



Aguia Resources Limited

ABN 94 128 256 888

Interim Report - 31 December 2014

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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 half-year ended 31 December 2014.

Directors

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

David Gower
Prakash Hariharan
Fernando Tallarico
Allan Pickett (resigned 21 November 2014)
Brian Moller
Alec Pismiris

Principal activities

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$7,297,226 (31 December 2013: \$1,393,449).

Phosphate

During the half-year the company commenced a reverse circulation and diamond drilling program over Três Estradas South, which represents the SW-trending strike extension of the current JORC-compliant mineral resource of 30.5M tonnes at 4.3% P₂O₅ that includes indicated resources of 9.9M tonnes @ 5.03% P₂O₅ and inferred resources of 20.6M tonnes @ 3.94% P₂O₅. Of the total strike-length of 2.5 km the current resource represents 1.2 km, i.e., less than half of the outcropping carbonatite-hosted mineralization. The current drilling program is planned to test the remainder 1.3 km along strike.

Drilling to date has intersected excellent widths and grades of phosphate mineralisation, confirming the potential to add significantly to the current Três Estradas resource. Diamond drilling into the primary carbonatite has intersected up to 53.94m grading 5.27% P₂O₅. Reverse circulation drilling is targeting the upper oxide mineralisation, and has intersected up to 22 meters of oxidized material grading 14.07% P₂O₅. Thicknesses up to 44m were intersected in the oxidized zone.

These assay results are extremely encouraging as they confirm the extension of the Três Estradas mineralization to the southwest at surface and also at depth. Both oxide mineralization and fresh carbonatite are identical in texture and grade to the current pit-constrained resource that was delineated in the previous programs. They validate the potential for a high quality world-class phosphate asset in southern Brazil.

During half-year the company also released a Conceptual Mining Study on the Três Estradas Phosphate Project that was completed by SRK Toronto. The purpose was to provide the initial design of the mining operation and to provide a first high level assessment of costs. These initial results indicate competitive operating and capital cost for a proposed 350,000tpa single superphosphate ("SSP") facility. These results include an estimated capital cost of US\$ 218 million, with operating cost of US\$ 177/tonne of SSP.

The company also engaged SGS Lakefield, Canada, to proceed with additional flotation test work on samples of fresh and oxidized phosphate mineralization from the Três Estradas deposit. The test work is currently in progress and is targeting a global recovery of +70%.

The projects are located in the state of Rio Grande do Sul - the southernmost Brazilian state adjacent to the border with Uruguay. The region has well developed infrastructure with excellent roads, rail, power, port and services. The three southern States of Rio Grande do Sul, Santa Catarina and Paraná currently consume over one million tonnes P₂O₅ (ANDA, 2012 consumption data) or almost 30% of Brazilian consumption, however there are currently no producing phosphate mines in the region.

The Três Estradas, both north and south, and the Joca Tavares tenements are under an option agreement to acquire 100% from Companhia Brasileira do Cobre ("CBC"). In addition Agua has approximately 390 square kilometres of regional exploration claims which comprise the Rio Grande Regional Project.

The company has made a new grassroots discovery of a sediment-hosted phosphate mineralisation in the Rio Grande Regional Project. Mineralisation is related to black phosphorite beds that were found to occur in the Arroio Marmeleiro Formation, a Proterozoic shelf sequence that outcrops in an area that extends some 30 km along strike by 5 km wide. So far three beds of black phosphorite have been mapped in the Cerro Preto Target, along strike lengths that vary from about approximately 700m to 5km and with an apparent thickness from 50m to up to 200m. Highly encouraging results were returned from systematic rock chip sampling, including assays with grades up to 20.4% P₂O₅. As follow-up to initial geological mapping several trenches were excavated and returned very encouraging results, including: 17.50m grading 10.30% P₂O₅, including 5.0m grading 15.52% P₂O₅, and 54m @ 6.99% P₂O₅, among several other mineralized trenches.

Potash

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

Corporate

A placement of AUD 2 million, comprising 40 million shares at \$0.05/share has been secured with TSX listed Sulliden Mining Capital Inc. Subsequent to the end of the half year a 1 for 10 rights issue to raise approximately A\$1.016 million was announced.

Near Term Focus

The company will continue its efforts to commercialise its flagship Rio Grande phosphate project through future resource expansion of the primary and high grade oxide zones. The ongoing drilling program along the Três Estradas southwest extension has the potential to upgrade the size of the resource as indicated by the initial results of the program.

Further refinements on the existing Conceptual Mining Plan are planned. The company has engaged SRK Toronto to prepare a Preliminary Economic Assessment (PEA) for the Três Estradas Project. The PEA is planned to incorporate the updated resource as well as new data from the current metallurgical test work.

