Total</td> <td>2,500,000</td> <td>100%</td> </tr> </tbody> </table> <p>A further breakdown of the use of funds is set out in Section 5.2.</p> | Use of funds | Full Subscription | % of funds raised | Phosphate Projects | 850,000 | 34% | Copper Projects | 550,000 | 22% | Corporate and Administration | 915,000 | 36.6% | Costs of the Entitlement Offer | 185,000 | 7.4% | Total | 2,500,000 | 100% | <p>Section 5.2</p> |
| Use of funds | Full Subscription | % of funds raised | | | | | | | | | | | | | | | | | | |
| Phosphate Projects | 850,000 | 34% | | | | | | | | | | | | | | | | | | |
| Copper Projects | 550,000 | 22% | | | | | | | | | | | | | | | | | | |
| Corporate and Administration | 915,000 | 36.6% | | | | | | | | | | | | | | | | | | |
| Costs of the Entitlement Offer | 185,000 | 7.4% | | | | | | | | | | | | | | | | | | |
| Total | 2,500,000 | 100% | | | | | | | | | | | | | | | | | | |
| <p>What are the key risks of a subscription under the Entitlement Offer?</p> | <p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <p>The Entitlement Offer and future funding</p> <p>Funds raised from the Entitlement Offer will be used for the purposes mentioned under section 5.2 of the Prospectus. In the event that Full Subscription is not achieved, the Company will prioritise expenditure and allocate available resources on a proportional reduction of activities basis. Whilst the Company believes that Full Subscription will be sufficient to carry out certain activities, additional funding will be required to continue activities. Raising additional capital through an equity raising may be dilutive to existing Shareholders.</p> <p>Additional capital requirements</p> <p>To date, the Company has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in relation to the engagement of consultants, personnel and equipment associated with the continued exploration and development of the Company's properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will continue to require the commitment of</p> | <p>Section 6</p> | | | | | | | | | | | | | | | | | | |

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| | <p>substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.</p> <p>The Company will require significant capital and operating expenditures in connection with the development of its projects and funding of its exploration programs. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of the Company's properties or reduce or terminate some or all of its activities. In the event that the Company completes an equity financing, such financing could be dilutive to current shareholders who invested in the Company at higher share prices and dilutive as compared to the Company's estimated net asset value per share and estimated mineral resource or reserve ounces per share. The Company currently has a negative operating cash flow and finances its mineral exploration activities through equity financing. The Company's financial success will be dependent on the economic viability of its mineral properties and the extent to which it can establish economic operations.</p> <p>Dependence on Outside Parties</p> <p>The Company has historically relied upon advice and input from engineers and other consultants to progress the operations and assets of the Company. The Company intends to rely on these parties for the further exploration, development and construction operations together with local community expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling and economic analysis, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the phosphate from the ore and to develop and build mines. If such contracted parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.</p> <p>Dependence on Key Personnel</p> <p>The Company is reliant on key personnel it has employed or engaged. Loss of such personnel may have a material adverse impact on the performance of the Company. In addition, the recruitment of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations.</p> <p>Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops its projects, the need for skilled labour will increase. The number of persons skilled in the</p> | |
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| | <p>exploration and development of mining properties is limited and competition for this workforce is intense. The development of the projects of the Company and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.</p> <p>Regulatory risk, Government policy</p> <p>Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia and Brazil, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.</p> <p>At present, the mineral properties of the Company are located in Brazil. As a result, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to, currency exchange rates; corruption; price controls; import or export controls; currency remittance; high rates of inflation; labour unrest; renegotiation or nullification of existing permits, applications and contracts; tax disputes; changes in tax policies; restrictions on foreign exchange; changing political conditions; community relations; currency controls; and governmental regulations that may require the awarding of contracts of local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.</p> <p>Changes, if any, in mining or investment policies or shifts in political attitudes in Brazil or other countries in which Aguia may conduct business, may adversely affect the operations of the Company. The Company may become subject to local political unrest or poor community relations that could have a debilitating impact on operations and, at its extreme, could result in damage and injury to personnel and site infrastructure.</p> <p>Failure to comply with applicable laws and regulations may result in enforcement actions and include corrective measures requiring capital expenditures, installing of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.</p> <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Securities.</p> | |
| Is the Entitlement | No - the Entitlement Offer is not underwritten. However, the Company has appointed Mahe Capital as lead manager of the Entitlement Offer. | Section 8.3 |

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|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Offer underwritten? | | |
| What will be the effect of the Offers on control of the Company? | The effect of the Entitlement Offer on control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders and the number of Shortfall Securities placed in the Shortfall Offer. No Shareholder may increase their voting power above 20% as a result of the Offers. | Section 5.5 |
| What is the effect of the Offers on the Company? | The maximum number of New Shares and New Options that will be issued under the Offer is 50,857,294 New Shares and 55,857,294 New Options, representing 18.7% of the issued share capital and 58.78% of the option capital of the Company on completion of the Offers respectively. | Section 5.4 |
| Can I apply for New Shares and New Options in excess of my Entitlement? | Yes, you can apply for New Shares and New Options in excess of your Entitlement. | |
| How do I apply for New Securities and Shortfall Securities under the Entitlement Offer? | Applications for New Securities and Shortfall Securities can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY® in the amount of Entitlement and Shortfall Securities applied for. | Section 7.2 |
| How will the Shortfall Securities be allocated? | Eligible Shareholders can apply for Shortfall Securities. The Directors reserve the right to place any Shortfall Securities at their discretion within 3 months of the Closing Date. | Section 8.6 |
| How do I accept the Entitlement Offer? | If you are within Australia or New Zealand and you have an account with an Australian financial institution that supports BPAY® payments, you may pay your Application Monies via BPAY®. Alternatively, you may complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form. | Section 7.9 |
| Is the Entitlement Offer subject to Shareholder approval? | No, shareholder approval is not required for the Entitlement Offer. | |
| How can I obtain further advice? | Contact the Company Secretary on +61 2 9375 7974 at any time between 8.00am and 5.00pm (Sydney time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser. | |

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Introduction

The Company is seeking to raise up to approximately \$2.5 million before issue costs under the Entitlement Offer at a price of \$0.05 per New Share on the basis of 2 New Shares for every 9 Existing Shares held as at the Record Date, with 1 attaching New Option for every 1 New Share subscribed for.

Shareholders may, in addition to their Entitlement apply for Shortfall Securities at the Offer Price.

