Aguia Resources Limited

ABN 94 128 256 888

Interim Report - 31 December 2012

Aguia Resources Limited
Corporate directory
31 December 2012

Directors	Graham Ascough - Non-Executive Chairman Simon Taylor - Managing Director and CEO Dr Fernando Tallarico - Technical Director Allan Pickett - Non-Executive Director David Gower - Non-Executive Director
Company secretary	Andrew Bursill
Registered office	Suite 4 Level 9 341 George St Sydney NSW 2000 Tel. +61 2 9299 9690 Fax. +61 2 9299 9629
Principal place of business	Level 10 131 Macquarie Street Sydney NSW 2000
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel. + 61 2 8280 7111 Fax. +61 2 9287 0303
Auditor	Deloitte Touche Tohmatsu
Solicitors	Addisons Lawyers
Bankers	National Australia Bank
Stock exchange listing	Aguia Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AGR)
Website	www.aguiaresources.com.au

REVIEW OF OPERATIONS

During the half-year ended 31 December 2012, the Company continued its efforts on its phosphate projects in Brazil.

Phosphate

At the Três Estradas ("TE") phosphate project, programmes of diamond and reverse circulation drilling were completed. The aims of these programmes are to:

- Expand the initial JORC compliant inferred resource (21Mt @ 4.6% P_2O_5) as reported in the Company's announcement to the ASX dated 15 June 2012, through a 21 hole diamond drilling programme targeting mineralisation below 100 metres depth
- Test, define and upgrade the JORC compliant resource category of the higher grade oxide zone that extends from surface to up to 20m depth with a 50 x 50 metre drill pattern

The programs have returned excellent results, confirming and increasing the confidence in the high grade oxide zone and returning wide zones of primary mineralisation from diamond drilling, which is still open at depth.

- Some significant results from the oxide zone include:
    - **28m grading 14.3% P_2O_5 from surface**
    - **30m grading 13.6% P_2O_5 from surface**
    - **30m grading 11.5% P_2O_5 from surface**

Results further emphasise the opportunity to initiate early start up by mining and processing of the high grade oxide zone that extends from surface. An early start up would provide cash flow to fund ongoing capital expenditure and development of the project.

The Company has also completed a 2nd stage beneficiation testwork programme at the University of Sao Paulo. Further optimisation of the flotation process was aimed at increasing concentrate grades from samples of oxide, primary and a test blending the near surface higher grade oxidised carbonate and amphibolite host material - as this would be mined first providing an early cash flow.

- This work returned very encouraging results, and indicates the potential to produce a commercial concentrate using industry standard methods and reagents.
- Results have increased concentrate grades in all sample types with grades of up to:
    - **36.0% P_2O_5 from carbonatite oxide material**
    - **35.9% P_2O_5 from oxide blend (carbonatite and amphibolite)**
    - **31.4% P_2O_5 from fresh primary material**

The TE project is one of two projects in the Rio Grande do Sul area in southern Brazil for which Aguia has an option agreement to acquire 100% from Companhia Brasiliera do Cobre ("CBC"). The second of these is the Joca Tavares Project ("JT") located 41 kilometres east-south-east, which shows similar carbonatite characteristics and is yet to be drill tested.

The projects show early stage signs similar to the carbonatite style hosted phosphate deposits mined by Vale within Brazil, examples include the Araxa (Reserve: 88.7 Mt @ 11.12% P_2O_5) and Cajati (Reserve: 85.1 Mt @ 5.45% P_2O_5) operations.

Following the discovery of the TE deposit in November 2011 the Company applied for an additional 13 target areas in the region based on similar geological and magnetic signatures to the TE discovery. Tenements covering seven of these targets were granted and the Company announced in January 2013 the discovery of the Porteira prospect that has returned outcropping carbonatites and surface rock chip sample assays up to 11.00% P_2O_5. This is considered significant and demonstrates the prospectivity of the region for further phosphate discoveries.

REVIEW OF OPERATIONS

The Company signed a term sheet to enter into an exclusive option agreement with IAMGOLD Corporation ("IAMGOLD") to acquire 100% of 27,342 hectares of tenements that are contiguous with and along the strike to the southwest from the TE project.