On the project pipeline the company is also planning initial drill testing of Joca Tavares and the Cerro Preto sediment-hosted mineralization. The Joca Tavares Project is located 41 kms east-south-east from the Três Estradas project and initial exploration has outlined carbonatite and carbonatite breccia over an area of 1,350m x 400m with excellent first pass auger drilling results, indicating a highly prospective target.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

On 9 January 2015, the company announced a non-renounceable rights issue of 1 fully paid ordinary share for every 10 fully paid ordinary shares held by eligible shareholders at a share price of \$0.04 per share to raise up to \$1.06 million. Part of the proceeds from the offer will be used to expand the resource at Tres Estradas, and undertake delineation drilling at the adjacent Joca Tavares prospect, as well as for general working capital requirements and a preliminary review of a TSX-V listing.

On 5 February 2015, the company announced it has raised \$169,903 through the issue of 4,247,574 new ordinary shares under the 1 for 10 non-renounceable rights issue at \$0.04 per share. Pursuant to the terms of the offer, the company may at its discretion place all or part of the remainder of the shortfall in subscriptions within 3 months, no later than 30 April 2015.

No other matter or circumstance has arisen since 31 December 2014 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.

Auditor's independence declaration

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

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

On behalf of the directors



Prakash Hariharan
Managing Director

16 March 2015

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

16 March 2015

Dear Board Members

Aguia Resources Limited

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

As lead audit partner for the review of the financial statements of Aguia Resources Limited for the financial half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



T Hynes
Partner
Chartered Accountants

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General information

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

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

Suite 4, Level 9
341 George Street
Sydney NSW 2000

Principal place of business

Rua Antonio de Albuquerque n156, 1504
Bairro Savassi - Belo Horizonte / MG - Brazil
CEP: 30112-010

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2015.

Agua Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



	Note	Consolidated 31/12/2014 \$	Consolidated 31/12/2013 \$
Revenue	3	22,182	31,606
Expenses			
Employee benefits expense		(53,373)	(404,763)
Legal & professional		(89,967)	(124,646)
Impairment cost	5	(6,478,244)	-
Corporate cost		(252,451)	(63,578)
Exploration assets expensed		(9,007)	(112,191)
Business development		(64,968)	(370,552)
Administration costs	4	(371,398)	(349,325)
Loss before income tax expense		(7,297,226)	(1,393,449)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Agua Resources Limited	8	(7,297,226)	(1,393,449)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(586,536)	(229,831)
Other comprehensive income for the half-year, net of tax		(586,536)	(229,831)
Total comprehensive income for the half-year attributable to the owners of Agua Resources Limited		<u>(7,883,762)</u>	<u>(1,623,280)</u>
		Cents	Cents
Basic earnings per share		(3.25)	(0.79)
Diluted earnings per share		(3.25)	(0.79)

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

Agua Resources Limited
Statement of financial position
As at 31 December 2014



	Note	Consolidated 31/12/2014 \$	30/06/2014 \$
Assets			
Current assets			
Cash and cash equivalents		1,180,830	525,468
Trade and other receivables		140,398	382,882
Other		32,686	20,365
Total current assets		<u>1,353,914</u>	<u>928,715</u>
Non-current assets			
Property, plant and equipment		99,704	125,749
Exploration and evaluation	5	<u>20,952,713</u>	<u>26,557,221</u>
Total non-current assets		<u>21,052,417</u>	<u>26,682,970</u>
Total assets		<u>22,406,331</u>	<u>27,611,685</u>
Liabilities			
Current liabilities			
Trade and other payables		314,724	419,214
Borrowings	6	1,000,000	-
Other		29,744	177,720
Total current liabilities		<u>1,344,468</u>	<u>596,934</u>
Total liabilities		<u>1,344,468</u>	<u>596,934</u>
Net assets		<u>21,061,863</u>	<u>27,014,751</u>
Equity			
Issued capital	7	69,465,413	67,534,539
Reserves		(918,187)	(331,651)
Accumulated losses	8	<u>(47,485,363)</u>	<u>(40,188,137)</u>
Total equity		<u>21,061,863</u>	<u>27,014,751</u>