5.2 Purpose of the Offers

The Directors intend to apply the proceeds from the Entitlement Offer together with existing cash on hand as follows:

| Use of funds | Full Subscription | % of funds raised |
|-------------------------------------------------|-------------------|-------------------|
| Phosphate Projects | 850,000 | 34% |
| Labour | 115,000 | 4.6% |
| Property (claims and land fee) | 75,000 | 3.0% |
| Technical studies | 265,000 | 10.6% |
| ESHS (environmental, social, health and safety) | 280,000 | 11.2% |
| Other expenses | 115,000 | 4.6% |
| Copper Projects | 550,000 | 22% |
| Labour | 20,000 | 0.2% |
| Property (claims and land fee) | 480,000 | 19.2% |
| Technical studies | 30,000 | 1.2% |
| Other expenses | 20,000 | 0.8% |
| Corporate and Administration | 915,000 | 36.6% |
| Costs of the Entitlement Offer | 185,000 | 7.4% |
| Total use of funds | 2,500,000 | 100% |

Notes:

1. This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
2. In the event that the Company is not successful in raising funds at the Full Subscription level under the Prospectus, the Company will prioritise expenditure and allocate available resources on a proportional reduction of activities basis.
3. Corporate and Administration includes general working capital which is intended to accelerate and/or extend/continue the above initiatives as required, and other corporate administration and operating costs (including directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs). Corporate and Administration also includes a provision for an instalment payment of the Andrade option agreement which was announced on 28 February 2019.
4. See section 10.5 for further details relating to the estimated expenses of the Entitlement Offer. Please note that in addition to the costs of the Entitlement Offer, the Lead Manager is entitled to issued 2 New Options for every \$1 raised under the Entitlement Offer and a 5% shortfall placement fee on funds placed under the Shortfall Offer. Please refer to Section 8.3(d) for further information.

5.3 Statement of financial position

Set out in section 13 is the reviewed consolidated statement of financial position of the Company as at 31 December 2019, the unaudited consolidated statement of financial position as at 31 March 2020 and the unaudited pro-forma statement of financial position as at 31 March 2020, and on the basis of the following assumptions:

- (a) the Entitlement Offer was effective on 31 March 2020;
- (b) the placement of 9,128,126 Shares and 4,564,063 Options under the placement announced to ASX on 22 April 2020 (**Placement**) to raise \$730,250 was effective on 31 March 2020;

- (c) other than under the Placement, and scrip consideration for services rendered in that Placement, no further Shares are issued other than all New Shares offered under this Prospectus (including that no Options on issue are exercised); and
- (d) take up of the Entitlement Offer assuming Full Subscription is received.

The pro-forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in section 13. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro-forma statement is indicative only and is not intended to be a statement of the Company's current or future financial position.

5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offers the capital structure of the Company will be:

| Shares | Full Subscription | |
|-------------------------------------------------------|--------------------|-------------|
| | Number | % |
| Existing Shares | 221,207,823 | 81.3% |
| New Shares offered under this Prospectus ¹ | 50,857,294 | 18.7% |
| Total Shares | 272,065,117 | 100% |

Notes:

- This includes New Shares that may be issued to the Lead Manager (or its nominee) if it exercises its right to subscribe for scrip in consideration of the lead manager fee and management fee accordance with the Lead Manager Mandate. Please refer to Sections 8.3 and 8.4 for further information.

Assuming that no further Options are issued prior to the Record Date, at the close of the Offers, the number of Options on issue will be:

| Options | Full Subscription | |
|-------------------------------------------------------------------|-------------------|-------------|
| | Number | % |
| Unlisted Options exercisable at \$0.64 expiring 2 June 2020 | 120,000 | 0.13% |
| Unlisted Options exercisable at C\$0.65 expiring 30 June 2020 | 13,180,418 | 13.87% |
| Unlisted Options exercisable at \$0.54 expiring 28 July 2020 | 150,000 | 0.16% |
| Unlisted Options exercisable at \$0.60 expiring 5 December 2020 | 7,520,000 | 7.91% |
| Unlisted Options exercisable at C\$0.60 expiring 12 April 2021 | 7,142,900 | 7.52% |
| Unlisted Options exercisable at \$0.12 expiring 30 June 2021 | 697,233 | 0.73% |
| Unlisted Options exercisable at \$0.14 expiring 5 April 2022 | 300,000 | 0.32% |
| Unlisted Options exercisable at \$0.16 expiring 20 April 2022 | 4,564,063 | 4.80% |
| Unlisted Options exercisable at \$0.23 expiring 31 October 2024 | 5,000,000 | 5.26% |
| Unlisted Options exercisable at \$0.15 expiring 23 September 2021 | 500,810 | 0.53% |
| New Options to be offered under the Entitlement Offer | 49,157,294 | 51.73% |
| New Options to be issued to the Lead Manager ¹ | 6,700,000 | 7.05% |
| Total Options | 95,032,718 | 100% |

Note:

- Per the Lead Manager Mandate, the Lead Manager (or its nominee) is entitled to be issued 2 New Options for every \$1 raised under the Entitlement Offer and is entitled to subscribe for up to 1,700,000 New Options if it exercises its right to

subscribe for scrip in consideration of the lead manager fee and management fee. Please refer to Sections 8.3 and 8.4 for further information.

5.5 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

For the purposes of Listing Rule 7.7.1(c), the Company has appointed a nominee to arrange for the sale of the renounceable entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale. The Company has not appointed a nominee in accordance with section 615 of the Corporations Act, as no person will acquire a relevant interest in 20% or more of the Company's Shares as a result of the Offers. For further information please refer to Section 8.8.

5.6 Dilution

Shareholders who do not participate in the Entitlement Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued or Options exercised:

| Holder | Holding at Record Date | | Entitlement | Holding following the Entitlement Offer if no Entitlement taken up | |
|--------|------------------------|--------|-------------|--------------------------------------------------------------------|--------|
| | Number | % | | Number | % |
| 1 | 221,207 | 0.1 | 49,157 | 221,207 | 0.08% |
| 2 | 2,212,078 | 1.0 | 491,572 | 2,212,078 | 0.81%] |
| 3 | 22,120,782 | 10.00 | 4,915,729 | 22,120,782 | 8.13%] |
| 4 | 221,207,823 | 100.00 | 49,157,294 | 221,207,823 | 81.30% |

6. RISK FACTORS

This section identifies the major risks the Board has identified regarding an investment in the Company. The Company's business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements will be achieved. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's prospects, and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Before deciding to invest in the Company, potential investors should:

- (a) read the entire Prospectus;
- (b) consider the assumptions underlying any forward looking statements;
- (c) review these factors in light of their personal circumstances; and
- (d) seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

6.2 Risks specific to the Entitlement Offer

(a) The Entitlement Offer and future funding

Funds raised from the Entitlement Offer will be used for the purposes mentioned under section 5.2 of the Prospectus. In the event that Full Subscription is not achieved, the Company will prioritise expenditure and allocate available resources on a proportional reduction of activities basis. Whilst the Company believes that Full Subscription will be sufficient to carry out certain activities, additional funding will be required to continue activities. Raising additional capital through an equity raising may be dilutive to existing Shareholders.

