



**28 September 2020**

ASX Market Announcements  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## **Annual Financial Report – 30 June 2020**

**Sydney, Australia**, - Agua Resources Limited ABN 94 128 256 888 (ASX:AGR) (“**Agua**” or “**the Company**”) has today released the Annual Financial Report for the year ended 30 June 2020. Please see overleaf.

### **AUTHORISED FOR ISSUE TO ASX BY THE BOARD OF AGUIA RESOURCES LIMITED**

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**About Agua:**

Agua Resources Limited, (“Agua”) is an ASX listed company whose primary focus is on the exploration and development of mineral resource projects in Brazil including copper and phosphate. Agua has an established and highly experienced in-country team based in Rio Grande State, Southern Brazil. Agua has multiple copper targets. Agua is also in the pre-production stage of a low-cost natural phosphate fertiliser project which is expected to be operational in early 2022.



# **Aguia Resources Limited**

**ABN 94 128 256 888**

**Annual Financial Report - 30 June 2020**

<b>Directors</b>	Christina McGrath - Non-Executive Chairman Martin McConnell - Non-Executive Director Fernando Tallarico - Managing Director (appointed 16 October 2019) David Gower - Non-Executive Director (resigned 16 August 2019) David Shearwood - Executive Director (resigned 20 October 2019) Jonathan Guinness - Non-Executive Director (resigned 6 February 2020) Stephen Ross - Non-Executive Director (appointed 15 August 2019, resigned 15 April 2020) Justin Reid - Managing Director (resigned 19 July 2019)
<b>Company secretary</b>	Sarah Prince (appointed 16 October 2019) Michael Duligal (appointed 31 July 2019, resigned 16 October 2019) Christina McGrath (resigned 31 July 2019)
<b>Registered office</b>	Level 12 680 George Street Sydney NSW 2000 Tel. +61 2 8280 7355
<b>Principal place of business</b>	Rua Dr. Vale nº 555, Sala 406, Bairro Moinhos de Vento CEP.: 90560-010, Porto Alegre, RS. Tel. +55 51 3519 516661
<b>Share register</b>	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel. +61 2 8280 7111 Fax. +61 2 9287 0303
<b>Auditor</b>	Ernst & Young
<b>Bankers</b>	National Australia Bank
<b>Stock exchange listing</b>	Agua Resources Limited is dual-listed since July 2017, trading on both the Australian Securities Exchange (ASX code: AGR) and on the TSX Venture Exchange (TSXV: AGRL) Following a Board meeting held on 15 August 2019 and liaison with the Toronto Stock Exchange (TSXV), the consolidated entity will delist from the TSX to reduce cost and duplication associated with a dual listing. The final date of TSX trading was the close of business 16 September 2019.
<b>Website</b>	<a href="http://www.aguiaresources.com.au">www.aguiaresources.com.au</a>
<b>Corporate Governance Statement</b>	<a href="http://aguiaresources.com.au/about/corporate-governance/">http://aguiaresources.com.au/about/corporate-governance/</a>

## Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Agua Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

### Directors

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

- Christina McGrath - Non-Executive Chairman
- Martin McConnell - Non-Executive Director
- Fernando Tallarico - Managing Director (appointed 16 October 2019)
- Justin Reid - Managing Director (resigned 19 July 2019)
- David Gower - Non-Executive Director (resigned 16 August 2019)
- David Shearwood - Executive Director (resigned 20 October 2019)
- Jonathan Guinness - Non-Executive Director (resigned 6 February 2020)
- Stephen Ross - Non-Executive Director (appointed 15 August 2019, resigned 15 April 2020)

### Principal activities

The principal activities of the consolidated entity during the year were the continued exploration and development of resource projects, predominately phosphate, copper and investment in the resources sector.

### Dividends

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

## Review of Operations and Activities

### Overview of the Company

Agua Resources Limited is an exploration and development company focused on Brazilian phosphate and copper projects to supply the Brazilian agriculture sector. Agua is listed on the Australian Securities Exchange ("ASX") under the symbol AGR and has offices in Sydney, Australia and Porto Alegre, Brazil. The Company currently controls over 1,573 km<sup>2</sup> of land in the states of Rio Grande do Sul, Paraiba and Minas Gerais containing phosphate mineralization through exploration permits it has acquired from the Brazilian National Mining Agency ("ANM"). The Company seeks to develop its holdings of phosphate deposits into viable mining operations providing phosphate and agricultural limestone to Brazil's agriculture industry. The Company's phosphate properties in Brazil include its principal project, Três Estradas in Rio Grande do Sul State. Agua's other property is the Lucena Project in Paraiba State.

The Três Estradas project represents a significant new phosphate discovery with characteristics similar to existing producers in Brazil. The project is located in the southern region of Brazil where 30% of Brazilian national phosphate consumption is located. There are currently no producing phosphate mines in the region.

### Scoping Study

On 12 February 2020, the Company announced the conclusion of the Scoping Study for Phase 1 of its Três Estradas Phosphate Project (<http://aguiaresources.com.au/2020/02/17/scoping-study-of-tres-estradas-confirms-excellent-economics/>). The Study was conducted by independent consulting firm GE21 Consultoria Mineral Ltda (GE21) in Brazil and includes pit optimization and design, mine scheduling, capital expenditure (CAPEX), operational expenditure (OPEX) estimates and an economic analysis based on the production of a Direct Application Natural Fertilizer (DANF) from a Mineral Resource of 5.1Mt at 8.79% P<sub>2</sub>O<sub>5</sub>, which represents the oxidized portion (Saprolite).

The DANF production is attractive given the high natural P<sub>2</sub>O<sub>5</sub> grade in the saprolite with initial CAPEX much lower than the previously planned larger-scale processing facility that was proposed in the Bankable Feasibility Study (BFS) announced in March 2018.

*Phase 1 Economics*

The financial model in the GE21 Study indicates a post-tax IRR of 51% with NPV of A\$69.3 million using an 8% discount rate. The financial model is based on the following assumptions:

- The Scoping Study assumes a long-term DANF price of A\$72/tonne and BRL/AUD foreign exchange of 2.85.
- The Três Estradas Project Phase 1 will have a life of mine of 18 years that will require an initial capital expenditure of A\$9.72 million (A\$10.57 million including contingency):

The costs for the project include the initial capital cost (Initial CAPEX) and the operational cost (OPEX).

All costs are expressed in Australian Dollars and the exchange rate used is A \$1.00 = R\$2.85.

**Table 1 - CAPEX Summary**

Item	Phase 1 (Saprolite) (million AUD)
Mine Equipment (year 3)	1.26
Infrastructure (buildings, security, facilities, power)	3.89
Processing Plant	1.88
Environmental and permits	0.26
Others	2.43
Contingency	0.85
<b>Total</b>	<b>10.57</b>

- The simple process with a crushing and milling circuit results in a low operational cost of A\$11.87/tonne of DANF produced in Phase 1.

**Table 2 - Financial Results Summary**

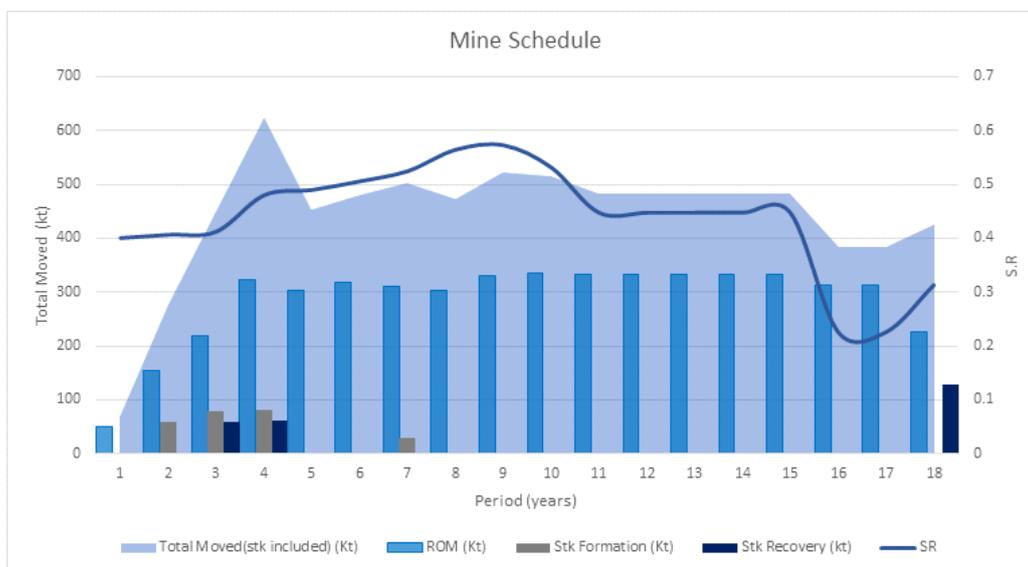
Financial Analysis	Post-Tax
NPV at 5%	AUD 92.7 million
NPV at 8%	AUD 69.3 million
NPV at 10%	AUD 58.6 million
IRR	51%
Total Cash Flow	AUD 152.7 million
Payback	3.3 years
EBITDA Average for Years 1 to 18 (Phase 1 - Saprolite)	AUD 14.8 million

*Mining and Processing*

The Scoping Study, which includes the following mine schedule, was based on a Mineable Resource of 5.1Mt at 8.79% P<sub>2</sub>O<sub>5</sub>, which represents the oxidized portion (Saprolite) of the Três Estradas Phosphate Deposit. By classification, considering the mineable resource pit shell, 0.7 Mt (13%) of the resources are Measured, 4.4Mt (86.2%) are Indicated and the remaining 0.04Mt (0.8%) are classified as Inferred resource.

The Phase 1 updated mining plan forecasts a total of 5.1 million tonnes of ROM mined at a strip ratio of 0.49 (waste to phosphate, in tonnes). The project includes an open-pit, truck and shovel operation, over a life of mine (LOM) of 18 years.

With a planned nameplate capacity of 370,000 tpy of DANF product, the average annual feed to the processing plant, after the ramp up in the first three years, will be 317 thousand tonnes of ROM in Phase 1. This will result in a LOM production of a total 4.9 million tonnes of DANF, averaging about 269,000 tons of DANF product annually over 18 years.



**Figure 1 – Chart of Phase 1 mining schedule**

*Environmental Improvements*

The new approach for Phase 1 of the Project, considering the DANF production instead of the phosphate concentrate, will allow a reduction of approximately 77% in the environmental footprint of the project. All the important environmental initiatives not only reduce the impact of the project on the natural environment but also provide important cost savings and decreases risk.

