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ASX Market Announcements
 Level 6, Exchange Centre
 20 Bridge Street
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AGRICULTURE IN SOUTHERN BRAZIL – AGUIA’S TRES ESTRADAS PHOSPHATE PROJECT ENVIRONMENT

Sydney, Australia, - Aguia Resources Limited ABN 94 128 256 888 (ASX:AGR) (Aguia or the Company) is pleased to provide shareholders with an overview of agriculture in Southern Brazil, Aguia’s Três Estradas Phosphate Project environment.

Brazil is an agricultural powerhouse. Its climate, large tracts of arable land and ready supply of fresh water provides the key ingredients for an abundant food supply for its 200+ million population. Currently Brazil is the third largest agricultural exporter in the world with agricultural produce comprising over 51% of all exports and is the world’s leading producer of soybeans, coffee and sugar.

In 2018/19 the total grain harvest reached 236 million tonnes from a planted area of 62 million hectares. Looking to the future, the projections for 2028/29 are for a grain harvest of around 300 million tonnes, an increase of 26.8% on the current harvest, a growth rate of 2.4% per year. The planted area is expected to increase by 15.3% from 2018/19 to 2028/29, rising from 62.8 million to 72.4 million hectares, a growth rate of 1.4% per annum.

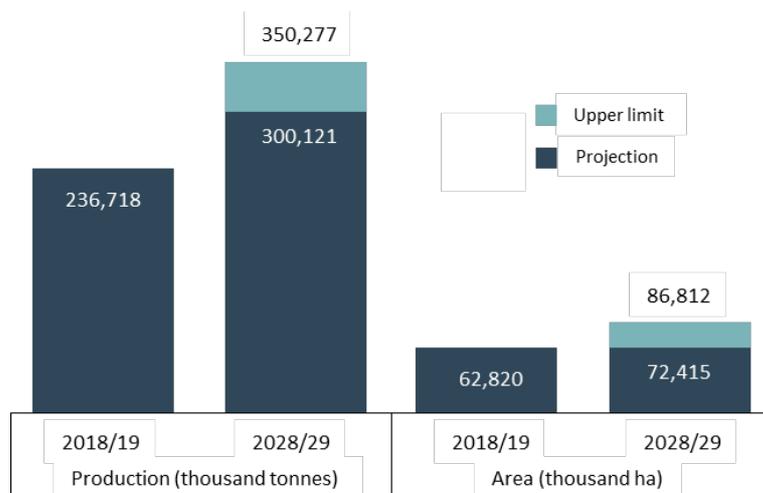


Figure 1 – 2018/19 grain production and harvested area in Brazil and projections for 2028/29. Source: CGAPI/DFI/SPA/MAPA e SIRE/Embrapa.

Southern Brazil is home to the country’s richest agricultural assets and is the region where Agua has secured 100% of known and valuable phosphate deposits and prospects covering 334km² in the middle of prime farming land covering a 300km radius. In a world where food shortages are predicted, it is definitely a region to watch.

Agua recently released a Scoping Study for its Três Estradas Phosphate Project (TEPP) situated in the State of Rio Grande do Sul (RS) in Southern Brazil. Here there is high demand for phosphate fertilisers with around 80% of all fertilizer in the region applied to two crops (soy and rice). Over 3.5 million hectares of these two crops are planted within 300km of the project area.

RS is a region about the size France with a population of 11 million. It boasts good infrastructure with ready access to an international port. Its agricultural wealth is characterised by a semi-temperate or moderate climate, a high rainfall and fertile soil. It is considered to be more fertile than the north of Brazil. Despite the fertile soils, the continuous cultivation over 50 years has caused exhaustion of soil nutrients, making the use of phosphate-based fertilisers a necessity. RS produces most of Brazil's grains, oilseeds and other export crops. The state is the third largest agricultural producer in Brazil and second in terms of production per hectare.