At the Lucena Project, the Company has completed a 21 hole, 1,700m diamond drilling program to test three priority targets defined by the 28 hole, 2,115m drilling programme completed in late 2011. Seventeen of the Stage 2 holes intersected phosphate mineralisation, with grades of up to 15.97% P_2O_5 being intersected.

The Mata da Corda Phosphate Project (MCPP), located in Minas Gerais State is held in a joint venture with Vicenza Mineração e Participações S.A. ("Vicenza") who is the operator and has an option to acquire 70% of the project.

Vincenza are currently concentrating activities on three targets, Presidente Olegario, Monjolinhos and São Bento. Work during the period has included geological mapping and rock chip sampling, with assays up to 22.83% P_2O_5 being received.

Late in the period Vincenza commenced a 4,000m drilling programme over the three targets, and also plan a 800m programme over the Capacete target, defined in earlier work by Aguia.

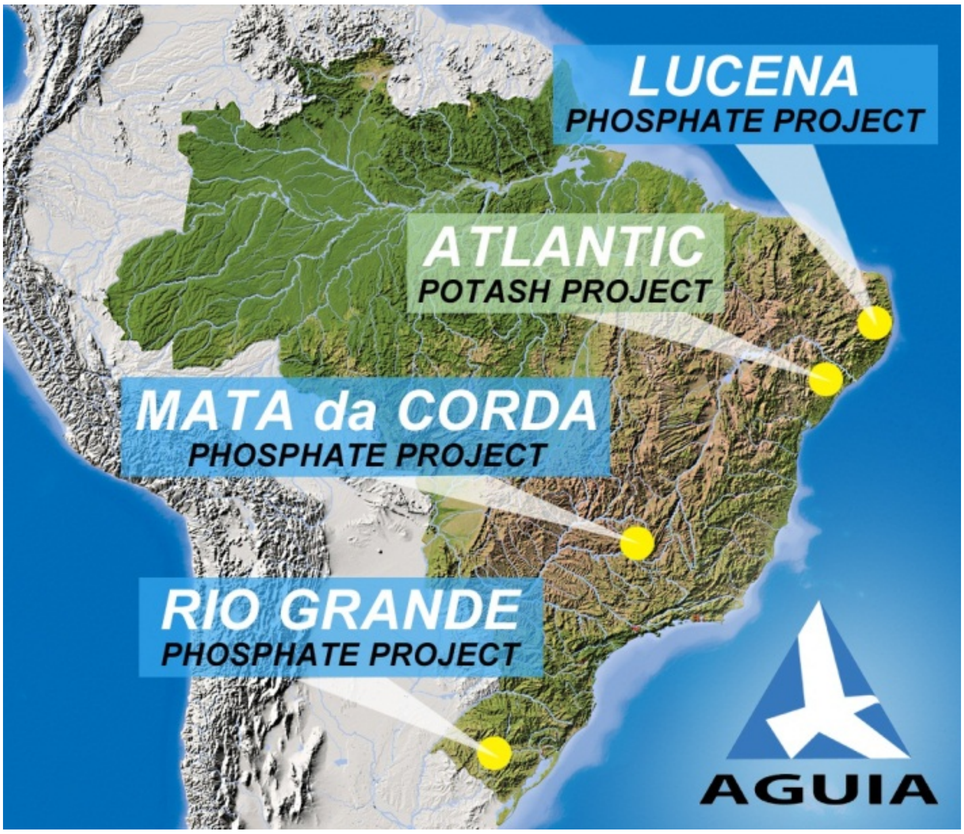
Potash

At the Atlantic potash project, adjacent to Brazil's only operating potash mine (within the Sergipe Basin), the Company is continuing a review of the project for planning purposes.

Near Term Focus

The Company will continue its efforts to commercialise its flagship TE phosphate project through resource expansion, upgrade drilling and further phosphate beneficiation optimisation test work.

