Aguia Resources Limited

ABN 94 128 256 888

Unaudited Quarterly Financial Report

For the three months ended 30 September 2017

Management Comments on Unaudited Consolidated Financial Statements

29 November 2017

To the Shareholders of Aguia Resources Limited

The accompanying unaudited quarterly consolidated financial statements of Aguia Resources Limited for the three months ended 30 September 2017 have been prepared by management and have been approved by the Board of Directors of the Company.

The Company's independent auditor has not prepared a review of these quarterly consolidated financial statements for the three months ended 30 September 2017.

For further commentary on the operations of Aguia during the quarter ended 30 September 2017, please refer to the Quarterly Activities report lodged on the ASX and TSX and posted on Aguia's website.

Aguia Resources Limited

Paul Pint
Executive Chairman

Justin Reid
Managing Director

General information

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

The financial statements cover Aguia Resources Limited as a consolidated entity consisting of Aguia Resources Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Aguia Resources Limited's functional and presentation currency.

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 2, Level 10 70 Phillip Street, Sydney NSW 2000 AUSTRALIA	Rua Antonio de Albuquerque n°156 1504 Bairro Savassi – Belo Horizonte / MG – Brazil CEP: 30112-010

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 November 2017.

	Note	Consolidated 30/09/2017 $	Consolidated 30/09/2016 $
Other income	3	13,007	3,586
Expenses			
Employee benefits expense		(90,959)	(63,601)
Legal & professional		(64,952)	(1,830)
Depreciation and amortisation expense		(3,759)	(3,682)
Corporate cost		(249,393)	(274,335)
Exploration assets expensed		-	(203,540)
Business development		(129,804)	(47,183)
Share-based payments		(27,368)	-
Administration costs		(188,163)	(144,947)
Gain on fair value movement of warrants		304,931	-
Loss before income tax expense		(436,460)	(735,532)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Aguia Resources Limited		(436,460)	(735,532)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		360,806	(259,417)
Other comprehensive income for the period, net of tax		360,806	(259,417)
Total comprehensive income for the period attributable to the owners of Aguia Resources Limited		(75,654)	(994,949)
		Cents	**Cents**
Basic earnings per share	18	(0.37)	(1.00)
Diluted earnings per share	18	(0.37)	(1.00)

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

Aguia Resources Limited
Statement of financial position
As at 30 September 2017

	Note	Consolidated 30/09/2017 $	Consolidated 30/06/2017 $
Assets			
Current assets			
Cash and cash equivalents	4	6,836,964	6,731,733
Trade and other receivables	5	155,690	136,307
Total current assets		6,992,654	6,868,040
Non-current assets			
Property, plant and equipment		57,957	57,479
Exploration and evaluation	6	30,372,264	27,242,357
Total non-current assets		30,430,221	27,299,836
Total assets		37,422,875	34,167,876
Liabilities			
Current liabilities			
Trade and other payables	7	627,211	1,354,235
Derivative financial instruments	8	2,476,600	1,522,117
Total current liabilities		3,103,811	2,876,352
Total liabilities		3,103,811	2,876,352
Net assets		34,319,064	31,291,524
Equity			
Issued capital	9	96,925,233	93,849,407
Reserves	10	(1,539,782)	(1,927,956)
Accumulated losses		(61,066,387)	(60,629,927)
Total equity		34,319,064	31,291,524

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

Aguia Resources Limited
Statement of changes in equity
For the period ended 30 September 2017

Consolidated	Ordinary shares $	Performance shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	81,654,154	241,400	(1,013,025)	(56,806,178)	24,076,351
Loss after income tax expense for the period	-	-	-	(735,532)	(735,532)
Other comprehensive income for the period, net of tax	-	-	(259,417)	-	(259,417)
Total comprehensive income for the period	-	-	(259,417)	(735,532)	(994,949)
Balance at 30 September 2016	81,654,154	241,400	(1,272,442)	(57,541,710)	23,081,402