**Table 3 – Comparative table of Phase 1 DANF vs. Phase 1 Phosphate Concentrate (BFS – March 2018)**

	Phase 1 DANF (this announcement)	Phase 1 Phosphate Concentrate (BFS – March 2018)
Directly affected area	93 ha	412 ha
Tailing dam	No	Yes
Water dam	No	Yes
Operational life	18 years	3.5 years
ROM	5.1 Mt	5.0 Mt
Total Production	4.9 Mt	1.0 Mt
Waste	2.5 Mt	7.0 Mt
CAPEX	AUD 9.72 million and AUD 10.57 million with contingency	AUD 112.1 million and AUD 125.1 million with contingency*
OPEX	11.87/tonne	76.10/tonne**

\*CAPEX originally reported in USD of 75.6 million and 83.9 million with contingency

\*\* OPEX originally reported in USD 51.30/tonne. Exchange rate used is USD \$1.00 = AUD \$1.48

### **Agronomic Trials and Lab Results**

Agronomic efficiency tests with the DANF product are currently being undertaken by Integrar Gestão e Inovação Agropecuária which is an independent agronomic research institution located at Capivari do Sul – RS. The tests are being conducted with soybean in the field and maize in pots, representing the summer crops in Brazil. After the harvest, test work will move to Brazilian winter crops, with ryegrass and wheat replacing soybean and maize respectively. First results from the tests with soybean and were received during June 2020.

As part of the DANF product registration with the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA), agronomical laboratory tests have been carried out at the Instituto Brasileiro de Analises Agronomic Lab (IBRA) in accordance with MAPA guidelines. The agronomic tests were performed on a representative sample from the carbonatite saprolite ore (CBTSAP) that was previously assayed at ALS Global Lab in Belo Horizonte, returning a total P<sub>2</sub>O<sub>5</sub> content of 9.08% (Table 4). The results were announced by Aguia on 19 March 2020 (<http://aguiaresources.com.au/2020/03/18/positive-results-from-agronomic-tests-on-tres-estradas-phosphate/>).

The P<sub>2</sub>O<sub>5</sub> solubility in citric acid (2% concentration at a 1:100 ratio) is the nearest condition to the acidity found in Brazilian soils. The laboratory test returned a solubility of 22.9%, which is above the minimum requirement of 15% (Table 4). Sample CBTSAP was also tested for secondary macronutrients Ca and Mg, and for elements which are potentially micronutrients; Co, Fe, Mn, Mo and Zn (Table 5) and potential toxic heavy metals. Results regarding toxic heavy metals (As, Cd, Pb, Cr and Hg) were excellent with Sample CBTSAP passing all tests and all results within the specifications of a natural phosphate fertilizer as determined by MAPA.

**Table 4 – P2O5 solubility results.**

Sample	ALS Lab	IBRA Lab	IBRA Lab	IBRA Lab	IBRA Lab	IBRA Lab	IBRA Lab
	P <sub>2</sub> O <sub>5</sub> Total	P <sub>2</sub> O <sub>5</sub> Acid. Cit.	P <sub>2</sub> O <sub>5</sub> NAC	P <sub>2</sub> O <sub>5</sub> H <sub>2</sub> O	Solubility Acid. Cit.	Solubility NAC	Solubility H <sub>2</sub> O
CBTSAP	9.08	2.08	1.36	0.56	22.9%	14.9%	6.1%

NAC = Neutral Ammonia Citrate

**Table 5 – Results for Ca, Mg and potential micronutrients.**

Sample	Ca (%)	Mg (%)	Co (ppm)	Fe (%)	Mn (%)	Mo (ppm)	Zn (%)
CBTSAP	6.54	0.41	114.9	11.33	1.11	81.19	0.02

### **Environmental Licensing**

The Company was granted the Preliminary License (LP) by the State Government Agency (FEPAM) on 15 October 2019. After the issuing of the LP for the Três Estradas Phosphate Project, the Company commenced work obtaining the Installation License (LI), which provides the necessary authorization to initiate construction and start the development of the mine site.

To complete all requirements for the granting of the LI, Aguia's team in Brazil is actively progressing with the environmental plans and programs and with the detailed engineering for Phase 1.

In March 2020, the company continued the archaeological survey over the project area. Environmental consultant companies, specialized in environmental licensing, are currently being reviewed to conduct the mandatory environmental programs and to elaborate on the environmental plans for the LI. Aguia expects to deliver all requirements to FEPAM in Q4 2020.

The Company is continuing with the preparation of the detailed engineering for Phase 1, including the detailed executive project of the enterprise (plans and descriptive memorials) in compliance with the LP conditions. The state power company (CEEE), which was formally consulted on the capacity to supply power to the project for Phase 1, officially confirmed the available capacity to provide power from a transmission line located approximately 10km from the planned production unit.

In parallel, the Company is progressing with all requirements of the Brazilian Mining Agency (ANM) in accordance with the Brazilian Mining Law. Aguia expects to file the Economic Exploitation Plan (PAE) with ANM in Q4 2020 and to receive ANM approval by Q1 2021. This approval is mandatory for the granting of the Installation Licence (LI) for the project.

A recent update on the Três Estradas Phosphate Project was lodged by the Company on 17 March 2020 (<http://aguiaresources.com.au/2020/03/16/tres-estradas-phosphate-project-update/>).

### **Highlights**

Agua is pleased to report on its activities during fiscal year ending on 30 June 2020:

- The Scoping Study for the Três Estradas Phosphate Project Phase 1 has been completed with positive economic results. The Scoping Study is now being reviewed by multiple parties including local Brazilian banks and other financiers, and potential offtake partners.
- The appointment of a highly experienced fertilizer expert focussed on advancing the Três Estradas Phosphate Project.
- Environmental work and programs to facilitate the granting of the critical Installation License (LI) for the Três Estradas Phosphate Project Phase 1 are advancing.
- Agronomic trials are ongoing and all results from agronomic laboratory tests were well within the required specifications to produce a Natural Phosphate Product.
- RS State power company (CEEE) has confirmed available capacity to provide power for the Phase 1 production unit.
- Andrade drilling confirms extensions of high-grade copper zone.

Agua continued to advance its Três Estradas Phosphate Project located in the state of Rio Grande do Sul (RS State) in Southern Brazil and focussed its exploration efforts on the highly prospective copper targets by undertaking a more specific drilling campaign in the Andrade area in the Rio Grande Copper Belt.

On 6 April 2020, the Company announced that the Development Bank of Southern Brazil (Banco Regional de Desenvolvimento do Extremo Sul) (BRDE) has provided a letter of support for a development loan to fund up to 50% of the capital expenditure for the Três Estradas Phosphate Project.

BRDE is a recognized and well-respected Brazilian institution that promotes economic and sustainable development in Southern Brazil. The Bank has confirmed that the Três Estradas Phosphate Project meets its investment criteria following an extensive review of the project.

As the Company's focus turns primarily to the final development phase of Três Estradas, it has further streamlined its operations and cost base with ongoing monthly costs anticipated to be in the vicinity of A\$180,000. This provides sufficient financial flexibility to secure all remaining permits to take Três Estradas to a 'shovel ready' phase, and to ensure that all the copper tenements remain in good standing.

On 10 April 2020, the Company closed a private placement financing for gross proceeds of approximately A\$730,250. These funds were raised in connection with the issue of approximately 9,128,126 fully paid ordinary shares via a non-brokered private placement to sophisticated and institutional investors at a price of \$0.08 per share. Under the placement, for each ordinary share subscribed for, one half of one unlisted option will be issued for nil additional consideration with an exercise price of A\$0.16 and an expiry date of 20 April 2022.

On 30 June 2020, the Company closed a private placement financing for gross proceeds of approximately A\$2,807,865. These funds were raised in connection with the issue of approximately 56,157,303 fully paid ordinary shares via a non-brokered private placement to sophisticated and institutional investors at a price of \$0.05 per share. Under the placement, for each ordinary share subscribed for 1.1 unlisted option (61,773,033 options) will be issued for nil additional consideration with an exercise price of A\$0.10 and an expiry rate of 30 June 2023.

### **Outlook**

Agua plans to continue agronomic trials to determine the efficiency of the Direct Application Natural Fertiliser (DANF) product and initiate the detailed engineering with a focus on advancing the LI at its Três Estradas Phosphate Project.

### Summary of Unaudited Quarterly Results

The summary of the Company's financial results for the eight most recently completed quarters is below:

	Q4-2020 30-Jun 2020	Q3-2020 31-Mar 2020	Q2-2020 31-Dec 2019	Q1-2020 30-Sep 2019	Q4-2019 30-Jun 2019	Q3-2019 31-Mar 2019	Q2-2019 31-Dec 2018	Q1-2019 30-Sep 2018
Net (loss)	(443,090)	(630,704)	(797,775)	(854,223)	(1,209,503)	(721,594)	(1,019,404)	(391,954)
Net (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Working Capital*	3,112,186	116,632	1,368,259	1,402,963	(1,584,815)	329,420	1,701,500	1,291,109
Total Assets	35,194,465	35,837,542	37,317,890	39,472,600	37,632,223	36,568,680	37,511,919	34,011,184
Total Non-current Liabilities	-	-	-	-	-	-	-	-

\*Working Capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standardized meaning. Please see "Non-IFRS Measures" for a reconciliation.

### Factors Affecting Comparability of Quarters

The Company's level of activity and expenditure during a specific quarter are influenced by a number of factors, including the level of working capital, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties and the nature of activity, and the number of personnel required to advance each individual project.

The Company is an exploration and evaluation stage company with no producing assets. As such, it expects to generate losses for its exploration activities and supporting corporate costs until such time as it commences profitable commercial production.

There were no significant changes in accounting principles during the eight most recent quarters.

### Financial Review

For the year ended 30 June 2020, the Company recorded a net loss of \$2,725,792 compared to a net loss of \$3,342,455 for the year ended 30 June 2019.

Business development expenditure is material consistent between the two periods. The Company used technical consultants for the approval of the Environmental Impact Assessment and the awarding of the preliminary license.

Corporate expenses decreased by \$385,974 in fiscal year 2020 compared to fiscal year 2019 due to corporate level staff reductions implemented by the Board.

Employee benefit expenditures decreased by \$382,617 in fiscal year 2020 compared to fiscal year 2019 due to a reduction of headcount in Brazil.

Professional fees decreased by \$115,014 in fiscal year 2020 compared to fiscal year 2019 due mainly to cost containment efforts.