Figure 1: Location of Aguia Projects, Brazil



REVIEW OF OPERATIONS

Capital Raising

On 13th November 2012 the Company issued 15.9 million shares at a price of $0.16 per Share to professional and sophisticated investors raising $2.545m before costs.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario. Dr Tallarico is a full-time employee of Aguia Resources Limited. Dr Tallarico has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Dr Tallarico consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Aguia Resources Limited
Directors' report
31 December 2012

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Aguia Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2012.

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

Graham Ascough
Simon Taylor
Dr Fernando Tallarico
Allan Pickett
David Gower (appointed 30 November 2012)

Principal activities
The principal activities during the half-year of the consolidated entity were the continued exploration and development of resource projects, predominately phosphate and potash in Brazil, and investment in the resources sector. No significant change in the nature of these activities occurred during the half-year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,148,302 (31 December 2011: $7,185,594).

A review of operations is set out at the front of this report.

Dividends
There was no dividend paid during the half-year ended 31 December 2012.

Events after the reporting period
On 15 January 2013 the Company announced that the tenements that comprise the Lara Option Potash Project were renewed. This results in the Company being required to issue Lara Exploration 4 million shares, with this to be voted on by a meeting of shareholders to be held in March 2013.

On 21 January, 2013 the Company announced the discovery of the Porteira prospect that contains outcropping carbonatite mineralisation.

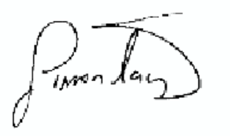
Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

On behalf of the directors



Simon Taylor
Managing Director

6 March 2013
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Aguia Resources Limited
Suite 4, Level 9
341 George Street
SYDNEY NSW 2000

6 March 2013

Dear Board Members

Aguia Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Aguia Resources Limited.

As lead audit partner for the half year review of the financial statements of Aguia Resources Limited for the financial half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Aguia Resources Limited
Financial report
31 December 2012

Contents

General information

The financial report covers Aguia Resources Limited as a consolidated entity consisting of Aguia Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Aguia Resources Limited's functional and presentation currency.

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

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

Registered office	*Principal place of business*
Suite 4 Level 9	Level 10
341 George St	131 Macquarie Street
Sydney NSW 2000	Sydney NSW 2000

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 6 March 2013.

Aguia Resources Limited
Statement of comprehensive income
For the half-year ended 31 December 2012

	Note	Consolidated 31/12/2012 $	Consolidated 31/12/2011 $
Revenue	3	85,824	531,087
Other income	4	-	387,101
Expenses			
Employee benefits expense		(303,628)	(309,969)
Administration costs		(486,173)	(512,745)
Corporate cost		(73,316)	(51,326)
Legal and professional		(119,872)	(134,950)
Business development		(195,255)	(147,758)
Litigation costs		-	(85,618)
Impairment of exploration assets		-	(6,182,393)
Share based payments		(55,882)	(679,023)
Loss before income tax expense		(1,148,302)	(7,185,594)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Aguia Resources Limited		(1,148,302)	(7,185,594)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(255,154)	(2,096,317)
Other comprehensive income for the half-year, net of tax		(255,154)	(2,096,317)
Total comprehensive income for the half-year attributable to the owners of Aguia Resources Limited		(1,403,456)	(9,281,911)
		Cents	**Cents**
Basic earnings per share		(1.04)	(7.28)
Diluted earnings per share		(1.04)	(7.28)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Aguia Resources Limited
Statement of financial position
As at 31 December 2012

	Note	Consolidated 31/12/2012 $	Consolidated 30/06/2012 $
Assets			
Current assets			
Cash and cash equivalents		3,214,564	4,739,055
Trade and other receivables		144,200	338,992
Other		91,609	84,385
Total current assets		3,450,373	5,162,432
Non-current assets			
Property, plant and equipment		285,304	275,326
Exploration and evaluation	5	34,668,504	31,629,357
Total non-current assets		34,953,808	31,904,683
Total assets		38,404,181	37,067,115
Liabilities			
Current liabilities			
Trade and other payables		641,916	430,623
Employee benefits		62,020	55,900
Other		51,500	59,000
Total current liabilities		755,436	545,523
Total liabilities		755,436	545,523
Net assets		37,648,745	36,521,592
Equity			
Issued capital	6	63,153,726	60,678,999
Reserves		(948,913)	(749,641)
Accumulated losses		(24,556,068)	(23,407,766)
Total equity		37,648,745	36,521,592