(b) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.6 above.

6.3 Specific Investment Risks

(a) COVID-19 impact on operations

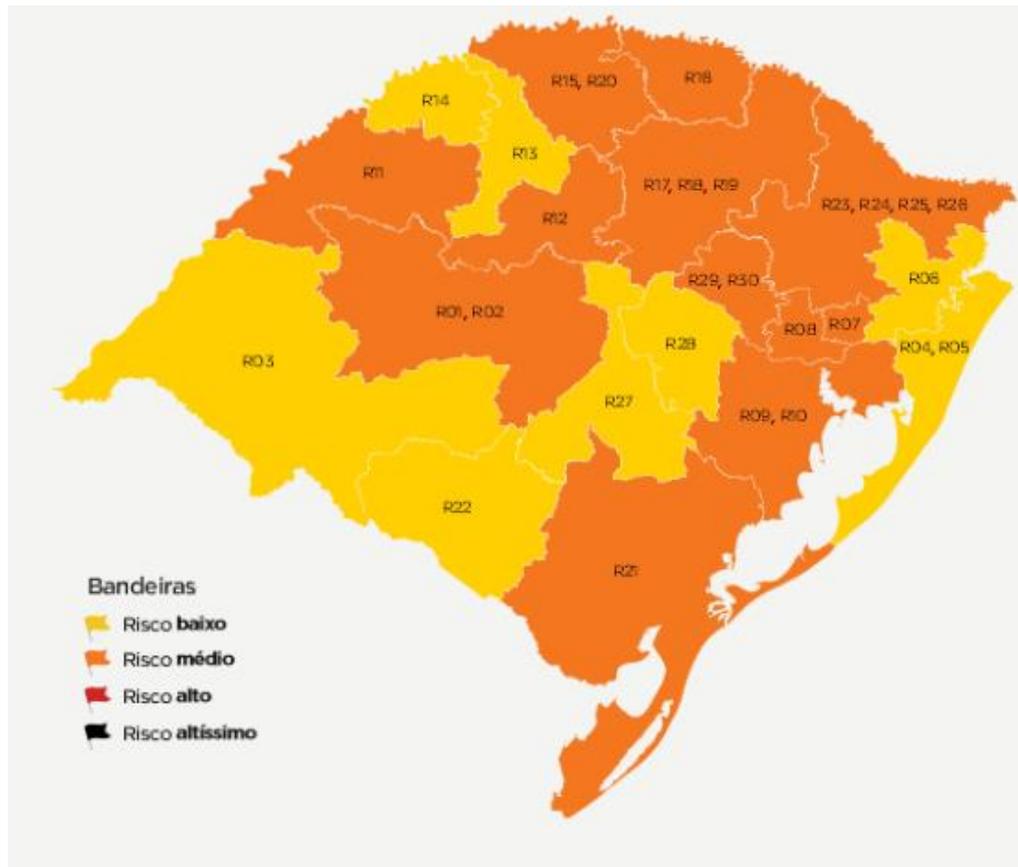
In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to several other countries and infections have been reported globally, including in the State of Rio Grande do Sul, Brazil where the Company operates its business.

Rio Grande do Sul is the southernmost state of Brazil bordering Argentina and Uruguay with a population of about 11.3 million, and as of 28 May 2020 has reported 8,234 COVID-19 cases with 213 fatalities.

The State Government has responsibility for containing the spread of the COVID-19 and acted in mid-March to implement a strict quarantine and closed the international borders with Uruguay and Argentina.

The State Government has subsequently mapped the distribution of the cases across the State and developed a risk matrix for all the municipalities based on a number of factors including the number of intensive care units, availability of resources, etc.

The different regions of the State of Rio Grande do Sul have been classified according to a colour code reflecting their COVID-19 risk: yellow (low risk), orange (medium risk), red (high risk) and black (extremely high risk).



As per the map (which is the risk assessment for the week ending on 31 May 2020) above, most of the State is only classified in the low and medium risk groups and there is no high or extremely high risk. This map is continuously updated to reflect the everchanging situation and is being closely monitored by the Company.

When the State entered into quarantine, the Company immediately suspended all field activities, only allowing home office work. On 18 May 2020, the Governor of the State announced an easing of the quarantine rules with shopping centres, restaurants and others reopening provided some precautions are taken, for example, the use of masks.

For more detailed information please access the Rio Grande do Sul Government page: <https://coronavirus.rs.gov.br/inicial>.

(b) **Dependence on Outside Parties**

The Company has historically relied upon advice and input from engineers and other consultants to progress the operations and assets of the Company. The Company intends to rely on these parties for the further exploration, development and construction operations together with local community expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling and economic analysis, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the phosphate from the ore and to develop and build mines. If such contracted parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

(c) **Dependence on Key Personnel**

The Company is reliant on key personnel it has employed or engaged. Loss of such personnel may have a material adverse impact on the performance of the Company. In addition, the recruitment of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations.

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops its projects, the need for skilled labour will increase. The number

of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development of the projects of the Company and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.

(d) **Additional capital requirements**

To date, the Company has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in relation to the engagement of consultants, personnel and equipment associated with the continued exploration and development of the Company's properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will continue to require the commitment of substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

The Company will require significant capital and operating expenditures in connection with the development of its projects and funding of its exploration programs. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of the Company's properties or reduce or terminate some or all of its activities. In the event that the Company completes an equity financing, such financing could be dilutive to current shareholders who invested in the Company at higher share prices and dilutive as compared to the Company's estimated net asset value per share and estimated mineral resource or reserve ounces per share. The Company currently has a negative operating cash flow and finances its mineral exploration activities through equity financing. The Company's financial success will be dependent on the economic viability of its mineral properties and the extent to which it can establish economic operations.

(e) **Regulatory risk, Government policy**

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia and Brazil, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

At present, the mineral properties of the Company are located in Brazil. As a result, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to, currency exchange rates; corruption; price controls; import or export controls; currency remittance; high rates of inflation; labour unrest; renegotiation or nullification of existing permits, applications and contracts; tax disputes; changes in tax policies; restrictions on foreign exchange; changing political conditions; community relations; currency controls; and governmental regulations that may require the awarding of contracts of local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitudes in Brazil or other countries in which Aguaia may conduct business, may adversely affect the operations of the Company. The Company may become subject to local political unrest or poor community relations that could have a debilitating impact on operations and, at its extreme, could result in damage and injury to personnel and site infrastructure.