Share based payments remained consistent with the prior year.

## Significant changes in the state of affairs

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

## Matters subsequent to the end of the financial year

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

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

On the 18 August 2020, Agua announced that it had recently purchased a crusher that will allow for the preparation of bulk test samples of Direct Application Natural Fertilizers (DANF) from its Tres Estradas Phosphate Project located in the state of Rio Grande do Sul, Southern Brazil. It will be used by Agua to produce bulk size test samples of its TEPP DANF product that will be employed on field trials on selected farms within a 300km radius of the TEPP Site.

No other matter or circumstance has arisen since 30 June 2020 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.

## Likely developments and expected results of operations

A summary of the likely developments in the operations of the consolidated entity and the expected results of operations, to the extent they would not likely result in unreasonable prejudice to the consolidated entity, has been included in the review of operations report below.

## Environmental regulation

The consolidated entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the consolidated entity during the financial year.

## Information on directors

<b>Name:</b>	<b>Christina McGrath</b>
Title:	Non-Executive Chairman
Qualifications:	BJuris, LLB
Experience and expertise:	Christina has over 30 years' experience as a commercial lawyer and her specialities include Corporate Governance, Board and Audit Committee Advisory, and Corporations Law. She has held many senior executive management positions - including Company Secretary - in the retail and resources sectors. Christina worked at KPMG Australia for ten years as a senior corporate advisor and was instrumental in developing KPMG's approach to Corporate Governance globally. In addition, she held a senior advisory position at KPMG's headquarters in New York for several years.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,671,506*
Interests in options:	1,190,935*

**Name:** **Martin McConnell**  
**Title:** Non-Executive Director  
**Qualifications:** BBus  
**Experience and expertise:** Martin has over 30 years' experience in banking and advisory services, gaining initial experience in one of Australia's trading banks before moving into management roles with several domestic and international banks. Martin was previously a Director of Grant Samuel, advising in the property and finance sectors. Martin is currently the Head of Financial Risk Products at Assetinsure, supporting banks on a global basis providing an unfunded risk participation in loan transactions ranging from leverage and acquisition finance, aviation and shipping, real estate, mining, oil and gas, infrastructure and renewables.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares:** 371,944\*\*  
**Interests in options:** 581,913\*\*

**Name:** **Fernando Tallarico (appointed 16 October 2019)**  
**Title:** Managing Director  
**Qualifications:** B.Sc. Geology, M.Sc., Ph.D. and P.Geo.  
**Experience and expertise:** Fernando has over 25 years' experience in minerals exploration in South America with Vale, Falconbridge/Noranda, BHP Billion and junior companies of the fertilizer sector. Experienced with grassroots discoveries. He has been instrumental in putting together Aguia's portfolio of assets.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares:** 137,143  
**Interests in options:** 4,000,000

**Name:** **Justin Reid (resigned 19 July 2019)**  
**Title:** Managing Director  
**Qualifications:** M.Sc, MBA  
**Experience and expertise:** Justin is a geologist and capital markets executive with over 20 years of experience focused exclusively in the mineral resource space. He currently holds the position of Chief Executive Officer of Troilus Gold Corp. Over his career he has raised in excess of C\$4BB in mining investment, driven multiple acquisitions, relaunched and structured various mining ventures and led the development, financing and eventual sale of Sulliden Gold to Rio Alto Mining.

**Other current directorships:** Deep Yellow Limited (since October 2016, ASX: DYL), Troilus Gold Inc. (since December 2017, TSXV: TLG)  
**Former directorships (last 3 years):** Sulliden Mining Capital Inc (2015 to 31 Dec 2017, listed on TSX), Trigon Metals (formerly Kombat Copper, November 2013 – September 2019, listed on TSXV ) and Euro Sun Mining Inc. (June 2016 – March 2019, listed on TSX)  
**Interests in shares<sup>1</sup>:** None  
**Interests in options:** None

<sup>1</sup> Not Required to be disclosed as was not a director at 30 June 2020

**Name:** **David Gower (resigned 16 August 2019)**  
**Title:** Non-Executive Director  
**Qualifications:** M.Sc, P. Geo  
**Experience and expertise:** David has over 25 years' experience in the minerals industry including senior positions with Falconbridge Limited and Noranda Inc. He was previously a senior executive of several Forbes & Manhattan group companies.

David has a strong record of exploration and project development in Brazil including the Araguaia nickel deposits, Autazes potash discoveries, acquisition of the Irati Energia oil shales and presently the corporate qualified person for all resource and geological work on Brazil's largest underdeveloped gold deposit. He is a member of the Association of Professional Geoscientists of Ontario and of the Canadian Institute of Mining. David was appointed a director of the Company on 30 November 2012.

**Other current directorships:** Emerita Resources Corp, Alamos Gold Inc (all TSX listed)  
**Former directorships (last 3 years):** Halo Labs Inc. (formerly Apogee Opportunities Inc., April 2007 – October 2018, listed on TSXV)  
**Special responsibilities:** Chair of the Compensation Committee, member of the Audit Committee  
**Interests in shares<sup>2</sup>:** None  
**Interest in options:** None

**Name:** **David Shearwood (appointed 11 June 2019, resigned 20 October 2019)**  
**Title:** Executive Director  
**Qualifications:** BEng, AICD, GradDipAppFin, Prof.DipHR  
**Experience and expertise:** After working in copper/gold and coal mines as an explosives engineer, David's career shifted focus to the financial services sector, where he worked in analysis, strategy, and management across stockbroking, investment banking, funds management, and venture capital. Companies David worked for included Macquarie Bank, Westpac, QBE Insurance and what is now known as Deutsche Bank and Merrill Lynch. At Westpac, David co-founded one of Australia's first ethical funds and was an early signatory to the United Nations Principles of Responsible Investing (UNPRI). More recently he has managed his own investments and held generally non-executive directorships.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares<sup>3</sup>:** None  
**Interests in options:** None

**Name:** **Jonathan Guinness (resigned 6 February 2020)**  
**Title:** Non-Executive Director  
**Qualifications:** BS, M. Mineral Energy and Economics, PostGradDip Econ Geol, AusIMM  
**Experience and expertise:** Jonathan is a geologist with roles in mining and mineral trading companies in technical, financial, and project management across a broad range of commodities. This included working as a geologist for gold and base metal companies, a financial analyst for a gold company, and a project manager for a minerals trading company responsible for conducting and supervising financial and technical due diligence for resources projects. Up until December 2018, Jonathan worked in the Energy and Resources Division of two major Australian Banks, and most recently was Global Head of Natural Resources and then Global Head of Resources, Energy and Infrastructure at ANZ Bank.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares:** None  
**Interests in options:** None

**Name:** **Stephen Ross (appointed 15 August 2019, resigned 15 April 2020)**  
**Title:** Non-Executive Director  
**Qualifications:** B.Sc, FFin, MAusIMM  
**Experience and expertise:** Mr Ross is a geologist and public company director that has been involved in the international minerals industry in technical, business development and corporate positions for over 25 years. Stephen has sourced investments of over \$100m for junior explorers and pre-

development resource companies worldwide while holding senior management and technical positions when based in Central Asia, West Africa and Sri Lanka.

Stephen specialises in finding new projects in frontier economies while attracting minerals investment and establishing and managing operations whilst building a development team for new projects. He has developed strong relationships with investors and resource companies from Australia, Europe, China, Russia, Central Asia, South-East Asia and West Africa.

Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

\* Christina McGrath holds her interest in shares and options indirectly through Houtskar Pty Ltd <Footie Super Fund A/C> (Houtskar). Ms McGrath controls Houtskar and is a joint beneficiary of the fund.

\*\* Martin McConnell holds 80,788 ordinary shares and 14,689 options exercisable at \$0.10 expiring 30 June 2023 indirectly through Allambie Pty Ltd <McConnell Family A/C> and 234,806 ordinary shares and 14,286 unlisted options exercisable at C\$0.60 expiring on 30 April 2021, 500,000 unlisted options exercisable at \$0.23 expiring on 31 October 2024 and 42,692 options exercisable at \$0.10 expiring 30 June 2023 through Allambie Pty Ltd <McConnell S/F A/C>. Mr McConnell controls Allambie Pty Ltd and is a beneficiary of both entities.

## Company secretary

### **Sarah Prince (Bachelor of Arts, Bachelor of Law)**

(appointed 16 October 2019)

Sarah is a company secretary and solicitor employed by Company Matters. Since joining Company Matters in 2006, Sarah has assisted many clients either as their statutory appointed company secretary or as an independent adviser to boards and management. Sarah holds a Bachelor of Arts, Bachelor of Laws and a Graduate Diploma of Applied Corporate Governance. Sarah is a member of The Governance Institute of Australia and is admitted as a Solicitor of the Supreme Court of New South Wales.

### **Michael Duligal (BA, LLB, M.AppFin)**

(appointed 31 July 2019, resigned 16 October 2019)

Michael has over 30 years' experience in banking and financial markets services. After gaining early experience in open outcry markets such as the London Metal Exchange and the London Traded Options Market, Michael gained broad experience in debt and equity financing, business analysis, strategy, asset allocation and venture capital exposure. Michael has managed investment strategy and services for a family office for an Australian High Net worth and family, managed a multi-faceted dealing and execution desk for a multi-national insurance company. More recently, Michael has managed money for high net worth individuals and provided company secretarial, venture capital experience, and business and scientific analysis for a venture capital business, bringing energy and petroleum assets to exchange trading.

### **Christina McGrath**

(resigned as company secretary on 31 July 2019)

Refer to Christina's director biography for further details on her experience and qualification.

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2 Not Required to be disclosed as was not a director at 30 June 2020

3 Not Required to be disclosed as was not a director at 30 June 2020

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

Christina McGrath - Non-Executive Chairman  
 Martin McConnell - Non-Executive Director  
 Jonathan Guinness - Non-Executive Director (resigned 6 February 2020)  
 Fernando Tallarico - Managing Director (appointed 16 October 2019)  
 Justin Reid - Managing Director (resigned 19 July 2019)  
 David Gower - Non-Executive Director (resigned 16 August 2019)  
 David Shearwood - Executive Director (resigned 20 October 2019)  
 Stephen Ross - Non-Executive Director (appointed 15 August 2019, resigned 15 April 2020)

Full Board	
Attended	Held
15	15
13	15
10	10
10	10
1	2
2	2
5	6
10	11

Held: represents the number of meetings held during the time the director held office.

## Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

## ***Principles used to determine the nature and amount of remuneration***

The consolidated entity's remuneration policy for its key management personnel ("KMP") has been developed by the Board taking into account the size of the consolidated entity, the size of the management team for the consolidated entity, the nature and stage of development of the consolidated entity's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

- the consolidated entity is currently focused on undertaking exploration, appraisal and development activities;
- the risks associated with small cap resource companies whilst exploring and developing projects; and
- other than profit which may be generated from asset sales, the consolidated entity does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

## ***Non-executive director remuneration***

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the consolidated entity, incentive options have been used to attract and retain non-executive directors. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The Board did not use remuneration consultants during the year.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. Total directors' fees paid to all non-executive directors is not to exceed \$400,000 per annum. Director's fees paid to non-executive directors accrue on a daily basis. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the consolidated entity and non-executive directors may in limited circumstances receive incentive options in order to secure their services.

## ***Executive remuneration***

The consolidated entity's remuneration policy is to provide a fixed remuneration component and a performance based component. The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

The executive remuneration and reward framework has four components:

- base pay;
- short-term performance incentives;
- share-based payments; and
- other remuneration.

The combination of these comprises the executive's total remuneration.

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Short-term incentives ('STI') payments are granted to executives based on specific targets being achieved and include bonus payments. Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. KPIs may include:

- Permitting Approvals
- Metallurgical testing Andrade
- Budget control
- Marketing initiatives

The Board has focused the consolidated entity's efforts on finding and completing new business opportunities. The Board considers that the prospects of the consolidated entity and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings. Accordingly, the Board may pay a bonus to executive KMP's based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition.

The long-term incentives ('LTI') include share-based payments. The Board has chosen to issue incentive options to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the consolidated entity. The Board considers that each executive's experience in the resources industry will greatly assist the consolidated entity in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to executives is commensurate to their value to the consolidated entity.

Other than service-based vesting conditions, options may be subject to vesting based on development milestones. The consolidated entity does not currently have a policy regarding executives entering into arrangements to limit their exposure to incentive options granted as part of their remuneration package.

### ***Consolidated entity performance and link to remuneration***

Remuneration for certain individuals is directly linked to performance of the consolidated entity. The consolidated entity is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly, the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP. The performance measure which drives incentive awards is the company's share price and the discovery, delineation and development of new mineral resources. Refer to 'Additional information' of the remuneration report for details of the last five years earnings and share price.

### ***Voting and comments made at the company's 2019 Annual General Meeting ('AGM')***

The company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

## **Details of remuneration**

### ***Amounts of remuneration***

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Agua Resources Limited:

- Christina McGrath - Non-Executive Chairman
- Martin McConnell - Non-Executive Director
- Fernando Tallarico - Managing Director (appointed 16 October 2019)
- Luis Clerot - General Manager – Phosphate (appointed 2 September 2019)
- Justin Reid - Managing Director (resigned 19 July 2019)
- David Gower - Non-Executive Director (resigned 16 August 2019)
- David Shearwood - Executive Director (resigned 20 October 2019)
- Stephen Ross - Non-Executive Director (appointed 15 August 2019, resigned 15 April 2020)
- Jonathan Guinness - Non-Executive Director (resigned 6 February 2020)

	Short-term benefits		Post-employment benefits	Share-based payments**	Total
	Cash salary	Consulting Fees	Superannuation	Equity-settled	
	\$	\$	\$	\$	\$
<b>2020</b>					
<b>Non-Executive Directors:</b>					
Christina McGrath	65,000	-	6,175	59,478	130,653
Martin McConnell	45,000	-	4,275	9,478	58,753
Jonathan Guinness (resigned 6 February 2020)	27,123	-	2,577	-	29,700
David Gower (resigned 16 August 2019)	6,301	-	-	-	6,301
Stephen Ross* (appointed 15 August 2019, resigned 15 April 2020)	30,082	99,400	-	-	129,482
<b>Executive Directors:</b>					
Fernando Tallarico (appointed 16 October 2019)	352,562	-	-	77,746	430,308
David Shearwood (resigned 20 October 2019)	76,027	-	7,223	-	83,250
Justin Reid (resigned 19 July 2019)***	104,760	-	-	2,839	107,599
<b>Other Key Management Personnel:</b>					
Luiz Clerot (GM Phosphate, appointed 2 September 2019)	92,749	-	-	-	92,749
	799,604	99,400	20,250	149,541	1,068,795

\*Consulting Fees to Stephen Ross of \$99,400 were for technical consulting during the 2020 financial year.

\*\*Included in this balance of Equity Settled share-based payments to Christina McGrath, are Equity Settled share based payments to the value of \$50,000 for additional hours of work undertaken to 30 June 2020. The Board resolved that subject to shareholder approval at the AGM that Ms McGrath can be paid by the issue of shares which were offered to her during the recent Rights Issue. The shares are to be offered on the same conditions offered to all shareholders during the Rights Issue. On this basis, this amount has been accrued in the accounts as at 30 June 2020.

\*\*\* Included in Cash Salary paid to Justin Reid is a termination payment of \$87,500

Director fees to David Gower, Stephen Ross and Fernando Tallarico are paid through the entities they control. Both David and Stephen are not entitled to superannuation or long service leave. There is no requirement to withhold superannuation for Fernando Tallarico and Luiz Clerot, being based in Brazil.

Fees and salaries for each director and key management personnel is paid through the following entities:

- Fernando Tallarico - Metalica Consultoria e Serviços de Geologia
- David Gower - Gower Exploration Consulting Inc.
- Stephen Ross - Roman Resource Management

	Short-term benefits		Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Superannuation	Equity-settled	
2019	\$	\$	\$	\$	\$
<b>Non-Executive Directors:</b>					
David Gower (resigned 16 August 2019)	47,500	-	-	-	47,500
Brian Moller (resigned 14 June 2019)	48,750	-	-	-	48,750
Alec Pismiris (resigned 14 June 2019)	48,117	-	-	-	48,117
Diana Lai (resigned 14 June 2019)	47,500	-	-	-	47,500
Martin McConnell	2,472	-	235	-	2,707
Jonathan Guinness (resigned 6 February 2020)	2,472	-	235	-	2,707
Christina McGrath	3,572	-	339	-	3,911
<b>Executive Directors:</b>					
Paul Pint (resigned 14 June 2019)	200,000	-	-	27,784	227,784
Justin Reid (resigned 19 July 2019)	350,000	-	-	33,341	383,341
David Shearwood (resigned 20 October 2019)	13,736	-	1,305	-	15,041
<b>Other Key Management Personnel:</b>					
Catherine Stretch (resigned 18 July 2019)	160,000	-	-	24,450	184,450
Fernando Tallarico	278,877	60,008	-	22,226	361,111
Ryan Ptolemy (resigned 18 July 2019)	19,068	-	-	-	19,068
	1,222,064	60,008	2,114	107,801	1,391,987

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<b>Non-Executive Directors:</b>						
Christina McGrath	100%	100%	-	-	-	-
Martin McConnell	100%	100%	-	-	-	-
Jonathan Guinness (resigned 6 February 2020)	100%	100%	-	-	-	-
David Gower (resigned 16 August 2019)	100%	-	-	-	-	-
Stephen Ross (resigned 15 April 2020)	100%	-	-	-	-	-
<b>Executive Directors:</b>						
Fernando Tallarico	100%	74%	-	16%	-	10%
David Shearwood (resigned 20 <sup>th</sup> October 2019)	100%	100%	-	-	-	-
<b>Other Key Management Personnel:</b>						
Luiz Clerot (GM Phosphate)	100%	-	-	-	-	-

## Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements.

**Name:** **Fernando Tallarico**  
**Title:** Managing Director  
**Agreement commenced:** 16 October 2019  
**Term of agreement:** 3 months' notice to company and 6 months' notice by the company  
**Details:** Annual remuneration of CDN\$360,000. Bonus as recommended and approved by the Board based on achievement of annual milestones. Mr. Tallarico is also entitled to share based payment option subject to Board approval.

**Name:** **David Shearwood**  
**Title:** Executive Director  
**Agreement commenced:** 11 June 2019 (resigned 20 October 2019)  
**Details:** Annual salary of A\$273,750 (including superannuation).

**Name:** **Luiz Clerot**  
**Title:** General Manager  
**Agreement commenced:** 2 September 2019  
**Term of agreement:** 30 days' notice to company and 30 days' notice by the company  
**Details:** Annual remuneration of A\$100,000 (R\$336,000). Mr. Clerot is also entitled to share based payment option subject to Board approval.

### *Non-executive director arrangements*

Non-executive directors may receive a board fee. The total fees for the non-executive director is currently limited to \$400,000 per annum. All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

## Share-based compensation

### Issue of shares

Subject to shareholder approval, there will be \$50,000 in share-based payments made to Christina McGrath.

### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Fernando Tallarico	4,000,000 [a]	29/10/2019	Based on milestones [a]	31/10/2024	\$0.23	\$0.1155
Christina McGrath	500,000 [b]	29/10/2019	Based on milestones [b]	31/10/2024	\$0.23	\$0.1155
Martin McConnell	500,000 [b]	29/10/2019	Based on milestones [b]	31/10/2024	\$0.23	\$0.1155
Jonathan Guinness (resigned 6 February 2020)	500,000 [b]	29/10/2019	Based on milestones [b]	31/10/2024	\$0.23	\$0.1155
Stephen Ross (resigned 16 August 2019)	500,000 [b]	29/10/2019	Based on milestones [b]	31/10/2024	\$0.23	\$0.1155

[a] 4,000,000 unlisted options issued to Fernando Tallarico with an expiry date of 31 October 2024 and an exercise price of 23 cents. The options will vest in various tranches, on the satisfaction of a number of KPI's as follows:

- **Tranche 1** – 1,200,000 options will vest on continuous employment by the Company to 30 June 2023.

- **Tranche 2** – 400,000 options will vest on 30 June 2023 if there are no lost time injuries in the period from 29 November 2019 to 30 June 2023.

- **Tranche 3** – 1,200,000 options will vest upon satisfaction of inferred JORC 2012 resource of  $\geq 25\text{Mt}$  at  $\geq 0.75\%$  copper eq (as determined by the board).

- **Tranche 4** – 1,200,000 options will vest when the Company records one quarter of continuous production and sales of 40kt of phosphate per quarter.