Consolidated	Ordinary shares $	Performance shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	93,849,407	-	(1,927,956)	(60,629,927)	31,291,524
Loss after income tax expense for the period	-	-	-	(436,460)	(436,460)
Other comprehensive income for the period, net of tax	-	-	360,806	-	360,806
Total comprehensive income for the period	-	-	360,806	(436,460)	(75,654)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 9)	3,075,826	-	-	-	3,075,826
Share-based payments	-	-	27,368	-	27,368
Balance at 30 September 2017	96,925,233	-	(1,539,782)	(61,066,387)	34,319,064

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

Aguia Resources Limited
Statement of cash flows
For the period ended 30 September 2017

	Note	Consolidated 30/09/2017 $	Consolidated 30/09/2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(923,297)	(628,829)
Interest received		13,007	3,586
Net cash used in operating activities		(910,290)	(625,243)
Cash flows from investing activities			
Payments for exploration and evaluation		(2,581,669)	(843,531)
Net cash used in investing activities		(2,581,669)	(843,531)
Cash flows from financing activities			
Proceeds from issue of shares	9	4,365,059	-
(Repayment) of / Proceeds from borrowings		-	(213,949)
Share issue transaction costs		(755,000)	-
Net cash from/(used in) financing activities		3,610,059	(213,949)
Net increase/(decrease) in cash and cash equivalents		118,100	(1,682,723)
Cash and cash equivalents at the beginning of the financial period		6,731,733	2,900,765
Effects of exchange rate changes on cash and cash equivalents		(12,869)	(7,572)
Cash and cash equivalents at the end of the financial period		6,836,964	1,210,470

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

Note 1. Significant accounting policies

These financial statements for the interim three months reporting period ended 30 September 2017 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 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 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment being mining and exploration in Brazil. These operating segments are 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 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 risk 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.

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

Note 3. Other income

	Consolidated	
	30/09/2017	**30/09/2016**
	$	**$**
Interest	13,007	3,586

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	30/09/2017	30/06/2017
	$	$
Cash at bank	6,836,964	6,731,733

Note 5. Current assets - trade and other receivables

	Consolidated	
	30/09/2017	30/06/2017
	$	$
Other receivables	118,705	112,455
Prepayments	36,985	23,852
	155,690	136,307

Note 6. Non-current assets - exploration and evaluation

	Consolidated	
	30/09/2017	30/06/2017
	$	$
Brazilian Phosphate project - at cost	43,032,901	39,902,994
Less: Impairment	(12,660,637)	(12,660,637)
	30,372,264	27,242,357

Consolidated	Exploration & evaluation $	Total $
Balance at 1 July 2017	27,242,357	27,242,357
Additions	2,760,469	2,760,469
Exchange differences	369,438	369,438
Balance at 30 September 2017	30,372,264	30,372,264

Note 7. Current liabilities - trade and other payables

	Consolidated	
	30/09/2017	30/06/2017
	$	$
Trade payables	474,184	247,662
Accruals	57,500	994,078
Other payables	95,527	112,495
	627,211	1,354,235

Refer to note 12 for further information on financial instruments.

Note 8. Current liabilities - derivative financial instruments

	Consolidated	
	30/09/2017	30/06/2017
	$	$
Warrants	2,476,600	1,522,117

Refer to note 13 for further information on fair value measurement.

As at the reporting date, a total of 13,180,418 warrants with the expiry date of 30 June 2020 were issued. The exercise price for these warrants (C$0.65) are denominated in Canadian dollars. As the warrants are denominated in foreign currency the value of these warrants is recorded as a derivative financial liability. At the date of issue, the fair value of these warrants were between $0.2026 and $0.2377 each (using Black-Scholes model).

At 30 September 2017, these warrants were re-measured using the closing share price of Aguia, and the calculated fair value was A$0.1879 each. The difference between the fair value at grant and at the reporting date ($304,931) has been recognised in the profit or loss as a gain.