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

(f) **Foreign mining tax regimes**

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be assessed, which could result in significant additional taxes, penalties and interest. In addition, proposed changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Company, which would have a negative impact on the financial results of the Company. **Competition**

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Company's operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's results of operations and business.

(g) **Fluctuations in prices**

The price of commodities fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. Future serious price declines in the market value of copper and phosphate could cause the continued development of, and eventually the commercial production from, the Company's projects and the Company's other properties to be rendered uneconomic. Depending on prevailing prices the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities are produced, a profitable market will exist for it.

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(h) **Insurance arrangements**

The Company maintains adequate insurance for its operations within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

(i) **Cost estimates, permit timing and project economics**

The Company's costs, production, returns, payback and other financial and economic performance are dependent on a number of factors, including currency exchange rates, the price of commodities, the cost of inputs used in mining development and operations, timing of obtaining all required permits and approvals, timing of obtaining all necessary financing and events that affect cost and production levels that are not in the Company's control. The Company's actual costs may vary from estimates for a variety of reasons, including changing waste-to-ore ratios, ore grade, metallurgy, labour and other input costs, commodity prices, general inflationary pressures and currency exchange rates. Failure to achieve cost estimates or other economic performance metrics or material increases in costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. As a result of the substantial expenditures involved in development projects, development projects are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

A project's development schedules are also dependent on obtaining the governmental approvals and permits necessary for operation of a project. The timeline to obtain these government approvals and permits is often beyond the control of the Company. It is not unusual in the mining industry, especially in a jurisdiction like Brazil, for new mining operations to experience construction challenges or delays and unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. Given the inherent risks and uncertainties associated with the development of a new mine, there can be no assurance that the construction will commence or proceed in accordance with expectation.

(j) **Currency fluctuations**

Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs in its operations. The appreciation of the Brazilian Real against the USD may impact the costs of phosphate production as international phosphate prices fluctuate, which could materially and adversely affect the Company's earnings and financial condition.

(k) **Exploration and development risk**

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

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralisation is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore. Further, there is no certainty that even greater expenditures relating to economic analysis or to development will result in a commercially viable project.

(l) **Resource estimate risks**

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

In addition, mineral reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore may differ from estimated levels. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its mineral reserve estimates from time to time or may render the Company's mineral reserves uneconomic to exploit.

(m) **Licences and Permits, Laws and Regulations**

The Company's exploration and potential development activities, including mine, mill and infrastructure facilities, require permits and approvals from various government authorities,

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

The costs and potential delays associated with obtaining or maintaining the necessary authorisations and licences and complying with these authorisations, licences and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of its project. Any failure to comply with applicable laws, regulations, authorisations or licences, even if inadvertent, could result in interruption or termination of exploration, development or mining operations or logistics operations, or material fines, penalties or other liabilities that could have a material adverse effect on the Company's business, reputation, properties, results of operations, financial condition, prospects or community relations.

Claims, lawsuits and injunctions may be brought by parties looking to prevent the Company from advancing its projects. The Company can make no assurance that it will be able to maintain or obtain any or all of the required mineral licences and authorisations on a timely basis, if at all. There is no assurance that it will obtain the corresponding mining concessions, or that if they are granted, that the process will not be heavily contested and thus costly and time consuming to the Company. Any such failure may have a material adverse effect on the Company's business, results of operations and financial condition.

(n) **Title**

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in its properties indirectly through exploration permits and exploration applications. Title to, and the area of, the permits may be disputed, or applications may lapse. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties. The Company may need to acquire title to additional surface rights and property interests to further exploration and development activities. There can be no assurances that the Company will be able to acquire such additional surface rights. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely affecting financial performance of the Company.

(o) **Environmental and Compliance Issues**

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

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

ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards.

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

In addition, it is possible that future changes in applicable laws, regulations and authorisations or changes in enforcement or regulatory interpretation could have a significant impact on the Company's activities. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the Company's or its subsidiaries' financial capabilities.

(p) **Corruption and Bribery Laws**

The Company's operations are governed by, and involve interactions with, many levels of government in Australia and Brazil. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents.

Although the Company has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors or third-party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation and results of its operations.

(q) **Business risks**

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of the Company's operations.

(r) **Contractual risk**

The Company's ability to efficiently conduct its operations is in part dependent upon a third-party product and service providers. Contracts with these parties have, in some circumstances, been entered into by the Company and its subsidiaries. As in any contractual relationship the ability for the Company to ultimately receive benefits from these contracts is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third-party defaults in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

(s) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making these types of investments.

(t) **Inherent mining risks**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices will affect successful project development.

6.4 General Investment Risks

(a) General economic climate

The Company's future can be affected by factors beyond its control such as supply and demand for its goods and services, and general economic conditions.

(b) Additional requirements for capital

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity financing or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.

(c) Insurance risks

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(d) Market risk and interest rate volatility

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

(e) Competition

There is a risk that the Company will not be able to continue to compete in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(f) Share market

There are general risks associated with an investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(g) Liquidity risk

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

(h) Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

6.5 Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

7. ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see Section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see Section 7.3);
- (c) sell all of your Entitlement (see Section 7.4);
- (d) take up part of your Entitlement and sell the balance (see Section 7.5);
- (e) take up part of your Entitlement and transfer the balance other than on ASX (see Section 7.6);
or
- (f) allow all or part of your Entitlement to lapse (see Section 7.7).

7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares and attaching New Options offered by this Prospectus before deciding to apply for New Shares and New Options. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares and attaching New Options you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for Shortfall Securities

Eligible Shareholders who take up their Entitlement in full, may, in addition to their Entitlement, apply for Shortfall Securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.6 for details of the manner in which Shortfall Securities will be allocated.

A cheque, bank draft or money order should be used for the application money for your Entitlement and the number of Shortfall Securities you wish to apply for as stated on the Entitlement and Acceptance Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY® must ensure that payment is received by no later than 5.00pm (Sydney time) on 24 June 2020.

Any refund of application monies will be returned to Applicants as soon as practicable following the issue of all Shortfall Securities.

7.4 Sell all of your Entitlement

Refer to the section within the box on the front of the Entitlement and Acceptance Form (which accompanies this Prospectus) regarding the full or partial sale of your Entitlement through your stockbroker and follow those instructions as soon as possible.

Rights trading will commence (on a deferred settlement basis) on ASX on 3 June 2020. Sale of your Rights must be completed by 17 June 2020 when Rights trading is expected to cease.

7.5 Take up part of your Entitlement and sell the balance on ASX

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and follow the instructions on the front of the form within the box relating to selling your shares via your stockbroker.

