

Corporate Governance Statement – 2020

This Corporate Governance Statement sets out the Company's current compliance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. However, the Company is required to provide a statement as part of its annual report disclosing the extent to which the Company has followed the Principles and Recommendations.

The Board of the Company currently has in place corporate governance policies and charters which have been posted in a dedicated corporate governance information section on the Company's website at <http://aguiaresources.com.au/>

	PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
1	Lay solid foundations for management and oversight		
1.1	Companies should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	The respective roles and responsibilities of the Board and management are defined under the Board Charter, a copy of which is available on the Company's website. There is a clear delineation between the Board's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon officers of the Company.
1.2	Companies should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	The process for selection, appointment, and re-appointment of directors is detailed in the Board Charter, a copy of which is available on the Company's website. As part of the approval of a director at a general meeting by shareholders, the Company provides shareholders with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a director including, biographical details, qualifications, a statement as to whether the Board supports the nomination of the director and the degree of independence of the director and, details of any existing directorships held.

1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company requires each director and senior executive to execute a written agreement setting out the terms of their appointment.
1.4	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The company secretary is Sarah Prince, who reports directly to the chair of the Board, Christina McGrath. The role of the company secretary is outlined in the Board Charter, a copy of which is available on the Company's website.
1.5	<p>Companies should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's</p>	<p>No in respect to (a), (b) and part of (c). Yes in respect to part of (c)</p>	<p>Due to the Company's size and nature of operations, the Board has not developed a diversity policy, nor has the Board set measurable objectives for achieving gender diversity.</p> <p>At present, and as at 30 June 2020, the Board comprises 3 directors, one of whom is female (representing 33.3% of the Board). Of the three senior executives (defined as a direct report to the MD) none are female.</p>

	most recent “Gender Equality Indicators”, as defined in and published under that Act.		
1.6	<p>Companies should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>Under the Board Charter, the Board is required to regularly review and evaluate the performance of the Board, its Committees and individual directors against the relevant charters, corporate governance policies, and agreed goals and objectives (as applicable).</p> <p>No formal performance evaluation was undertaken in the most recent reporting period, however the Board has committed to undertaking a formal review during the period ended 30 June 2021.</p>
1.7	<p>Companies should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The Non-Executive Directors (NEDs) annually assess the performance of the Managing Director (MD) according to agreed performance indicators. Where areas for improvement are identified, the NEDs direct actions and implement strategies to put into effect appropriate improvements. The MD is responsible for assessing the performance of his direct reports and identifying areas for improvement and strategies designed to implement appropriate improvements. The MD consults the Board regarding the remuneration of the senior executives, including any bonus or proposed issue under the Company’s employee share plan. During the year, the performance of the MD and senior executives were assessed, areas for improvement identified and strategies adopted to implement improvements.</p>
2	Structure the board to add value		
2.1	<p>The board should:</p> <p>(a) have a nomination committee which:</p>	Yes	<p>The Board has determined that given the size of the Board and Company, a separate Remuneration and Nomination Committee is not required.</p> <p>The processes employed by the Board as a whole in lieu of a Remuneration and Nomination Committee are set out in the</p>

	<p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<p>Board Charter, a copy of which is available on the Company's website.</p> <p>These processes include regular (at least annual) consideration of the skills, knowledge, experience, independence and diversity on the Board to enable it to discharge its duties and responsibilities effectively. As part of such consideration the Directors consider succession planning at both Board and executive level.</p>
<p>2.2</p>	<p>Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Yes</p>	<p>The Board has prepared and considered a board skills matrix assessing the current skills and diversity of the Board and its needs going forward.</p> <p>The current directors have the following skills:</p> <ul style="list-style-type: none"> • Fernando Tallarico – PhD Geology, extensive experience in exploration and the mining industry in Brazil; 10 years' experience in the Company. • Martin McConnell – Finance executive with extensive global investment banking experience over many years including financing mining projects in Brazil.

			<ul style="list-style-type: none"> Christina McGrath – Lawyer – extensive commercial and corporate experience in law and management. <p>As the Company grows from an exploration only company into a production company the Board may seek to complement the current skill base, for example with someone with commercial mining experience and knowledge of mineral production.</p> <p>The Board considers there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the Company and the nature of its operations.</p>
2.3	<p>Companies should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	<p>The Company assesses the independence of its directors against the requirements for independence set out in the Board Charter which reflect the independence criteria set out in the ASX Corporate Governance Principles (4th Edition).</p> <p>Director independence is initially assessed upon each director's appointment and reviewed each year, or as required when a new personal interest or conflict of interest is disclosed. Directors are required to disclose all actual or potential conflicts of interest on an ongoing basis.</p> <p>Of the current directors, Christina McGrath and Martin McConnell are the directors considered by the Board to be independent for ASX purposes.</p> <p>Fernando Tallarico who commenced as MD on 16 October 2019 is not considered independent.</p> <p>The length of service of each director on the Board, is as follows:</p> <ul style="list-style-type: none"> Christina McGrath: 11 June 2019 - present Martin McConnell: 11 June 2019 - present