[b] **Non-Executive Director Options** – 2,000,000 unlisted options, with 500,000 issued to each of Christina McGrath, Jonathan Guinness, Martin McConnell and Stephen Ross. Noting Jonathan Guinness and Stephen Ross have resigned and therefore forfeited their options. The options have an expiry date of 31 October 2024 and an exercise price of 23 cents. The options will vest in various tranches, on the satisfaction of a number of KPI's as follows:

- **Tranche 1** – 166,666 options (to each recipient) will vest on continuous employment by the Company to 30 June 2023.

- **Tranche 2** – 166,667 options (to each recipient) will vest upon satisfaction of inferred JORC 2012 resource of  $\geq 25\text{Mt}$  at  $\geq 0.75\%$  copper eq (as determined by the board).

- **Tranche 3** – 166,667 options (to each recipient) will vest when the Company records one quarter of continuous production and sales of 40kt of phosphate per quarter.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested (but not yet exercised) by directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	2020	2019	2020	2019
Fernando Tallarico	4,000,000	-	-	-
Christina McGrath	500,000	-	-	-
Martin McConnell	500,000	-	-	-
Jonathan Guinness (resigned 6 February 2020)	500,000	-	-	-
Stephen Ross (appointed 15 August 2019, resigned 15 April 2020)	500,000	-	-	-
<b>Total</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Additional information

The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Loss after income tax	(2,725,792)	(3,342,455)	(2,242,991)	(4,065,149)	(5,873,212)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016*
Share price at financial year end (\$)	0.042	0.12	0.20	0.42	0.60
Basic earnings per share (cents per share)	(1.37)	(2.27)	(1.87)	(4.87)	(8.25)

\* Prior to the consolidation of shares

## Additional disclosures relating to key management personnel

### Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration*	Additions	Disposals/ Other* [b]	Balance at the end of the year
<b>Ordinary shares</b>					
David Shearwood (resigned 20 October 2019)	7,858,742	-	-	(7,858,742)	-
Christina McGrath	1,052,000	[a]	619,506	-	1,671,506
Martin McConnell	304,317	-	67,627	-	371,944
Justin Reid	336,037	-	-	(336,037)	-
David Gower (resigned 16 August 2019)	559,234	-	-	(559,234)	-
Fernando Tallarico	137,143	-	-	-	137,143
Stephen Ross (appointed 15 August 2019, resigned 15 April 2020)	-	-	-	-	-
Jonathan Guinness (resigned 6 February 2020)	-	-	175,137	(175,137)	-
Luis Clerot (appointed 2 September 2019)	-	-	-	-	-
	10,247,473	-	862,270	(8,929,150)	2,180,593

- [a] Excludes \$50,000 of share-based payments as these will only be issued on approval from shareholders.
- [b] Closing balance at 30 June 2020, is not required to be disclosed as they resigned during the year and were not KMP as at 30 June 2020

## Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Vested and Exercisable	Balance at the end of the year
<b>Options over ordinary shares</b>						
Fernando Tallarico	1,140,000	4,000,000	-	-	1,140,000	5,140,000
Christina McGrath*	71,429	1,119,506	-	-	690,935	1,190,935
Martin McConnell*	26,786	567,627	-	-	94,413	594,413
Jonathan Guinness (resigned 6 February 2020)	-	500,000	-	500,000	-	-
Stephen Ross (Appointed 15 August 2019, resigned 15 April 2020)	-	500,000	-	500,000	-	-
David Shearwood (resigned 20th October 2019)	-	-	-	-	-	-
Justin Reid (resigned 19 July 2019)	1,500,000	-	-	1,500,000	-	-
Luis Clerot (appointed 2 September 2019)	-	-	-	-	-	-
David Gower (resigned 16 <sup>th</sup> August 2019)	-	-	-	-	-	-
	2,738,215	6,687,133	-	2,500,000	1,925,348	6,925,348

Christina McGrath holds an opening balance of 71,429 options plus 500,000 issued on 27 December 2019 - refer to note 22 - and 619,506 options as part of the rights issue on 30 June 2020.

Martin McConnell holds an opening balance of 26,786 options plus 500,000 issued on 27 December 2019 - refer to note 22 - and 67,627 options as part of the rights issue on 30 June 2020.

***This concludes the remuneration report, which has been audited.***

## Shares under option

Unissued ordinary shares of Agua Resources Limited under option at the date of this report are as follows:

Issue date	Expiry date	Exercise price	Number under option
5 December 2017	5 December 2020	\$0.600	7,520,000
16 April 2018 *	12 April 2021	\$0.600	7,142,900
25 July 2019	30 June 2021	\$0.012	697,233
27 December 2019	31 October 2024	\$0.230	5,000,000
24 April 2020	20 April 2022	\$0.160	4,564,063
25 May 2020	23 September 2021	\$0.150	500,810
30 June 2020	30 June 2023	\$0.100	61,773,033
			87,198,039

\* Exercise price is in Canadian dollars

All of above options are unlisted, with the exception of the 61,773,033 options issued on 30 June 2020 as part of the rights issue. In relation to the unlisted options, no person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. For the unlisted options do not carry any voting and dividend rights.

## **Shares issued on the exercise of options**

There were no ordinary shares of Agua Resources Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

## **Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## **Indemnity and insurance of auditor**

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).

No payment has been made to indemnify Ernst & Young during or since the financial year.

## **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

## **Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

## **Officers of the company who are former partners of Ernst & Young**

There are no officers of the company who are former partners of Ernst & Young.

## **Auditor's independence declaration**

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

## **Auditor**

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "C McGrath".

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Christina McGrath  
Chair

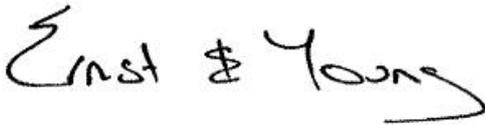
28 September 2020  
Sydney

## Auditor's Independence Declaration to the Directors of Agua Resources Limited

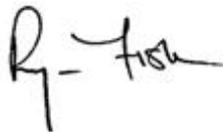
As lead auditor for the audit of the financial report of Agua Resources Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Agua Resources Limited and the entities it controlled during the financial year.



Ernst & Young



Ryan Fisk  
Partner  
28 September 2020

## Financial Statements

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## General information

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

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

Registered office	Principal place of business
Level 12 680 George Street Sydney NSW 2000	Rua Dr. Vale nº 555, Sala 406, Bairro Floresta, CEP.: 90560-010, Porto Alegre, RS.

A description of the nature of the consolidated entity's operations and its principal activities are included in the notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 September 2020.

**Agua Resources Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**



	Note	Consolidated	
		2020 \$	2019 \$
<b>Revenue</b>			
Interest revenue calculated using the effective interest method		8,888	4,048
Other income	23	12,890	-
Movement in fair value of derivatives	7	41,752	553,151
<b>Total Revenue</b>		<b>63,530</b>	<b>557,199</b>
<b>Expenses</b>			
Employee benefits expense		(184,721)	(567,338)
Share based payments	9 & 22	(174,863)	(181,170)
Depreciation and amortisation expense		(8,182)	(15,882)
Corporate expenses		(943,040)	(1,329,014)
Business development costs		(698,216)	(672,366)
Legal and professional		(220,215)	(335,229)
Administrative expense		(560,085)	(798,655)
<b>Total Expenses</b>		<b>(2,789,322)</b>	<b>(3,899,654)</b>
<b>Loss before income tax expense</b>		<b>(2,725,792)</b>	<b>(3,342,455)</b>
Income tax expense	4	-	-
<b>Loss after income tax expense for the year</b>		<b>(2,725,792)</b>	<b>(3,342,455)</b>
<b>Attributable to:</b>			
Equity holders of Agua Resources Ltd		(2,570,575)	-
Non-controlling interests		(155,217)	-
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	9	(8,291,855)	1,127,996
<b>Total other comprehensive income/(loss) for the year</b>		<b>(8,291,855)</b>	<b>1,127,996</b>
<b>Total comprehensive loss for the year</b>		<b>(11,017,647)</b>	<b>(2,214,459)</b>
<b>Attributable to:</b>			
Equity holders of Agua Resources Ltd		(10,862,430)	-
Non-controlling interests		(155,217)	-
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21	(1.37)	(2.27)
Diluted earnings per share	21	(1.37)	(2.27)

*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 June 2020**



	Note	Consolidated	
		2020 \$	2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,070,249	55,498
Trade and other receivables		9,905	19,495
Prepayments		32,693	41,708
Total current assets		3,112,847	116,701
<b>Non-current assets</b>			
Property, plant and equipment		32,994	43,580
Exploration and evaluation	5	32,048,624	37,471,942
Total non-current assets		32,081,618	37,515,522
<b>Total assets</b>		<b>35,194,465</b>	<b>37,632,223</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	660,776	1,659,764
Derivative financial instruments	7	-	41,752
Total current liabilities		660,776	1,701,516
<b>Total liabilities</b>		<b>660,776</b>	<b>1,701,516</b>
<b>Net assets</b>		<b>34,533,689</b>	<b>35,930,707</b>
<b>Equity</b>			
Issued capital	8	114,045,470	104,675,564
Reserves	9	(10,570,616)	(2,529,484)
Accumulated losses		(68,785,948)	(66,215,373)
Non-controlling interest		(155,217)	-
<b>Total equity</b>		<b>34,533,689</b>	<b>35,930,707</b>

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

	Ordinary shares	Reserves (Note 9)	Accumulated losses	Total equity
	\$	\$	\$	\$
<b>Consolidated</b>				
Balance at 1 July 2018	100,972,143	(3,838,650)	(62,872,918)	34,260,575
Loss after income tax expense for the year	-	-	(3,342,455)	(3,342,455)
Other comprehensive income for the year, net of tax	-	1,127,996	-	1,127,996
Total comprehensive income/(loss) for the year	-	1,127,996	(3,342,455)	(2,214,459)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	3,703,421	-	-	3,703,421
Share-based payments (note 9 and note 22)	-	181,170	-	181,170
Balance at 30 June 2019	104,675,564	(2,529,484)	(66,215,373)	35,930,707

	Ordinary shares	Reserves (Note 9)	Accumulated losses	Non-controlling interest	Total equity
	\$	\$	\$		\$
<b>Consolidated</b>					
Balance at 1 July 2019	104,675,564	(2,529,484)	(66,215,373)	-	35,930,707
Loss after income tax expense for the year			(2,570,575)	(155,217)	(2,725,792)
Other comprehensive income for the year, net of tax		(8,291,855)			(8,291,855)
Total comprehensive income/(loss) for the year	-	(8,291,855)	(2,570,575)	(155,217)	(11,017,647)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	9,369,906				9,369,906
Share-based payments (note 9)		250,723			250,723
Balance at 30 June 2020	114,045,470	(10,570,616)	(68,941,165)	(155,217)	34,533,689

*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 year ended 30 June 2020**



	Consolidated	
	2020 \$	2019 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(3,468,958)	(2,671,629)
Interest received	8,888	4,048
Net cash used in operating activities	20 (3,460,070)	(2,667,581)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	16,823	-
Payments for exploration and evaluation	(2,922,846)	(4,343,682)
Net cash used in investing activities	(2,906,023)	(4,343,682)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	10,072,288	3,954,438
Share issue transaction costs	(626,523)	(293,899)
Net cash from financing activities	9,445,765	3,660,539
Net Increase/(decrease) in cash and cash equivalents	3,079,672	(3,350,724)
Cash and cash equivalents at the beginning of the financial year	55,498	3,405,149
Effects of exchange rate changes on cash and cash equivalents	(64,921)	1,073
Cash and cash equivalents at the end of the financial year	3,070,249	55,498

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

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or Impending Changes to Accounting Standards and Interpretations

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.