Cash will not be accepted and no receipts will be issued.

Rights trading will commence (on a deferred settlement basis) on ASX on 3 June 2020. Sale of your Rights must be completed by 17 June 2020 when Rights trading is expected to cease.

7.6 Take up part of your Entitlement and transfer the balance other than on ASX

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Share Registry) together with your personalised Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate application money to reach the Company's share registry (at the postal address shown below), by 5pm (Sydney time) on 24 June 2020.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

7.7 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Securities and your Entitlement will become Shortfall Securities.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.8 Payment methods

BPAY®

If you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY® do not need to complete and return the Entitlement and Acceptance Form; however, must ensure that payment is received by no later than 5.00pm (Sydney time) on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5.00pm (Sydney time) on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

Cheque, bank draft or money order:

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Aguia Resources Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.05 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company via their Share Registry at the following addresses by no later than 5.00pm (Sydney time) on the Closing Date:

By Post To:

Agua Resources Limited

c/ Link Market Services Limited

GPO Box 3560

Sydney NSW 2001

7.9 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application monies, or by making a payment in respect of an Application by BPAY®, constitutes a binding offer to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY®, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) acknowledge that you have fully read and understood both this Prospectus (particularly the risks set out in Section 6) and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- (b) agree to be bound by the terms of the Entitlement Offer;
- (c) authorise the Company to register you as the holder(s) of New Securities issued to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (g) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (i) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (j) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledge that the New Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act;

- (l) acknowledge that the Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Securities; and
- (m) understand that if the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Securities. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more New Securities than is indicated by the amount of the application monies received by the Company.

8. DETAILS OF THE OFFERS

8.1 Securities offered for subscription

The Company is undertaking a renounceable pro rata offer to Eligible Shareholders on the basis of 2 New Shares for every 9 Existing Shares held as at the Record Date at a price of \$0.05 per New Share, with 1 New Option for every 1 New Share subscribed for, to raise up to approximately \$2.5 million before issue costs. Fractional entitlements will be rounded up to the nearest whole number.

The Entitlement Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Securities are set out at Section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares offered under this Prospectus are summarised in Section 9.1.

The rights and liabilities of the New Options offered under this Prospectus are summarised in Section 9.2

8.2 Acceptances

The Entitlement Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer Period or close the Entitlement Offer early.

Instructions for accepting your Entitlement are set out in Section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.3 Lead Manager arrangements

The Company has entered into an offer management mandate with Mahe Capital (**Lead Manager**), who has agreed to manage the Entitlement Offer and the Shortfall Offer on certain terms and conditions contained in the mandate letter, dated 13 May 2020, (**Lead Manager Mandate**) and subject to the following conditions precedents:

- (a) the right of the Lead Manager to participate in the due diligence, review relevant documents associated with the Entitlement Offer and the satisfactory outcome of such review and process;
- (b) the legal sign-off provided by the Company's legal adviser for the benefit of and addressed to the Lead Manager confirming satisfactory outcome of the due diligence process and the Prospectus' compliance with the Corporations Act; and
- (c) the Lead Manager signing a consent to be named lead manager.

Under the Lead Manager Mandate:

- (d) the Lead Manager will receive from the Company remuneration in the form of:
 - (i) 2 options for every \$1 raised under the Entitlement Offer, on the same terms as those offered under the Offer as detailed in Section 9.2 of this Prospectus;
 - (ii) a lead manager fee equal to \$60,000 and the right for the Lead Manager (or its nominee) to subscribe for scrip in fulfilment of that fee;
 - (iii) a management fee of 1% of the total amount raised under the Entitlement Offer and the right for the Lead Manager (or its nominee) to subscribe for scrip in fulfilment of that fee;
 - (iv) a shortfall placement fee of 5% of any shortfall placed under the Shortfall Offer, including any additional amount that might be placed under the Company's 15% placement capacity; and
 - (v) payment of any expenses associated with the Entitlement Offer including legal fees for the Lead Manager's legal advisors, travel, accommodation, communication, couriers and other;
- (e) the Company has given certain representations, warranties and undertakings in connection with the Entitlement Offer;

- (f) the Company has agreed that the Lead Manager will act as lead manager in any capital raising undertaken by the Company within six months of completion of the Entitlement Offer;
- (g) the Company has agreed, to indemnify the Lead Manager, their related or associated bodies corporate, and their directors, officers, employees and agents and hold them harmless against any and all material losses, claims, actions, suits, proceedings, damages, liabilities and expenses arising out of or in connection with the services rendered by the Lead Manager to the Company;
- (h) the Lead Manager will not, without the prior consent of the Company, disclose any confidential information to any person, other than its affiliates and its affiliates' respective officers, directors, employees, representatives, auditors and advisors;
- (i) the Company may terminate the Lead Manager Mandate at any time before any offers have been made to any person or party by providing two days' notice to the Lead Manager in writing of its intention to do so;
- (j) the Lead Manager may terminate the Lead Manager Mandate at any time by providing two days' notice in writing of its intention to do so to the Company or if any of the following events occur:
 - (i) the Company defaults in relation to any term of the Lead Manager Mandate;
 - (ii) any information provided to the Lead Manager contains a false or a misleading statement;
 - (iii) the All Ordinaries Index falls 7% or more below the closing level on the date of the Lead Manager Mandate;
 - (iv) the price of COMEX gold or the price of NYEX WTI crude oil fall 7% or more below the closing level on the date of the Lead Manager Mandate;
 - (v) any representations or warranties made by the Company are or become untrue; or
 - (vi) the conditions precedent at section 8.3(a), 8.3(b) and 8.3(c) are not satisfied by 30 June 2020.

If the Lead Manager Mandate is terminated by either the Company or the Lead Manager in accordance with its terms, the Lead Manager will be entitled to receive a termination fee of \$30,000; and

- (k) the Lead Manager has the right to publish, at its own expense, after giving the Company a reasonable opportunity to comment on the form and content thereof, such advertisements or announcements relating to the services provided by the Lead Manager under the Lead Manager Mandate.

8.4 Lead Manager Offer

By this Prospectus, the Company also invites the Lead Manager (or its nominee) to apply for the following New Securities:

- (a) 2 New Options for every \$1 raised under the Entitlement Offer for no consideration;
- (b) up to \$60,000 worth of New Securities under the Entitlement Offer for payment of lead manager fee; and
- (c) an amount of New Securities equivalent to 1% of the total amount raised under the Entitlement Offer,

(together the **Lead Manager Offer**).

Under the Lead Manager Offer, the Company offers to the Lead Manager (or its nominee) to subscribe for those New Securities, opening on the same date as the Entitlement Offer and closing at 7.00pm (Sydney time) on 24 June 2020.