			<ul style="list-style-type: none"> • Fernando Tallarico: 16 October 2019 - present
2.4	A majority of the board should be independent directors.	Yes	The current Board composition is three directors, two of whom are considered independent.
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the CEO.	Yes	<p>The roles of Chair and MD are exercised by two separate individuals and have been throughout the reporting period.</p> <p>The Chair of the Board is Christina McGrath. Ms McGrath is considered an independent director for ASX purposes.</p> <p>The role of MD is held by Fernando Tallarico (appointed 16 October 2019). Prior to Mr Tallarico's appointment the Mr David Shearwood acted as Executive Director and prior to Mr Shearwood's appointment Mr Justin Reid acted in the role of Managing Director (resigned 19 July 2019).</p>
2.6	Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	<p>The Company's Board is responsible for establishing and facilitating induction for new directors and providing new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board.</p> <p>To this end, and as a part of their induction, three new Board members undertook a visit to the Company's principal place of business in Port Alegre Brazil in July 2019. The induction process included site visits, a meeting with the Governor of Rio Grande Du Sol and the respective Mayors of Cacapava and Lavras and meetings with all of the Company's Brazilian executives and geologists, as well as our Brazilian based lawyers and communication consultants. The timing of the visit was such that we were also able to meet with potential Brazilian joint venture partners.</p> <p>The Company's Board is also responsible for providing directors with access to continuing education for directors for</p>

			the purpose of updating and maintaining their skills and knowledge to perform their roles as directors effectively.
3	Act ethically and responsibly		
3.1	<p>Companies should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	The Company has adopted a Code of Conduct which applies to all directors, officers and employees of the Company as well as a Securities Trading Policy. Each of these policies are available on the Company's website.
4	Safeguard integrity in corporate reporting		
4.1	<p>The board should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>	Yes in response to 4.1(a) (2), (3), (4) and (5). No in response to 4.1(a)(1).	<p>The Company has established an Audit and Risk Committee to oversee the management of financial and internal risks.</p> <p>The Audit and Risk Management Committee currently consists of Mr McConnell as Committee Chair and Ms McGrath. All members of the Committee are independent non-executive directors. The Committee Chair, Mr McConnell is an independent director who is not the Chair of the Board.</p> <p>The Audit and Risk Management Committee is governed by an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website.</p> <p>The relevant qualifications and experience of the members of the committee, the number of times the committee met and the individual attendances of the members at those meetings is set out in the Directors' Report.</p> <p>The TSX rules mandate it as a requirement for a member Company to establish an Audit and Risk Committee. As the Company is no longer listed on the TSX and given the size of the company and the size of the Board, the Board has</p>

	(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		determined that the roles and responsibilities of the Audit and Risk Committee will be included in the Board's Annual Agenda in future.
4.2	The board should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Prior to the Board approving the Company's financial statements, including the Company's accounts to 30 June 2020, the Board ensures that it receives from the CEO and General Manager Finance a declaration that, in their opinion, the financial records of the entity have been properly maintained, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	Companies should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company requires its external auditor to attend its AGM to answer any questions from shareholders relevant to the audit.
5	Make timely and balanced disclosure		
5.1	Companies should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	The Company is committed to taking a proactive approach to continuous disclosure and creating a culture within the Company that promotes and facilitates compliance with the Company's continuous disclosure obligations. The Company has adopted a written policy to ensure compliance with its ASX Listing Rule disclosure obligations. A copy of the Company's Market Disclosure Policy is available on its website. The Company has appointed the Company Secretary as the reporting officer and the ASX liaison officer. However, the

			Board retains ultimate responsibility for compliance with the Company's continuous disclosure obligations.
6	Respect the rights of security holders		
6.1	Companies should provide information about itself and its governance to investors via its website.	Yes	The Company provides investors with comprehensive and timely access to information about itself and its governance on its website, including copies of the Board and committee charters and key corporate governance policies, copies of all material information lodged with ASX, copies of all announcements, briefings and speeches made to the market, analysts or the media, press releases or announcements made by the Company, financial data for the Company, the Company's annual reports and notices of shareholder meetings.
6.2	Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company seeks to utilise numerous modes of communication, including electronic communication to ensure that its communication with shareholders is frequent, clear and accessible. The Company also encourages shareholder communication with the Company and invites shareholders to submit questions in advance of the Company's annual general meeting.
6.3	Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	All shareholders are invited to attend the Company's general meetings either in person or by representative. Shareholders have an opportunity at the annual general meeting to submit questions to the Board or the Company's external auditor.
6.4	Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company encourages shareholders to submit questions or requests for information directly to the Company via the Company's website. The Company also encourages shareholders to submit any questions related to their shareholdings in the Company to the Company's share registry with the share registry's contact details available on