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

Agua Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2014



Consolidated	Ordinary shares \$	Performance shares \$	Share-based payments \$	Accumulated losses \$	Foreign currency \$	Total equity \$
Balance at 1 July 2013	63,276,258	276,593	3,184,340	(25,789,421)	(3,418,681)	37,529,089
Loss after income tax expense for the half-year	-	-	-	(1,393,449)	-	(1,393,449)
Other comprehensive income for the half-year, net of tax	-	-	-	-	(229,831)	(229,831)
Total comprehensive income for the half-year	-	-	-	(1,393,449)	(229,831)	(1,623,280)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 7)	2,363,768	(35,193)	-	-	-	2,328,575
Balance at 31 December 2013	<u>65,640,026</u>	<u>241,400</u>	<u>3,184,340</u>	<u>(27,182,870)</u>	<u>(3,648,512)</u>	<u>38,234,384</u>
Consolidated	Ordinary shares \$	Performance shares \$	Share-based payments \$	Accumulated losses \$	Foreign currency \$	Total equity \$
Balance at 1 July 2014	67,293,139	241,400	3,235,531	(40,188,137)	(3,567,182)	27,014,751
Loss after income tax expense for the half-year	-	-	-	(7,297,226)	-	(7,297,226)
Other comprehensive income for the half-year, net of tax	-	-	-	-	(586,536)	(586,536)
Total comprehensive income for the half-year	-	-	-	(7,297,226)	(586,536)	(7,883,762)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 7)	1,930,874	-	-	-	-	1,930,874
Balance at 31 December 2014	<u>69,224,013</u>	<u>241,400</u>	<u>3,235,531</u>	<u>(47,485,363)</u>	<u>(4,153,718)</u>	<u>21,061,863</u>

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

Agua Resources Limited
Statement of cash flows
For the half-year ended 31 December 2014



	Note	Consolidated	
		31/12/2014	31/12/2013
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(643,605)	(1,321,828)
Interest received		22,182	24,530
Rental revenue		-	3,560
Net cash used in operating activities		<u>(621,423)</u>	<u>(1,293,738)</u>
Cash flows from investing activities			
Payments for exploration and evaluation		<u>(1,612,257)</u>	<u>(1,018,358)</u>
Net cash used in investing activities		<u>(1,612,257)</u>	<u>(1,018,358)</u>
Cash flows from financing activities			
Proceeds from issue of shares	7	2,000,000	2,396,500
Proceeds from borrowings		1,000,000	-
Share issue transaction costs		<u>(69,126)</u>	<u>(67,925)</u>
Net cash from financing activities		<u>2,930,874</u>	<u>2,328,575</u>
Net increase in cash and cash equivalents		697,194	16,479
Cash and cash equivalents at the beginning of the financial half-year		525,468	696,245
Effects of exchange rate changes on cash and cash equivalents		<u>(41,832)</u>	<u>(7,302)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,180,830</u></u>	<u><u>705,422</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

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

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

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 \$7,297,227 (2013: \$1,393,449) and net cash outflows from operating and investing activities of \$2,233,680 (2013: \$2,312,096) for the half-year ended 31 December 2014.

The consolidated entity has not generated significant revenues from operations and the directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the raising of additional capital. The company will be required to raise additional funding (which may include equity, debt or extensions to existing debt facilities) of at least \$2,100,000 to meet its minimum committed exploration expenditures, repayment of the convertible loan, other principal activities and working capital requirements through to 31 March 2016, with the first tranche of \$600,000 of this additional funding required by 30 April 2015. The company continues to review various capital raising opportunities.

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

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

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

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment being mining and exploration in Brazil. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

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

Types of products and services

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

Corporate office activities

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

Note 3. Revenue

	Consolidated	
	31/12/2014	31/12/2013
	\$	\$
Interest	22,182	24,530
Other revenue	-	7,076
Revenue	<u>22,182</u>	<u>31,606</u>

Note 4. Other expenses

Management has recognised an impairment loss of \$237,327 (R\$500,000) on the receivable related to the option agreement with Vicenza Mineracao e Participacoes S.A. ("Vicenza") as this is considered not recoverable according to note 5.

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/2014	30/06/2014
	\$	\$
Brazilian Phosphate project - at cost	30,281,640	29,532,406
Less: Impairment	<u>(12,660,637)</u>	<u>(6,182,393)</u>
	17,621,003	23,350,013
Brazilian Potash project - at cost	25,668,381	25,543,879
Less: Impairment	<u>(22,336,671)</u>	<u>(22,336,671)</u>
	3,331,710	3,207,208
	<u>20,952,713</u>	<u>26,557,221</u>

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

Reconciliations

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

Consolidated	Exploration & evaluation \$	Total \$
Balance at 1 July 2014	26,557,221	26,557,221
Additions	1,462,912	1,462,912
Exchange differences	(589,176)	(589,176)
Impairment of assets	(6,478,244)	(6,478,244)
Balance at 31 December 2014	<u>20,952,713</u>	<u>20,952,713</u>

The Mata da Corda phosphate project is held in a joint venture with Vicenza who is the operator and has an option to acquire 100% of the project according to the renegotiation made on 15 October 2014. Vicenza is currently non-compliant with permit obligations and there is uncertainty about its ability to comply with them. The company has not budgeted nor planned any substantive expenditure on further exploration and evaluation of mineral resources in this specific area. Consequently, management decided to impair 100% of project costs of \$6,478,244.