8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5.00pm (Sydney time) on the Record Date; and

- (b) have a registered address in Australia or New Zealand.

8.6 Shortfall

Any New Securities not applied for under the Entitlement Offer will become Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in circumstances which do not require the offer for Shortfall Securities or this Prospectus to be registered.

It is possible that there may be no Shortfall Securities available for issue.

Subject to the above, the Directors reserve the right at their absolute discretion and subject to the Corporations Act and Listing Rules, to:

- (a) issue Shortfall Securities at their discretion by applying a policy of allocating Shortfall Securities in a manner that is in the Company's best interests; and
- (b) to reject any application for Shortfall Securities or to issue a lesser number of Shortfall Securities than that applied for.

It is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the closing date of the Shortfall Offer being 24 September 2020.

8.7 Applicants outside of Australia

(a) General

This Prospectus does not constitute an offer of New Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offers.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued New Securities. Return of a duly completed Entitlement and Acceptance Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

The Company has not taken any action to register or qualify the New Securities or an Offer, or otherwise to permit a public offering of the New Securities, in any jurisdiction outside Australia.

(b) New Zealand resident Eligible Shareholders

The New Securities offered under the Entitlement Offer pursuant to this Prospectus are not being offered or sold to the public within New Zealand other than to Eligible Shareholders with registered addresses in New Zealand and to whom the Entitlement Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand).

This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(c) **Other overseas resident Shareholders**

This Prospectus may not be released or distributed in any country other than Australia and New Zealand.

8.8 Treatment of Ineligible Shareholders and sale of Ineligible Shareholders' Entitlement

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Entitlement Offer. No action has been taken to register or qualify the New Securities or the Entitlement Offer or otherwise to permit an offering of the New Securities in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

For the purposes of Listing Rule 7.7.1(c), the Company has appointed the Lead Manager as nominee to arrange for the sale of the Ineligible Shareholders' Entitlements and to account to them for the net proceeds of the sale. The Company will then distribute to each of those Ineligible Shareholders their proportion of the sale net of expenses.

The proceeds of sale (in Australian dollars) will be distributed to the Ineligible Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale). There is no guarantee the Lead Manager will be able to sell Ineligible Shareholders' Entitlements and if so at what price.

8.9 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Entitlement Offer summarised in section 8.7 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Securities does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

8.10 Allotment and application money

New Securities will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Securities will be issued on 30 June 2020 and normal trading of the New Shares on ASX is expected to commence on 1 July 2020.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Securities are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.11 Quotation

(a) New Shares

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

(b) New Options

The New Options will not be quoted on the ASX. However, if in the future the Company is able to meet the requirements to quote the New Options on the ASX, it will apply for such quotation at that time.

Whilst the Company intends to seek quotation of the New Options in the future, it makes no guarantee that such quotation will be granted by the ASX. The fact that ASX may agree to grant Official Quotation of the New Options is not to be taken in any way as an indication of the merits of the Company or its Securities.

8.12 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

| | 3 month high | 3 month low | Last market sale price |
|------------|--------------|---------------|------------------------|
| Price (\$) | \$0.120 | \$0.059 | \$0.068 |
| Date | 4 May 2020 | 12 March 2020 | 29 May 2020 |

8.13 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Securities issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.14 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation

positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offers. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offers.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Securities under this Prospectus.

8.15 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.16 Enquiries

Any queries regarding the Offers or Entitlement and Acceptance Form should be directed to the Company Secretary on +61 2 9375 7974.

You can also contact your stockbroker or professional adviser with any queries in relation to the Entitlement Offer.

9. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 Rights and liability attaching to New Shares

Full details of the rights and liabilities attaching to the New Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the New Shares. Full details of the rights and liabilities attaching to the New Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office.

(a) **Voting Rights**

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

(b) **Dividends**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve. The Directors may determine the method and time for payment of the dividend.

(c) **Winding up**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company the liquidator may, with the sanction of a special resolution, divide among the members whole or any part of the property of the Company.

(d) **Transfer of Shares**

Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules, or under the Company's Constitution.

(e) **Further Increases in Capital**

Subject to the Corporations Act, and the ASX Listing Rules, and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) **Variation of Rights**

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(g) **Meetings and Notices**

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

9.2 Rights and liability attaching to New Options

The terms and conditions of the New Options are as follows:

- (a) Each New Option shall entitle the Option holder, when exercised, to one Share.
- (b) The New Options are exercisable wholly or in part at any time prior to 5.00 pm (AEST) on the date that is three years after the issue date of the New Options (**Expiry Date**). New Options not exercised by that date shall lapse.
- (c) Each New Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the New Options are exercised, at any time before the Expiry Date. Any notice of exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt.
- (d) The New Option exercise price is A\$0.10 per New Option.
- (e) Shares issued upon exercise of the New Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respect with the then issued Shares.
- (f) Application will be made to ASX for official quotation by ASX of all Shares allotted pursuant to the exercise of New Options not later than 10 business days after the date of allotment.
- (g) Subject to the Corporations Act, the Constitution and the Listing Rules, the New Options are freely transferable.
- (h) There are no participating rights or entitlements inherent in the New Options and Option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 Business Days after the issue is announced so as to give Option holders the opportunity to exercise their New Options before the date for determining entitlements to participate in any issue.
- (i) If at any time the issued capital of the Company is reorganised, the rights of an Option holder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

10. ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus. The New Options will not be quoted on the ASX. However, if in the future the Company is able to meet the requirements to quote the New Options on the ASX, it will apply for such quotation at that time upon satisfaction of the quotation conditions. The New Options are options to subscribe for continuously quoted securities (i.e. Shares).

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2019 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information:

- (a) that has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to New Shares.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial statements of the Company for the financial year ended 30 June 2019 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;

- (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
- (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from asx.com.au.