			the Company's website.
7	Recognise and manage risk		
7.1	<p>Companies should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Yes in response to 7.1(a) (2), (3), (4) and (5). No in response to 7.1(a)(1).</p>	<p>The Audit and Risk Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board on these matters.</p> <p>The Audit and Risk Committee currently consists of Mr McConnell as Committee Chair and Ms McGrath. All members of the Committee are independent non-executive directors. The Committee Chair, Mr McConnell is an independent director who is not the Chair of the Board.</p> <p>The Audit and Risk Committee is governed by an Audit and Risk Committee Charter, a copy of which is available on the Company's website.</p> <p>The Board has conferred responsibility on the Company's management to develop and maintain a risk management program and internal control systems which identify material risks in light of the day to day needs of the Company.</p> <p>The Board is responsible for oversight of the overall system of internal control and provides final consideration and direction on any risk management issues.</p> <p>The number of times the committee met and the individual attendances of the members at those meetings is set out in the Directors' Report.</p> <p>The TSX rules mandate it as a requirement for a member Company to establish an Audit and Risk Committee. As the Company is no longer listed on the TSX and given the size of the company and the size of the Board, the Board has determined that the roles and responsibilities of the Audit and Risk Committee will be included in the Board's Annual Agenda in future.</p>

7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Audit and Risk Committee is responsible for the regular review and evaluation of the effectiveness of the Company's risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.</p> <p>The division of responsibility between the Board, Audit and Risk Committee and management aims to ensure that specific responsibilities for risk management are clearly communicated and understood.</p> <p>The Company updated its Risk Management Matrix during the reporting period and, given the re-structure of the Company and the de-listing from the TSX, determined that in future the day to day responsibility for the management of risks rests with the Managing Director who will provide regular updates to the Board. Given the size of the Company and that it is currently a single project company the Board is in regular and ongoing dialogue with the Managing Director and GM Phosphate on potential risks to the success of the project.</p>
7.3	<p>Companies should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	Yes in respect to 7.3(b)	<p>Due to the Company's current size and business circumstances, the Company does not have an internal audit function. The Company will reconsider this decision as appropriate and appoint an internal auditor if, and when, the Company considers this necessary.</p> <p>Under its charter, the Audit and Risk Committee Charter is responsible providing an independent and objective assessment to the Board regarding the adequacy, effectiveness and efficiency of the Company's risk management and internal control process.</p>
7.4	<p>Companies should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p><u>Economic:</u> The Company operates in Brazil and receives financial input from Australia. There is always a potential risk of exchange rate movement. However in the 10 years of operation</p>

		<p>in Brazil the local currency, Brazilian Real has never been at parity to the Australian dollar and today in about R\$ 3.5 to AUD 1.</p> <p>The Company is heading towards construction of its Tres Estradas Phosphate project which has a Capital Cost of approximately AUD\$11 Million, of which 50% is proposed to be debt funded through a preliminary approved facility from BRDE (The Southern Brazil Development Bank). The remaining 50% of the Capital Cost will be via equity which will be required to be separately raised. There is always a risk associated with a capital raise.</p> <p><u>Social:</u> The Company has engaged Nano, a communication firm based in Porto Alegre, to develop an intense program with the local society of Lavras do Sul to educate and explain in detail our Phosphate Project. Several workshops and outreaches with the local community were organized in the past 3 years and resulted in massive support of the society to the project that was decisively expressed in the Public Hearing, that was organized by the Environmental Agency as part of the permitting process.</p> <p><u>Environmental:</u> The Company engaged independent firm Golder to perform the EIA – Environmental Impact Assessment – of our Phosphate Project. This extensive program took more than 2 years to be completed and covered every single aspect of the Directly Affected Area of the Project and also included a social-economic and an archaeological survey. The results of this program were all filed at the State Environmental Agency as part of the permitting process and resulted in the granting of the LP, the first stage and more complex level of the permitting process.</p> <p>The Company is planning to produce the resource through a Direct Application Natural Fertilizer process (DANF), which does not require any water resources for its production, does not require the addition of chemicals and does not generate</p>
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			any tailings. This results in a very environmentally friendly process and product.
8	Remunerate fairly and responsibly		
8.1	<p>Companies should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>The Board has determined that given the size of the Board and Company, a separate Remuneration and Nomination Committee is not required.</p> <p>The processes employed by the Board as a whole in lieu of a Remuneration and Nomination Committee are set out in the Board Charter, a copy of which is available on the Company's website.</p> <p>These processes include approving the Company's remuneration framework, policies and the MD's remuneration, ensuring the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.</p>
8.2	Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The Board as a whole is responsible for approving the Company's remuneration framework, policies and the MD's remuneration and ensuring the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.

			Policies and practices regarding remuneration of non-executive directors, executive directors and senior executives are set out in the Company's Remuneration Report, which forms part of the Directors' Report.
8.3	<p>A company which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company has adopted a Securities Trading Policy which provides that participants must not engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities.</p> <p>A copy of the Securities Trading Policy is available on the Company's website.</p>