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

Aguia Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2012

	Ordinary shares $	Performance shares $	Share-based payments $	Foreign currency $	Accumulated losses $	Total equity $
Consolidated						
Balance at 1 July 2011	30,799,454	12,000,000	1,555,517	66,338	(5,148,120)	39,273,189
Loss after income tax expense for the half-year	-	-	-	-	(7,185,594)	(7,185,594)
Other comprehensive income for the half-year, net of tax	-	-	-	(2,096,317)	-	(2,096,317)
Total comprehensive income for the half-year	-	-	-	(2,096,317)	(7,185,594)	(9,281,911)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	1,366,309	-	-	1,366,309
Issue of shares	12,460,000	4,680,000	-	-	-	17,140,000
Share issue costs	(388,656)	-	-	-	-	(388,656)
Balance at 31 December 2011	42,870,798	16,680,000	2,921,826	(2,029,979)	(12,333,714)	48,108,931

	Ordinary shares $	Performance shares $	Share-based payments $	Foreign currency $	Retained profits $	Total equity $
Consolidated						
Balance at 1 July 2012	43,998,999	16,680,000	2,979,830	(3,729,471)	(23,407,766)	36,521,592
Loss after income tax expense for the half-year	-	-	-	-	(1,148,302)	(1,148,302)
Other comprehensive income for the half-year, net of tax	-	-	-	(255,154)	-	(255,154)
Total comprehensive income for the half-year	-	-	-	(255,154)	(1,148,302)	(1,403,456)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	55,882	-	-	55,882
Issue of shares	2,545,000	-	-	-	-	2,545,000
Share issue costs	(70,273)	-	-	-	-	(70,273)
Balance at 31 December 2012	46,473,726	16,680,000	3,035,712	(3,984,625)	(24,556,068)	37,648,745

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

Aguia Resources Limited
Statement of cash flows
For the half-year ended 31 December 2012

	Note	Consolidated 31/12/2012 $	Consolidated 31/12/2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,324,517)	(734,601)
Interest received		75,824	519,087
Rental revenue		10,000	-
Net cash used in operating activities		(1,238,693)	(215,514)
Cash flows from investing activities			
Payments for property, plant and equipment		(18,796)	-
Payments for exploration and evaluation	5	(2,736,903)	(5,787,090)
Net cash used in investing activities		(2,755,699)	(5,787,090)
Cash flows from financing activities			
Proceeds from issue of shares	6	2,545,000	750,000
Share issue transaction costs		(70,273)	(186,709)
Net cash from financing activities		2,474,727	563,291
Net decrease in cash and cash equivalents		(1,519,665)	(5,439,313)
Cash and cash equivalents at the beginning of the financial half-year		4,739,055	17,438,969
Effects of exchange rate changes on cash		(4,826)	(962,548)
Cash and cash equivalents at the end of the financial half-year		3,214,564	11,037,108

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income
The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

Note 1. Significant accounting policies (continued)

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of $1,148,302 (2011:$7,185,594) and net cash outflows from operating and investing activities of $3,994,392 (2011: $6,002,604) for the half-year ended 31 December 2012. For the reasons described below, conditions exist that indicate there is a material uncertainty as to the consolidated entity's ability to continue as a going concern.

The directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the raising of additional capital. The consolidated entity will be required to raise additional capital by 30 June 2013 to fund its current operations through to 31 March 2014. The company is currently reviewing various capital raising opportunities to meet these capital requirements.

Based on the cashflow forecasts and achieving all or some funding, the directors are confident that the consolidated entity will be able to continue as a going concern. In particular, the directors are confident in the consolidated entity's ability to raise the capital mentioned above.