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:

#### Issued and effective:

##### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity has adopted this standard but the impact of its adoption is not considered material by the consolidated entity.

#### Issued but not yet effective:

##### Amendments to AASB 3: Definition of a business

In October 2018, the IASB issued amendments to the definition of a business in AASB 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendment to AASB 3 is effective for reporting periods beginning on or after 1 January 2020. Since amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

## Note 1. Significant accounting policies (continued)

### Amendments to IFRS 3: Reference to Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

### Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

## 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 \$2,725,792 (2019: \$3,328,239) and net cash outflows from operating and investing activities of \$6,366,093 (2019: \$7,011,263) for the year ended 30 June 2020.

The consolidated entity has not generated significant revenues from operations. Based on the cash flow forecasts, the Board is aware of the Group's need to access additional working capital in the future in order to progress its projects.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to pay its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on the following pertinent matters:

- The Group has the capacity to manage its activities in the short term to minimise its funding requirements.
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider capital raisings or other methods to ensure that adequate funding continues to be available.
- The Group's history of being able to raise funds when required.
- The Directors believe that future funding will be available to meet the Group's objectives and debts as and when they fall due

In the event the consolidated entity is unsuccessful in achieving the above, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

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

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 17.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Agua Resources Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Agua Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## Note 1. Significant accounting policies (continued)

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is the parent company, Agua Resources Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition

The consolidated entity recognises revenue as follows:

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established. Other revenue in the current period relates to grants from the Australian Government under the cash booster scheme. Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

## Note 1. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Members of the tax consolidated group and the tax sharing arrangement Agua Resources Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2013. Agua Resources Limited is the head entity of the tax consolidated group.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## Note 1. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

- Plant and equipment 3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

### Exploration and evaluation assets

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

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

The demonstration of the technical feasibility and commercial viability is the point at which management determines that it will develop the project and is subject to a significant degree of judgement and assessment of all relevant factors. This typically includes, but is not limited to, the completion of an economic feasibility study, the establishment of mineral reserves and the ability to obtain the relevant construction and operating permits for the project.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options/warrants over shares, that are provided to employees in exchange for the rendering of services.

## Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Note 1. Significant accounting policies (continued)

### Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Agua Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions used in the valuation models relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## Note 2. Critical accounting judgements, estimates and assumptions (continued)

### *Carrying value of exploration and evaluation assets*

The consolidated entity assesses carrying value of exploration and evaluation assets at each reporting date. If an impairment trigger exists, the recoverable amount of the asset is determined. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant interest. The application of this exploration and evaluation expenditure policy requires management to make certain estimates and assumptions as to future events and circumstances, particularly in relation to the assessment of whether sufficient data exist to indicate that the carrying amount of the exploration and evaluation asset is likely to be recovered in full from successful development or by sale. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

## Note 3. Operating segments

### *Identification of reportable operating segments*

The consolidated entity is organised into one operating segment being mining and exploration in Brazil. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision 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 direct exploration expenditure in assessing performance and allocation of resources and as such no segment result or segment revenues are disclosed. All the company's non-current assets (including exploration assets) are held in Brazil.

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

## Note 4. Income tax expense

### *Numerical reconciliation of income tax expense and tax at the statutory rate*

	Consolidated	
	2020 \$	2019 \$
Loss before income tax expense	(2,725,792)	(3,342,455)
Tax at the statutory tax rate of 27.5%	(749,593)	(919,175)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenditure not allowable for income tax purposes	48,070	49,822
Differences arising from losses in Brazil at a tax rate of 15%	60,673	-
Non-assessable income	(15,026)	(152,116)
Current year tax profit/(loss) not recognised	(665,876)	(1,021,469)
Income tax expense	-	-

## Note 4. Income tax expense (continued)

### *Tax losses not recognised*

Unused tax losses for which no deferred tax asset has been recognised

Potential tax benefit @ 27.5%

Consolidated	
2020	2019
\$	\$
22,499,307	20,114,305
6,187,310	5,531,434

The above potential tax benefit for tax losses has not been recognised in the statement of financial position as it is unlikely they will be utilised in the foreseeable future. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

### Tax consolidation

Members of the tax consolidated group and the tax sharing arrangement Aguia Resources Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2013. Aguia Resources Limited is the head entity of the tax consolidated group.

## Note 5. Non-current assets - exploration and evaluation

Brazilian Phosphate project - at cost  
Less: Impairment

Brazilian Copper project - at cost  
Less: Impairment

Consolidated	
2020	2019
\$	\$
41,891,765	47,839,660
(12,660,637)	(12,660,637)
29,231,128	35,179,023
2,817,496	2,292,919
-	-
2,817,496	2,292,919
32,048,624	37,471,942

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

### Reconciliations

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

	Consolidated	
	Exploration & evaluation \$	Total \$
Balance at 1 July 2018	31,653,643	31,653,643
Additions	4,543,593	4,543,593
Exchange differences	1,274,706	1,274,706
Balance at 30 June 2019	37,471,942	37,471,942
Balance at 1 July 2019	37,471,942	37,471,942
Additions	2,571,588	2,571,588
Exchange differences	(7,994,906)	(7,994,906)
Balance at 30 June 2020	32,048,624	32,048,624

## Note 6. Current liabilities - Trade and other payables

	Consolidated	
	2020 \$	2019 \$
Trade payables	491,306	576,245
Accrued expenses	118,078	855,603
Other payables	51,392	227,916
	660,776	1,659,764

Refer to note 11 for further information on financial instruments.

Trade payables are settled on 30-90 day terms and are non-interest bearing.

## Note 7. Current liabilities - Derivative financial instruments

	Consolidated	
	2020 \$	2019 \$
Warrants	-	41,752

## Note 7. Current liabilities - Derivative financial instruments (continued)

Refer to note 11 for further information on financial instruments.

Refer to note 12 for further information on fair value measurement.

A total of 13,180,418 warrants with the expiry date of 30 June 2020 were issued in various tranches in relation to capital raising in June and July 2017. This represents the 1 for 2 ratio for warrants based on the issued 26,360,835 shares. The exercise price for these warrants 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. Using the Black-Scholes model, these warrants had, at date of issue, a fair value of between A\$0.2026 and A\$0.2377 each and the total fair value at the date of issue was \$2,781,532. As at 30 June 2020, the fair value was deemed nil as these had expired.

On 16 April 2018, the company issued 7,142,900 warrants in relation to capital raising. These options are also denominated in Canadian Dollar. Using Black-Scholes model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 75%, risk-free interest rate of 2.17% and an expected life of 3 years, the initial valuation on these options were A\$0.082 each for a total value of \$585,718. These options expire in November 2020 and are significantly out of the money, therefore have been revalued to nil as at 30 June 2020.

### Financial year ended 30 June 2019

Opening balance	01/07/2018
Fair value adjustment to profit or loss	30/06/2018

Closing balance

Number of warrants	Fair Value
20,323,318	594,903
-	(553,151)
<u>20,323,318</u>	<u>41,752</u>

### Financial year ended 30 June 2020

Opening balance	01/07/2019
Warrants Expired at 30 June 2020	30/06/2020
Fair value adjustments to profit or loss	30/06/2020

Closing balance

Number of warrants	Fair value
20,323,318	41,752
(13,180,418)	
-	(41,752)
<u>7,142,900</u>	<u>-</u>

## Note 8. Equity - Issued capital

Ordinary shares - fully paid

Consolidated			
2020 Shares	2019 Shares	2020 \$	2019 \$
<u>277,365,126</u>	<u>164,255,158</u>	<u>114,045,470</u>	<u>104,675,564</u>

## Note 8. Equity - Issued capital (continued)

### Movements in ordinary share capital

	Date	Shares	Issue price	\$
Opening Balance 1 July 2018	30 June 2018	131,484,126	\$0.120	100,972,143
Shares issued	14 December 2018	24,350,861	\$0.120	2,944,018
Shares issued - share based payments	14 December 2018	600,000	\$0.120	72,000
Shares issued - share based payments	09 January 2019	530,934	\$0.120	63,712
Shares issued	03 April 2019	7,289,237	\$0.120	874,708
Share issue costs				(251,017)
Closing Balance 30 June 2019		164,255,158		104,675,564
Opening Balance 1 July 2019	30 June 2019	164,255,158		104,675,564
Shares issued - Placement	16 July 2019	21,128,290	\$ 0.120	2,535,395
Shares issued - Commission	7 August 2019	286,496	\$ 0.120	34,380
Shares issued - Placement	27 September 2019	15,176,068	\$ 0.150	2,276,410
Shares issued - Placement	21 November 2019	1,428,571	\$ 0.175	250,000
Shares issued - Placement	20 December 2019	9,454,666	\$ 0.150	1,418,200
Shares issued - Placement	24 April 2020	9,128,126	\$ 0.080	730,250
Shares issued - Commission	25 May 2020	350,448	\$ 0.080	28,036
Rights issue	30 June 2020	56,157,303	\$ 0.050	2,807,865
Share issue costs				(710,630) <sup>1</sup>
Closing Balance 30 June 2020	30 June 2020	277,365,126		114,045,470

<sup>1</sup>\$75,858 of share issue costs were paid in equity

### 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.

### Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets.

## Note 8. Equity - Issued capital (continued)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is continuously examining new business opportunities where the acquisition / working capital requirements may involve additional funding in some format, including issue of shares or debt where appropriate.

The consolidated entity is not subject to financing arrangements covenants.