The Company has lodged the following announcements with ASX since the lodgement of the Company's 2019 annual report to shareholders on 22 October 2019:

| Date | Description of ASX Announcement |
|------------------|-------------------------------------------------------------|
| 22 October 2019 | Appendix 4G and Corporate Governance Statement |
| 24 October 2019 | Final Director's Interest Notice |
| 30 October 2019 | Notice of Annual General Meeting/Proxy Form |
| 30 October 2019 | Quarterly Report and Appendix 5B |
| 13 November 2019 | Exploration Update at Carlota |
| 14 November 2019 | Interim Financial Statements to 30 September 2019 |
| 14 November 2019 | Management Discussion and Analysis |
| 14 November 2019 | Initial Director's Interest Notice |
| 15 November 2019 | Response to ASX Appendix 5B Query |
| 21 November 2019 | Appendix 3B |
| 21 November 2019 | Cleansing Notice |
| 26 November 2019 | Company and Project Presentation |
| 26 November 2019 | Change of Address |
| 29 November 2019 | 2019 AGM Chair's Address |
| 29 November 2019 | 2019 AGM Managing Director's Presentation |
| 29 November 2019 | Results of Meeting |
| 2 December 2019 | Exploration Update - Geophysics Results |
| 2 December 2019 | Trading Halt |
| 4 December 2019 | Agua Private Placement |
| 5 December 2019 | Constitution |
| 5 December 2019 | Securities Trading Policy |
| 23 December 2019 | Settlement of Placement & Appendix 3B |
| 23 December 2019 | Cleansing Notice |
| 27 December 2019 | Correction to Appendix 3B |
| 27 December 2019 | Appendix 3B - issue of options |
| 6 January 2020 | Change of Director's Interest Notice x 5 |
| 17 January 2020 | Agua Commences Exploration Drilling |
| 31 January 2020 | Quarterly Activities Report |
| 31 January 2020 | Quarterly Cashflow Report |
| 4 April 2020 | Response to ASX Appendix 5B Query |
| 7 February 2020 | Non Executive Director Resignation |
| 12 February 2020 | Scoping Study of Tres Estradas Confirms Excellent Economics |
| 13 February 2020 | Final Director's Interest Notice |
| 13 February 2020 | Half Yearly Report and Accounts |

| | |
|------------------|----------------------------------------------------------------|
| 13 February 2020 | Management's Discussion and Analysis |
| 6 March 2020 | Drilling Confirms Extension of High-Grade Copper Zone |
| 12 March 2020 | AGR Investor Presentation March 2020 |
| 16 March 2020 | Agriculture in Southern Brazil the AGR TEP Project Environment |
| 17 March 2020 | AGR TRES ESTRADAS PHOSPHATE PROJECT UPDATE |
| 19 March 2020 | POSITIVE RESULTS FROM AGRONOMIC TESTS ON TE PHOSPHATE |
| 31 March 2020 | APPOINTMENT OF HIGHLY EXPERIENCED FERTILIZER EXPERT |
| 3 April 2020 | Addendum to New Scoping Study Released 12 February 2020 |
| 6 April 2020 | BRDE Gives Support to Fund 50% of TE Phosphate Project CAPEX |
| 6 April 2020 | AGR Investor Update Webinar |
| 7 April 2020 | Update on the Installation License for TE Phosphate Project |
| 14 April 2020 | Trading Halt |
| 17 April 2020 | Non Executive Director Resignation |
| 20 April 2020 | Suspension from Official Quotation |
| 22 April 2020 | Agua Resources Private Placement |
| 22 April 2020 | Reinstatement to Official Quotation |
| 22 April 2020 | Proposed issue of Securities - AGR |
| 22 April 2020 | Lapsing of options |
| 22 April 2020 | Final Director's Interest Notice |
| 24 April 2020 | Appendix 2A |
| 24 April 2020 | Appendix 3G |
| 24 April 2020 | Cleansing Notice |
| 30 April 2020 | Quarterly Activities Report |
| 30 April 2020 | Quarterly Cashflow Report |
| 8 May 2020 | Interim Financial Statements to 31 March 2020 |
| 8 May 2020 | Management Discussion & Analysis |
| 25 May 2020 | Proposed issue of securities - AGR |
| 26 May 2020 | Appendix 2A |
| 26 May 2020 | Appendix 3G |
| 26 May 2020 | Cleansing Notice |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offers.

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company as set out below.

| Director | Shares | Options | Entitlement |
|--------------------|------------------------|------------------------|-------------|
| Fernando Tallarico | 137,143 | 5,000,000 ¹ | 30,476 |
| Christina McGrath | 1,052,000 ² | 571,429 ³ | 233,777 |
| Martin McConnell | 304,317 ⁴ | 526,786 ⁵ | 67,626 |

Notes:

- 1,000,000 unlisted options exercisable at \$0.60 per option expiring on 5 December 2020 and 4,000,000 unlisted options exercisable at \$0.23 per option expiring on 31 October 2024.
- 1,052,000 shares held by Houtskar Pty Ltd as trustee for Footie Superannuation Fund.
- 71,429 unlisted options exercisable at C\$0.60 per option expiring on 12 April 2021 and 500,000 unlisted options exercisable at \$0.23 per option expiring on 31 October 2024. All options held by Houtskar Pty Ltd as trustee for Footie Superannuation Fund.
- 46,104 shares held directly, 66,099 shares held by Allambie Pty Ltd as trustee for McConnell Family Trust, 192,114 shares held by Allambie Pty Ltd as trustee for McConnell Superannuation Fund.
- 12,500 unlisted options exercisable at C\$0.65 per option expiring on 30 June 2020, 14,286 unlisted options exercisable at C\$0.60 per option expiring on 12 April 2021 and 500,000 unlisted options exercisable at \$0.23 per option expiring on 31 October 2024. All options held by Allambie Pty Ltd as trustee for McConnell Superannuation Fund.

Both Non-Executive Directors (Ms Christina McGrath and Mr Martin McConnell) have advised the Company that they intend to take up their Entitlement in full.

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in a general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in their capacity as a Director of the Company.

The Directors' total remuneration for the 2018 and 2019 financial years, together with the anticipated remuneration of the Directors for the current financial year are set out in the table below:

| Director | Remuneration for FY2018 | Remuneration for FY2019 | Current financial year |
|---------------------------------|-------------------------|-------------------------|------------------------|
| Fernando Tallarico ¹ | Nil | Nil | \$240,000 |
| Christina McGrath ² | Nil | \$3,911 | \$65,000 |
| Martin McConnell ³ | Nil | \$2,707 | \$45,000 |

Notes:

- Fernando Tallarico was appointed as Managing Director on 16 October 2019. Previously, Mr Tallarico served as the technical director of the Company.
- Christina McGrath was appointed as a director on 11 June 2019.
- Martin McConnell was appointed as a director on 11 June 2019.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers.