Should the consolidated entity be unable to raise the funding referred to above, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment being mining and exploration in Brazil. The operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers 'CODM') in assessing performance and in determining the allocation of resources.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM comprises mainly segment assets and direct exploration expenditure in assessing performance and allocation of resources and as such no segment result or segment revenues are separately disclosed.

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

Types of products and services

The mining and exploration operations of the consolidated entity are predominantly in Brazil. Reportable segments are based on aggregating geographical segments subject to risks and returns of their particular economic environment and based on the nature of their regulatory environment. Geographical segments are aggregated where the segments are considered to have similar economic characteristics and also similar with respect to the type of product and service.

The financial information comprising segment assets and exploration expenditure reported elsewhere in this financial report and in note 5 is representative of the nature and financial effects of the business activities in which the company engages and the economic environments in which it operates.

Note 2. Operating segments (continued)

Corporate office activities
Corporate office activities comprise non-segmental revenues and expenses and are therefore not allocated to the operating segment.

Note 3. Revenue

	Consolidated	
	31/12/2012	31/12/2011
	$	$
Interest	75,824	519,087
Rental income	10,000	12,000
Revenue	85,824	531,087

Note 4. Other income

	Consolidated	
	31/12/2012	31/12/2011
	$	$
Litigation costs and disbursements received	-	387,101

Other income in the prior period relates to costs and disbursements awarded following the dismissal of the appeal made by Norwest Holding Pte Ltd for not completing the acquisition of a phosphate project located in China.

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/2012	30/06/2012
	$	$
Brazilian Phosphate Project - at cost	26,358,300	23,319,153
Less: Impairment	(6,182,393)	(6,182,393)
	20,175,907	17,136,760
Brazilian Potash Project - at cost	24,627,735	24,627,735
Less: Impairment	(10,135,138)	(10,135,138)
	14,492,597	14,492,597
	34,668,504	31,629,357

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

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below

	Exploration & evaluation $	Total $
Consolidated		
Balance at 1 July 2012	31,629,357	31,629,357
Additions	3,039,147	3,039,147
Balance at 31 December 2012	34,668,504	34,668,504

Note 6. Equity - issued capital

	Consolidated		Consolidated	
	31/12/2012 Shares	30/06/2012 Shares	31/12/2012 $	30/06/2012 $
Ordinary shares - fully paid	122,151,387	106,245,137	46,473,726	43,998,999
AGRAC performance shares	40,000,000	40,000,000	12,000,000	12,000,000
AGRAU performance shares	80,000,000	80,000,000	4,680,000	4,680,000
	242,151,387	226,245,137	63,153,726	60,678,999

Ordinary shares
In November 2012, the company raised $2,545,000 (before issue costs) from a share placement of 15.9 million fully paid ordinary shares at $0.16 per share.

Note 7. Equity - dividends

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

Note 8. Key management personnel disclosures

Compensation
Effective 1 July 2012, the Board agreed to increase the remuneration of the Managing director, Simon Taylor, to $275,000 per annum. The remuneration of the Chairman, Graham Ascough, was increased to $50,000 per annum. The remuneration report is contained in the annual financial report.

Note 9. Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2012 and 30 June 2012.

Note 10. Events after the reporting period

On 15 January 2013 the Company announced that the tenements that comprise the Lara Option Potash Project were renewed. This results in the Company being required to issue Lara Exploration 4 million shares, with this to be voted on by a meeting of shareholders to be held in March 2013.

On 21 January, 2013 the Company announced the discovery of the Porteira prospect that contains outcropping carbonatite mineralisation.

No other matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Aguia Resources Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and

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

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

On behalf of the directors

Simon Taylor
Managing Director

6 March 2013
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the Members of Aguia Resources Limited

We have reviewed the accompanying half-year financial report of Aguia Resources Limited, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 18.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* , in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Aguia Resources Limited's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Aguia Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aguia Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $1,148,302 during the half-year ended 31 December 2012 and, experienced net cash outflows from operating and investing activities of $3,994,392. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's and the company's ability to continue as going concerns and therefore, the consolidated entity and company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Deloitte Touche Tohmatsu

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