## Note 9. Equity – Reserves

Foreign currency reserve  
Share-based payments reserve  
Capital contribution reserve

Consolidated	
2020	2019
\$	\$
(15,848,193)	(7,556,338)
5,195,392	4,944,669
82,185	82,185
<u>(10,570,616)</u>	<u>(2,529,484)</u>

### 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% on the \$1 million loan with Forbes Empreimentos Ltd, a company associated with three of its current/former directors. The consolidated entity ceased to borrow from this counterparty in 2017.

## Note 9. Equity - Reserves (continued)

### Movements in reserves

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

	Consolidated			
	Capital contribution	Share-based payments	Foreign currency	Total
	\$	\$	\$	\$
Balance at 1 July 2018	82,185	4,763,499	(8,684,334)	(3,838,650)
Foreign currency translation	-	-	1,127,996	1,127,996
Share-based payments	-	181,170	-	181,170
Balance at 30 June 2019	82,185	4,944,669	(7,556,338)	(2,529,484)
Balance at 1 July 2019	82,185	4,944,669	(7,556,338)	(2,529,484)
Foreign currency translation	-	-	(8,291,855)	(8,291,855)
Share-based payments	-	250,723	-	250,723
Balance at 30 June 2020	82,185	5,195,392	(15,848,193)	(10,570,616)

## Note 10. Equity – Dividends

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

## Note 11. Financial instruments

### **Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity does not enter into derivative transactions to mitigate the financial risks. In addition, the consolidated entity's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the consolidated entity's operations change, the directors will review this policy periodically going forward.

The consolidated entity 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 11. Financial instruments (continued)**

### ***Market risk***

#### ***Foreign currency risk***

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from 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 consolidated 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.

#### ***Interest rate risk***

The consolidated entity's main interest rate risk arises from short-term deposits with a floating interest rate.

#### ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. 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 consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

There are no significant concentrations of credit risk within the consolidated entity.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. The exposure to sensitivities on credit risk is not material.

#### ***Liquidity risk***

Liquidity risk is the risk that the consolidated entity 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 consolidated entity will always have sufficient liquidity to meet its liabilities when due. Vigilant liquidity risk management requires the consolidated entity 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 consolidated entity 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.

## Note 11. Financial instruments (continued)

### 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.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated – 2020	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	491,306	-	-	-	491,306
Other payables	-	51,392	-	-	-	51,392
Accruals	-	118,078	-	-	-	118,078
<b>Total non-derivatives</b>		<b>660,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>660,776</b>

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated – 2019	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	576,245	-	-	-	576,245
Other payables	-	227,916	-	-	-	227,916
Accruals	-	855,603	-	-	-	855,603
<b>Total non-derivatives</b>		<b>1,659,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,659,764</b>

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

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 12. 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

## Note 12. Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Consolidated - 2020</b>				
Liabilities				
Derivative financial liability	-	-	-	-
Total liabilities	-	-	-	-
<b>Consolidated - 2019</b>				
Liabilities				
Derivative financial liability	-	41,752	-	41,752
Total liabilities	-	41,752	-	41,752

There were no transfers between levels during the financial year.

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 13. Key management personnel disclosures

### Compensation

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

	Consolidated	
	2020 \$	2019 \$
Short-term employee benefits	799,604	1,284,186
Consulting fees	99,400	-
Superannuation	20,250	-
Share-based payments	149,541	172,576
	<u>1,068,795</u>	<u>1,456,762</u>

## Note 14. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company, and its network firms:

*Audit services - Ernst & Young*

Audit or review of the financial statements

*Audit services - network firms - Ernst & Young Brazil*

Audit or review of the financial statements

Consolidated	
2020	2019
\$	\$
52,000	45,344
18,414	51,633

## Note 15. Contingent liabilities

The consolidated entity does not have any contingent liabilities as at 30 June 2020 (30 June 2019: nil).

## Note 16. Related party transactions

*Parent entity*

Agua Resources Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 18.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 13 and the remuneration report included in the directors' report.

### *Transactions with related parties*

The following transactions occurred with related parties:

Payment for goods and services:

Payment for legal services from HopgoodGanim of which Mr Brian Moller is a partner.

Consolidated	
2020	2019
\$	\$
-	8,864

## Note 16. Related party transactions (continued)

### *Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

#### Current payables:

Payable to key management personnel for fees and remuneration

Consolidated	
2020	2019
\$	\$
-	391,334

#### *Terms and conditions*

Transactions were made on normal commercial terms and conditions and at market rates.

## Note 17. Parent entity information

Set out below is the supplementary information about the parent entity.

### *Statement of profit or loss and other comprehensive income*

Loss after income tax

Total comprehensive loss

Parent	
2020	2019
\$	\$
(2,116,307)	(2,208,281)
(2,116,307)	(2,208,281)

## Note 17. Parent entity information (continued)

### Statement of financial position

	Parent	
	2020 \$	2019 \$
Total current assets	2,814,536	74,217
Total assets	43,547,247	36,807,401
Total current liabilities	154,419	918,895
Total liabilities	154,419	918,895
Equity		
Issued capital	114,045,470	104,675,564
Share-based payments reserve	5,195,392	4,944,669
Capital contribution reserve	82,185	82,185
Accumulated losses	(75,930,219)	(73,813,912)
Total equity	43,392,828	35,888,506

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 18. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Agua Mining Pty Ltd	Australia	100.00%	100.00%
Agua Phosphates Pty Ltd	Australia	100.00%	100.00%
Agua Potash Pty Ltd	Australia	100.00%	100.00%
Agua Metais Ltda	Brazil	100.00%	100.00%
Potassio do Atlantico Ltda	Brazil	100.00%	100.00%
Agua Rio Grande Mineracao Ltda	Brazil	100.00%	100.00%
Agua Fertilizantes S.A.*	Brazil	49.00%	49.00%

\* Controlled by the parent entity through the entity's board of directors.

## Note 19. Events after the reporting period

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

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

On the 18 August 2020, Agua announced that it had recently purchased a crusher that will allow for the preparation of bulk test samples of Direct Application Natural Fertilizers (DANF) from its Tres Estradas Phosphate Project located in the state of Rio Grande do Sul, Southern Brazil. It will be used by Agua to produce bulk size test samples of its TEPP DANF product that will be employed on field trials on selected farms within a 300km radius of the TEPP Site.

No other matter or circumstance has arisen since 30 June 2020 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 20. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020 \$	2019 \$
Loss after income tax expense for the year	(2,725,792)	(3,342,455)
Adjustments for:		
Depreciation and amortisation	8,182	15,882
Write off of property, plant and equipment	(8,188)	(1,848)
Share-based payments	174,863	181,170
Movement in fair value of derivatives	(41,752)	(553,151)
Change in operating assets and liabilities:		
Increase/(decrease) in trade and other receivables	18,605	(2,230)
Increase/(decrease) in trade and other payables	(885,988)	1,035,051
Net cash used in operating activities	(3,460,070)	(2,667,581)

## Note 21. Earnings per share

	Consolidated	
	2020 \$	2019 \$
Loss after income tax attributable to the owners of Aguia Resources Limited	(2,725,792)	(3,342,455)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	199,505,879	147,116,496
Weighted average number of ordinary shares used in calculating diluted earnings per share	199,505,879	147,116,496

	Cents	Cents
Basic earnings per share	(1.37)	(2.27)
Diluted earnings per share	(1.37)	(2.27)

## Note 22. Share-based payments

A share option plan has been established by the consolidated entity, whereby the consolidated entity may, at the discretion of the Board and if permitted by the Board, grant options over ordinary shares in the parent entity to certain employees, key management personnel and advisers of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board, such as the completion of the bankable feasibility study and the granting of preliminary licence. The options are not quoted on the ASX and the Board may amend the option plan rules subject to the requirements of the Listing Rules.

Set out below are summaries of options granted under the plan:

2020							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
07/12/2016	07/12/2019	\$0.625	260,000	-	-	(260,000)	-
16/12/2016	16/12/2019	\$0.600	810,000	-	-	(810,000)	-
02/06/2017	02/06/2020	\$0.640	120,000	-	-	(120,000)	-
28/07/2017	28/07/2020	\$0.540	150,000	-	-	(150,000)	-
28/11/2017	05/12/2020	\$0.600	7,520,000	-	-	-	7,520,000
05/04/2019	05/04/2022	\$0.140	300,000	-	-	(300,000)	-
28/12/2019	31/10/2024	\$0.230	-	6,000,000	-	(1,000,000)	5,000,000 <sup>[a][b]</sup>
			<u>9,160,000</u>	<u>6,000,000</u>	<u>-</u>	<u>(2,640,000)</u>	<u>12,520,000</u>

2019							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
30/09/2015	30/09/2018	\$1.300	560,000	-	-	(560,000)	-
27/11/2015	27/11/2018	\$1.100	614,000	-	-	(614,000)	-
07/12/2016	07/12/2019	\$0.625	260,000	-	-	-	260,000
16/12/2016	16/12/2019	\$0.600	810,000	-	-	-	810,000
02/06/2017	02/06/2020	\$0.640	120,000	-	-	-	120,000
28/07/2017	28/07/2020	\$0.540	150,000	-	-	-	150,000
28/11/2017	05/12/2020	\$0.600	7,520,000	-	-	-	7,520,000
05/04/2019	05/04/2022	\$0.140	-	300,000	-	-	300,000
			<u>10,034,000</u>	<u>300,000</u>	<u>-</u>	<u>(1,174,000)</u>	<u>9,160,000</u>

## Note 22. Share-based payments (continued)

Set out below are the options vested and exercisable at the end of the financial year:

Grant date	Expiry date	Number	
		2020	2019
30/09/2015	30/09/2018	-	-
27/11/2015	27/11/2018	-	-
07/12/2016	07/12/2019	-	260,000
16/12/2016	16/12/2019	-	810,000
02/06/2017	02/06/2020	-	120,000
28/07/2017	28/07/2020	-	150,000
28/11/2017	05/12/2020	-	4,845,000
05/04/2019	05/04/2022	-	300,000
		-	6,485,000

[a] 4,000,000 unlisted options issued to Fernando Tallarico with an expiry date of 31 October 2024 and an exercise price of 23 cents. The options will vest in various tranches, on the satisfaction of a number of KPI's as follows:

- **Tranche 1** – 1,200,000 options will vest on continuous employment by the Company to 30 June 2023.

- **Tranche 2** – 400,000 options will vest on 30 June 2023 if there are no lost time injuries in the period from 29 November 2019 to 30 June 2023.

- **Tranche 3** – 1,200,000 options will vest upon satisfaction of inferred JORC 2012 resource of  $\geq 25\text{Mt}$  at  $\geq 0.75\%$  copper eq (as determined by the board).