Note 6. Current liabilities - borrowings

	Consolidated	
	31/12/2014	30/06/2014
	\$	\$
Related party loan	<u>1,000,000</u>	<u>-</u>

The company secured a line of credit facility of \$1,000,000 on commercially attractive terms with Forbes Empreendimentos Ltda, a company associated with three of its directors, Prakash Hariharan, David Gower and Fernando Tallarico. Interest is charged at 1% p.a. The loan is fully drawn down as at 31 December 2014. The debt was due and not repaid on 31 December 2014. Repayment may be in cash or subject to shareholder approval, converted to ordinary shares at a conversion price of \$0.04 per share. An extension of the facility to 30 June 2015 has been successfully negotiated.

Note 7. Equity - issued capital

	Consolidated			
	31/12/2014	30/06/2014	31/12/2014	30/06/2014
	Shares	Shares	\$	\$
Ordinary shares - fully paid	253,949,788	213,949,788	69,224,013	67,293,139
Performance shares*	1,547,431	4,126,482	241,400	241,400
	<u>255,497,219</u>	<u>218,076,270</u>	<u>69,465,413</u>	<u>67,534,539</u>

*Lapse of performance shares on 6 July 2014.

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2014	213,949,788		67,293,139
Share issue	13 November 2014	40,000,000	\$0.05	2,000,000
Transaction costs		-	\$0.00	(69,126)
Balance	31 December 2014	<u>253,949,788</u>		<u>69,224,013</u>

Note 8. Equity - accumulated losses

	Consolidated	
	31/12/2014	30/06/2014
	\$	\$
Accumulated losses at the beginning of the financial half-year	(40,188,137)	(40,188,137)
Loss after income tax expense for the half-year	<u>(7,297,226)</u>	<u>-</u>
Accumulated losses at the end of the financial half-year	<u><u>(47,485,363)</u></u>	<u><u>(40,188,137)</u></u>

Note 9. Equity - dividends

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

Note 10. Contingent liabilities

The consolidated entity's Brazilian subsidiary, Potassio do Atlantico Ltda, is in the process of defending a legal action involving the alleged breach of a contract for drilling services with Prest Perfuracoes Limitada undertaken in the first half of 2012 on some of Potassio do Atlantico Ltda's potash assets. The provider of drilling services is seeking damages of approximately \$2.15 million for this alleged breach. Although the outcome of this matter is currently not determinable, the directors believe, based on legal advice, that the action can be successfully defended. This position is unchanged since 30 June 2014.

Note 11. Related party transactions

Parent entity

Agua Resources Limited is the parent entity.

Transactions with related parties

Other than the transactions noted below, there were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

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

Loans to/from related parties

The company secured a line of credit facility of \$1,000,000 on commercially attractive terms with Forbes Empreendimentos Ltda, a company associated with three of its directors, Prakash Hariharan, David Gower and Fernando Tallarico. Interest is charged at 1% p.a. The loan is fully drawn down as at 31 December 2014. The debt was due and not repaid on 31 December 2014. Repayment may be in cash or subject to shareholder approval, converted to ordinary shares at a conversion price of \$0.04 per share. An extension of the facility to 30 June 2015 has been successfully negotiated.

Terms and conditions

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

Note 12. Events after the reporting period

On 9 January 2015, the company announced a non-renounceable rights issue of 1 fully paid ordinary share for every 10 fully paid ordinary shares held by eligible shareholders at a share price of \$0.04 per share to raise up to \$1.06 million. Part of the proceeds from the offer will be used to expand the resource at Tres Estradas, and undertake delineation drilling at the adjacent Joca Tavares prospect, as well as for general working capital requirements and a preliminary review of a TSX-V listing.

On 5 February 2015, the company announced it has raised \$169,903 through the issue of 4,247,574 new ordinary shares under the 1 for 10 non-renounceable rights issue at \$0.04 per share. Pursuant to the terms of the offer, the company may at its discretion place all or part of the remainder of the shortfall in subscriptions within 3 months, no later than 30 April 2015.

No other matter or circumstance has arisen since 31 December 2014 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 13. Financial instruments

The company does not have any fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

The directors consider that the carrying amounts of trade and other receivables and trade and other payables approximate their fair values as at 31 December 2014 and 31 December 2013.

Agua Resources Limited
Directors' declaration
31 December 2014



In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read "Prakash Hariharan", written over a horizontal line.

Prakash Hariharan
Managing Director

16 March 2015

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

We have reviewed the accompanying half-year financial report of Aguia Resources Limited, which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Aguia Resources Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aguia Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity has incurred a net loss of \$7,297,226 and experienced net cash outflows from operating and investing activities of \$2,233,680 for the half-year ended 31 December 2014. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, it may be unable to realise its assets and extinguish its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



T Hynes
Partner

Chartered Accountants
Sydney, 16 March 2015