Note 9. Equity - issued capital

	Consolidated			
	30/09/2017	30/06/2017	30/09/2017	30/06/2017
	Shares	Shares	$	$
Ordinary shares - fully paid	117,198,326	105,863,326	96,925,233	93,849,407

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	105,863,326		93,849,407
Shares issued	3 July 2017	5,000,000	$0.40	2,000,000
Shares issued	7 July 2017	6,335,000	C$0.40	2,585,058
Derivative financial liabilities - warrants (see Note 8)		-		(1,259,414)
Share issue costs		-		(249,818)
Balance	30 September 2017	117,198,326		96,925,233

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Equity - reserves

	Consolidated 30/09/2017 $	Consolidated 30/06/2017 $
Foreign currency reserve	(5,508,564)	(5,869,370)
Share-based payment reserve	3,886,597	3,859,229
Capital contribution reserve	82,185	82,185
	(1,539,782)	(1,927,956)

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

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

Capital contribution reserve
This reserve records the capital contribution arising from unrecognised interest due to non-arm's length interest rate at 1% of the $1 million loan with Forbes Emprendimentos Ltda, a company associated with three of its current/former directors.

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

Consolidated	Foreign currency reserve $	Share-based payment reserve $	Capital contribution $	Total $
Balance at 1 July 2017	(5,869,370)	3,859,229	82,185	(1,927,956)
Foreign currency translation	360,806	-	-	360,806
Share-based payments during the period	-	27,368	-	27,368
Balance at 30 September 2017	(5,508,564)	3,886,597	82,185	(1,539,782)

Note 11. Equity - dividends

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

Note 12. Financial instruments

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the group does not enter into derivative transactions to mitigate the financial risks. In addition, the group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the group's operations change, the directors will review this policy periodically going forward.

The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 12. Financial instruments (continued)

Market risk

Foreign currency risk
The group undertakes certain transactions denominated in foreign currency that are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The entity does not carry in its books any foreign currency other than its functional currency and therefore the risk associated with foreign currency risk is deemed to be minimal.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The group's main interest rate risk arises from short-term deposits with a floating interest rate. As at the reporting date, the group did not have any significant funds on deposits, hence was not exposed to interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

There are no significant concentrations of credit risk within the group.

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the group will always have sufficient liquidity to meet its liabilities when due. Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 30/09/2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	474,184	-	-	-	474,184
Other payables	-	95,527	-	-	-	95,527
Accruals	-	57,500	-	-	-	57,500
Total non-derivatives		627,211	-	-	-	627,211

Note 12. Financial instruments (continued)

Consolidated - 30/06/2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	247,662	-	-	-	247,662
Other payables	-	112,495	-	-	-	112,495
Accruals	-	994,078	-	-	-	994,078
Total non-derivatives		1,354,235	-	-	-	1,354,235

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 13. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 30/09/2017	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative financial liability - warrants	-	2,476,600	-	2,476,600
Total liabilities	-	2,476,600	-	2,476,600

There were no transfers between levels during the financial period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 14. Key management personnel disclosures

Directors
The following persons were directors of Aguia Resources Limited during the financial period:

Justin Reid
Paul Pint
David Gower
Brian Moller
Alec Pismiris
Diane Lai (appointed 6 July 2017)

Note 14. Key management personnel disclosures (continued)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial period:

Fernando Tallarico
Catherine Stretch
Andrew Bursill
Ryan Ptolemy

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

	Consolidated	
	30/09/2017 $	30/09/2016 $
Short-term employee benefits	241,872	231,394
Share-based payments	27,368	-
	269,240	231,394

Note 15. Contingent liabilities

The consolidated entity does not have any contingent liabilities (30 June 2017: None).

Note 16. Related party transactions

Parent entity
Aguia Resources Limited is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 14.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30/09/2017 $	30/09/2016 $
Payment of goods and services:		
Payment for legal services from HopgoodGanim of which Mr Brian Moller is a partner.	7,867	20,000
Payment for accounting and company secretary services from Franks & Associates Pty Ltd of which Mr Andrew Bursill is a principal.	14,401	21,236

Other than the transactions noted below, there were no transactions with related parties during the current and previous three month period.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 September 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 18. Earnings per share

	Consolidated	
	30/09/2017 $	30/09/2016 $
Loss after income tax attributable to the owners of Aguia Resources Limited	(436,460)	(735,532)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	116,676,478	73,365,654
Weighted average number of ordinary shares used in calculating diluted earnings per share	116,676,478	73,365,654
	Cents	**Cents**
Basic earnings per share	(0.37)	(1.00)
Diluted earnings per share	(0.37)	(1.00)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 September 2017 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Justin Reid
Managing Director

29 November 2017