Mahe Capital is acting as lead manager to the Entitlement Offer. The fees to be paid for this service are set out in Section 8.3. Mahe Capital has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

Allion Partners Pty Ltd has acted as solicitor to the Offers. In respect of this work, the Company will pay approximately \$17,000 exclusive of GST. Subsequent fees will be paid in accordance with normal hourly rates. Allion Partners has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

| Name | Role |
|-----------------|---------------------------|
| Mahe Capital | Lead Manager to the Offer |
| Allion Partners | Solicitors to the Offer |

10.5 Expenses of the Offers

The total (cash) expenses of the Offers (assuming Full Subscription and no further New Shares are issued or New Options exercised) are estimated to be up to \$185,000, consisting of the following:

| Cost ¹ | \$ |
|--------------------------------------|----------------|
| Legal fees | 17,000 |
| ASX and ASIC fees | 52,500 |
| Capital raising fees ² | 85,000 |
| Printing, postage and other expenses | 30,500 |
| Total | 185,000 |

Note:

1. These expenses have or will be paid by the Company.
2. In addition, the Lead Manager is entitled to be issued 2 New Options for every \$1 raised under the Entitlement Offer and a 5% shortfall placement fee on funds placed under the Shortfall Offer. Please refer to Section 8.3(d) for further information.

10.6 Litigation

As at the date of this Prospectus, the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other material legal proceedings pending or threatened against the Company.

11. **DIRECTORS' STATEMENT**

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:



Fernando Tallarico
Managing Director

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars means Australian dollars unless otherwise stated.

Applicant means a person who submits a valid Application Form pursuant to this Prospectus.

Application means a valid application made on an Application Form to subscribe for New Securities pursuant to this Prospectus.

Application Form means an Entitlement and Acceptance Form and the Shortfall Application Form, or any one or more of those forms as the case may be.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, except any day that ASX declares is not a business day.

C\$ means Canadian dollars.

Closing Date means the date set out in section 1.

Company or **Agua** means Agua Resources Limited (ACN 128 256 888).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Shareholders means a Shareholder as at the Record Date with a registered address in Australia or New Zealand.

Entitlement or **Right** means a Shareholder's entitlement to subscribe for New Securities offered by this Prospectus.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form attached to this Prospectus.

Entitlement Offer means the renounceable pro rata entitlement offer to Eligible Shareholders of approximately 49,157,294 New Shares at an issue price of \$0.05 per New Share on the basis of 2 New Shares for every 9 Existing Shares held, together with 1 attaching New Option for every 1 New Share subscribed for, to raise up to approximately \$2.5 million before issue costs.

Existing Share means a Share issued as at 5.00pm (Sydney time) on the Record Date.

Full Subscription means approximately \$2.5 million before costs.

Ineligible Shareholder means a Shareholder at the Record Date who is not an Eligible Shareholder.

Lead Manager has the meaning given in Section 8.3.

Lead Manager Offer has the meaning given in Section 8.4.

Listing Rules means the listing rules of the ASX.

Mahe Capital means Mahe Capital Pty Ltd (ABN 91 634 087 684).

New Option means an Option on the terms set out in section 9.2 and offered under this Prospectus.

New Securities means the Securities offered under this Prospectus.

New Shares means Shares issued pursuant to this Prospectus.

Offers means the Entitlement Offer, the Shortfall Offer and the Lead Manager Offer, or any one or more of those offers as the case may be.

Offer Price means the issue price per New Share being \$0.05.

Offer Period means the period that the Entitlement Offer is open, being the period between the Opening Date and the Closing Date.

Official List means the official list of the ASX.

Opening Date means the date set out in section 1.

Option means an option to subscribe for a Share.

Prospectus means this Prospectus and includes the electronic prospectus.

Record Date means the date set out in section 1.

Securities has the meaning given to that term in section 761A of the Corporations Act and includes a Share and an Option.

Share means a fully paid ordinary share in the Company.

Shareholder means the registered holder of Shares in the Company.

Share Registry means Link Market Services Limited as set out in the Corporate Directory.

Shortfall Application Form means the shortfall application form attached to this Prospectus.

Shortfall Offer has the meaning given in Section 8.6.

Shortfall Securities means New Securities offered under the Offer for which valid Applications have not been received and accepted by the Closing Date.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the *United States Securities Act of 1933*, as amended.

13. PRO FORMA STATEMENT OF FINANCIAL POSITION

| | 31 December 2019 (reviewed) | 31 March 2020 (unaudited) | April Private placement | Full subscription | Proforma Balance (unaudited) Full subscription |
|--------------------------------------|-----------------------------------|---------------------------------|----------------------------|----------------------|----------------------------------------------------------------|
| | A\$ | A\$ | A\$ | A\$ | A\$ |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 1,813,133 | 477,711 | 730,250 | 2,500,000 | 3,707,961* |
| Trade and other receivables | 71,647 | 33,263 | | - | 33,263 |
| Other assets | 60,051 | 62,625 | | - | 62,625 |
| Total Current Assets | 1,944,831 | 573,600 | 730,250 | 2,500,000 | 3,803,850 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 49,730 | 180,806 | | - | 180,806 |
| Exploration and evaluation asset | 35,323,329 | 35,083,135 | | - | 35,083,135 |
| Right of Use Asset | - | - | | - | - |
| Total Non-Current Assets | 35,373,059 | 35,263,941 | | | 35,263,941 |
| TOTAL ASSETS | 37,317,890 | 35,837,541 | 730,250 | 2,500,000 | 39,067,791 |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 579,837 | 456,969 | | - | 456,969 |
| Derivative financial instruments | 21,429 | - | | - | - |
| Lease Liabilities | - | - | | - | - |
| Total Current Liabilities | 601,266 | 456,969 | | | 456,969 |
| NON-CURRENT LIABILITIES | | | | | |
| Lease Liabilities | - | - | | - | - |
| Total Non-Current Liabilities | - | - | | | - |
| TOTAL LIABILITIES | 601,266 | 456,969 | | | 456,969 |
| NET ASSETS | 36,716,624 | 35,380,574 | 730,250 | 2,500,000 | 38,610,824 |
| EQUITY | | | | | |
| Issued capital | 110,799,461 | 110,799,461 | 730,250 | 2,500,000 | 114,029,711 |
| Reserves | (6,388,364) | (7,093,711) | | - | (7,093,711) |
| Accumulated losses | (67,694,473) | (68,325,176) | | - | (68,325,176) |
| TOTAL EQUITY | 36,716,624 | 35,380,574 | 730,250 | 2,500,000 | 38,610,824 |

* The pro-forma cash and cash equivalents line item will be reduced by the costs of the Entitlement Offer. For further details please refer to Section 10.5.

Corporate Directory

Directors

Christina McGrath, Non-Executive Chairman
Fernando Tallarico, Managing Director
Martin McConnell, Non-Executive Director

Company Secretary

Sarah Prince

Registered Office

Agua Resources Limited
Level 12, 680 George Street
Sydney NSW 2000

Lead Manager

Mahe Capital Pty Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000

Solicitor to the Offer

Allion Partners Pty Ltd
863 Hay Street
Perth WA 6000

Auditor*

Ernst & Young
200 George Street
Sydney NSW 2000

Share Registry*

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.