- **Tranche 4** – 1,200,000 options will vest when the Company records one quarter of continuous production and sales of 40kt of phosphate per quarter.

[b] **Non-Executive Director Options** – 2,000,000 unlisted options, with 500,000 issued to each of Christina McGrath, Jonathan Guinness, Martin McConnell and Stephen Ross. Noting Jonathan Guinness and Stephen Ross have resigned and therefore forfeited their options. The options have an expiry date of 31 October 2024 and an exercise price of 23 cents. The options will vest in various tranches, on the satisfaction of a number of KPI's as follows:

- **Tranche 1** – 166,666 options (to each recipient) will vest on continuous employment by the Company to 30 June 2023.

- **Tranche 2** – 166,667 options (to each recipient) will vest upon satisfaction of inferred JORC 2012 resource of  $\geq 25\text{Mt}$  at  $\geq 0.75\%$  copper eq (as determined by the board).

- **Tranche 3** – 166,667 options (to each recipient) will vest when the Company records one quarter of continuous production and sales of 40kt of phosphate per quarter.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.92 (2019: 1.31 years).

The weighted average exercise price of options outstanding at the end of the financial year was \$0.230 (2019: \$0.585).

## Note 22. Share-based payments (continued)

For the options granted during the current financial year, the valuation model (Black-Scholes option pricing model) inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/11/2019	31/10/2024	\$0.160	\$0.230	106.49%	-	0.74%	\$0.1155

The historical volatility factor for Agua shares over the 12-month period to 29 November 2019 was 106.47%. This has been used as the expected volatility factor in the Black Scholes model.

## Note 23. Other Income

Other Income represents the Australian Governments' Cash Boosting Incentive paid to Agua Resources Ltd. This is a temporary cash flow boost to support small and medium businesses and not-for-profit organisations during the economic downturn associated with COVID-19. In order to be eligible, the Company was required to be a small to medium sized entity making payments to employees subject to withholding.

## Note 24. Commitments

The consolidated entity does not have any significant commitments as at 30 June 2020 and 30 June 2019 other than those already been disclosed in the financial statements.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Fernando Tallarico".

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Fernando Tallarico  
Executive Director

28 September 2020

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

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Aguia Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Carrying Value of Exploration and Evaluation Assets

Why significant	How our audit addressed the key audit matter
<p>The Group's exploration assets of \$32.0m as at 30 June 2020 represent 91% of the total assets of the Group.</p> <p>Exploration assets are initially recognised at cost and any additional expenditure is capitalised to the exploration asset in accordance with the Group's accounting policy as outlined in Note 1.</p> <p>At each reporting date the Directors' assess the Group's exploration assets for indicators of impairment. The decision as to whether there are indicators that require the Group's exploration assets to be assessed for impairment in accordance with AASB 6 involved judgment, including whether; the rights to tenure for the areas of interest are current; the Group's ability and intention to continue to evaluate and develop the area of interest and whether the results of the Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the area of interest.</p> <p>We have therefore considered this a Key Audit Matter due to the value of the exploration assets relative to total assets and the significant judgments involved in the assessment of indicators of impairment.</p>	<p>Our procedures to address the Group's assessment of impairment indicators for exploration assets included:</p> <ul style="list-style-type: none"> <li>▶ Understanding the current exploration program and any associated risks.</li> <li>▶ Considering the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements.</li> <li>▶ Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant areas of interest, which included an assessment of the Group's cash-flow forecast models and discussions with management as to the intentions and strategy of the Group.</li> <li>▶ Agreeing a sample of costs capitalised for the period to supporting documentation and considering whether these costs meet the requirements of Australian Accounting Standards and the Group's accounting policy.</li> <li>▶ Assessed whether exploration and evaluation data exist to indicate that the carrying value of capitalised exploration and evaluation is unlikely to be recovered through development or sale.</li> <li>▶ Evaluating the adequacy of the related disclosures in the financial report.</li> </ul>

## Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

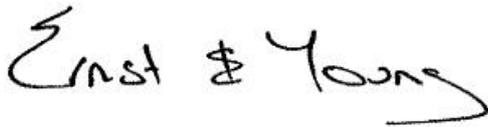
### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 22 of the Directors' report for the year ended 30 June 2020.

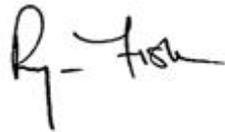
In our opinion, the Remuneration Report of Aguia Resources Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

## Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Ryan Fisk  
Partner  
Sydney  
28 September 2020

The shareholder information set out below was applicable as at 4 September 2020.

## Distribution of equity securities

Analysis of number of equity security holders by size of holding:

No. of Holders:	Ordinary Shares	Unlisted Options Exercise			
		Price \$0.60 Expiry 05/12/2020	Price CAD\$0.60 Expiry 12/04/2021	Price \$0.12 Expiry 30/06/2021	Price \$0.15 Expiry 23/09/2021
1 to 1,000	147	-	2	-	-
1,001 to 5,000	245	-	4	-	-
5,001 to 10,000	107	-	3	-	-
10,001 to 100,000	382	7	39	-	-
100,001 and over	352	16	15	2	2
	1,233	23	63	2	2
Holding less than a marketable parcel	514	-	-	-	-

No. of Holders:	Unlisted Options Exercise			
	Price \$0.16 Expiry 20/04/2022	Price \$0.23 Expiry 31/10/2024		
1 to 1,000	-	-		
1,001 to 5,000	-	-		
5,001 to 10,000	-	-		
10,001 to 100,000	33	-		
100,001 and over	8	3		
	41	3		

No. of Holders:	Listed Options Exercise			
	Price \$0.10 Expiry 30/06/2023			
1 to 1,000	20			
1,001 to 5,000	41			
5,001 to 10,000	24			
10,001 to 100,000	138			
100,001 and over	125			
	348			

## Equity security holders

### *Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted fully paid ordinary shares are listed below:

	Ordinary shares	
	Number held	% of total shares issued
CANADIAN CONTROL A/C	16,691,873	6.03
BAOBAB HOLDINGS PTY LTD	11,789,660	4.26
TDD GROUP PTY LTD	8,627,818	3.12
MR DAVID SHEARWOOD & MR HARRY SHEARWOOD	6,932,219	2.50
FOWLMERE PTY LTD	6,000,000	2.17
CITICORP NOMINEES PTY LIMITED	4,937,669	1.78
CLUTTERBUCK SF PTY LTD	4,664,641	1.68
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,504,689	1.63
COOPSTER PTY LIMITED	4,200,000	1.52
GEARD FAMILY PTY LTD	3,666,667	1.32
FGDG SUPER PTY LTD	3,144,207	1.14
MS NICHOLA MARGUERITE CLUTTERBUCK	2,977,352	1.08
DIAMED SUPER PTY LTD	2,841,667	1.03
HENDERSON INTERNATIONAL PTY LIMITED	2,840,638	1.03
BNP PARIBAS NOMINEES PTY LTD	2,823,835	1.02
MR MITCHELL CHAPMAN & MRS JUDITH CHAPMAN	2,688,889	0.97
BALFAR PTY LTD	2,322,223	0.84
SCINTILLA STRATEGIC INVESTMENTS LIMITED	2,000,000	0.72
ARREDO PTY LTD	2,000,000	0.72
GRANJAC PTY LTD	1,863,890	0.67
	<b>97,517,937</b>	<b>35.23</b>

The names of the twenty largest security holders of quoted \$0.10 options expiring 30 June 2023 are listed below:

	Listed options	
	Number held	% of total listed options issued
MR MICHAEL SOUCIK & MRS HEATHER SOUCIK	3,944,060	6.38
FOWLMERE PTY LTD	3,000,000	4.86
BAOBAB HOLDINGS PTY LTD	2,210,341	3.58
SCINTILLA STRATEGIC INVESTMENTS LIMITED	2,000,000	3.24
COOPSTER PTY LIMITED	1,900,000	3.08
MAHE CAPITAL PTY LTD	1,853,130	3.00
CS THIRD NOMINEES PTY LIMITED	1,600,000	2.59
TDD GROUP PTY LTD	1,240,000	2.01
TOLTEC HOLDINGS PTY LTD	1,200,000	1.94
MR CRAIG GRAEME CHAPMAN	1,200,000	1.94
ALTOR CAPITAL MANAGEMENT PTY LTD	1,100,000	1.78
MR CARRICK DURRANT RYAN	1,000,000	1.62
ORCA CAPITAL	1,000,000	1.62
DR LEON EUGENE PRETORIUS	1,000,000	1.62
CLUTTERBUCK SF PTY LTD	848,117	1.37
MR JEREMY DAVID RUBEN & MRS VANESSA RUBEN	800,000	1.30
FIRST INVESTMENT PARTNERS PTY LTD	800,000	1.30
MR IAN MICHAEL PATERSON PARKER & MRS CATRIONA SYLVIA PARKER	760,000	1.23
ZERRIN INVESTMENTS PTY LTD	700,000	1.13
GEARD FAMILY PTY LTD	666,667	1.08
	<b>28,822,315</b>	<b>46.66</b>

### ***Unquoted equity securities***

	Number on issue	Number of holders
\$0.60 options expiring 29/11/2020	7,520,000	23
C\$0.60 options expiring 12/04/2021	7,142,900	33
\$0.23 unquoted options expiring 31/10/2024	5,000,000	3
\$0.12 options expiring 30/06/2021	697,233	2
\$0.15 options expiring 23/09/2021	500,810	2
\$0.16 options expiring 20/04/2022	4,564,063	41

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Kemosabe Capital Pty Ltd	\$0.12 unquoted options expiring 30/06/2021	348,617
Mr Peter Stephen Curtis	\$0.12 unquoted options expiring 30/06/2021	348,616
Coopster Pty Limited	\$0.15 unquoted options expiring 23/09/2021	258,424
Kemosabe Capital Pty Ltd	\$0.15 unquoted options expiring 23/09/2021	242,386
TDD Group Pty Ltd	\$0.16 unquoted options expiring 20/04/2022	937,500
Fernando Tallarico	\$0.23 unquoted options expiring 31/10/2024	4,000,000

## **Substantial holders**

There are no substantial holders in the company.

## **Voting rights**

The voting rights attached to ordinary shares are set out below:

### **Ordinary shares**

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.

### **Options**

The options do not carry any voting rights.

There are no other classes of equity securities.

### **On-market buy back**

There is currently no on-market buy-back program for any of Agua Resources Limited's listed securities.