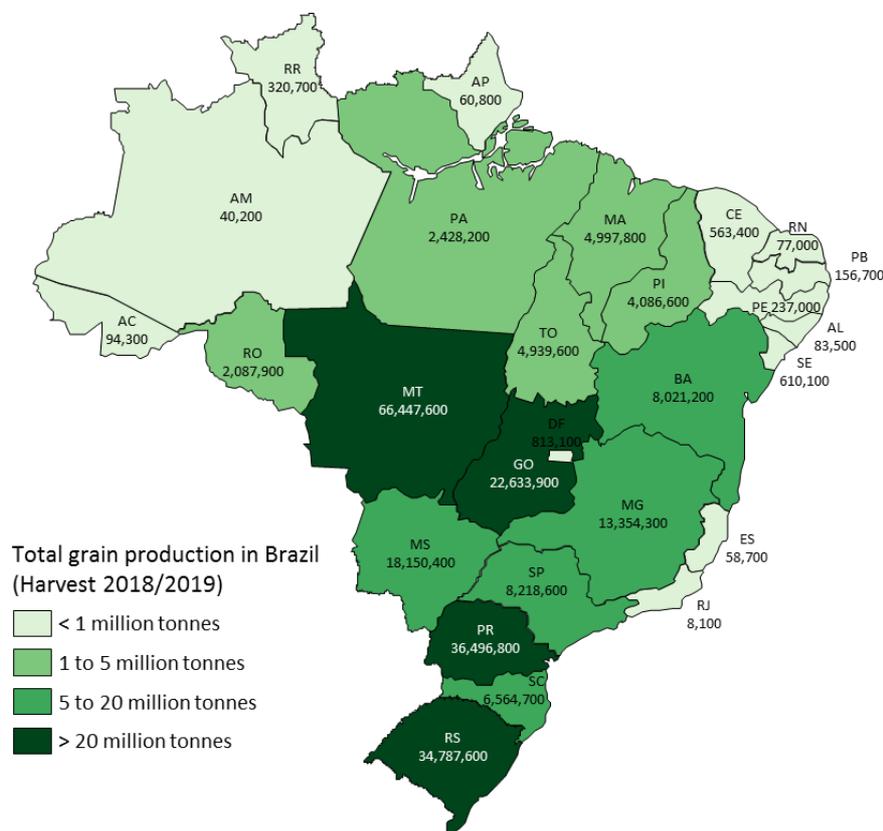


Figure 2 – Total grain production in Brazil – Harvest 2018/19. Source: Conab.

According to the Brazilian Institute of Geography and Statistics (IBGE), in 2016, RS contributed 11.8% to the total Gross Value Added (GVA) product of Brazilian agriculture, reaching R\$36 billion and occupying first position in the national rankings (IBGE, 2018). From 2002 to 2015, the cumulative expansion of agricultural GVA in RS was 69.1%. Agriculture is the main economic activity in most of RS’s municipalities.

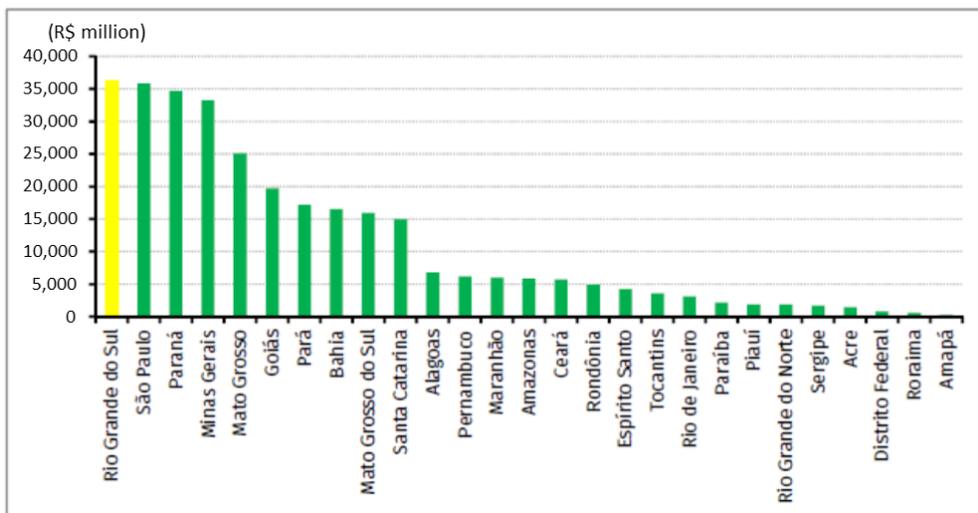


Figure 3 – GVA of Brazilian Agriculture by states in 2016. Source: Feix, R. D.; Leusin Junior, 2019.

In addition to the wide domestic supply of diversified agricultural products such as soy, meat, milk, rice, tobacco, grapes, apples, wheat, etc.), in 2018, 58.2% of RS’s agricultural production was exported to 175 countries, including many in the European Union.



Figure 4 – Main export destinations for agribusiness products from RS in 2018. Source: Exportações do Agronegócio (RIO GRANDE DO SUL, 2019a).

By comparison, the Australian agricultural sector is characterised by long cyclical droughts, erratic rainfall and the increasing risk of bushfires. Much of Australia’s farming land is dry farming and irrigation is expensive and generally unavailable. This creates obvious risk when considering agricultural investment.

Southern Brazil records a reliable annual rainfall of 1.5 metres which is twice that of Sydney. The rainfall averages in Australia’s vast arable and semi arable inland agricultural regions are considerably less than the coastal regions. There is little or no risk of drought or bushfire in Southern Brazil. In this temperate climate, farmers can grow three crops per year whereas in Australia it is a cycle of only one crop per year.

The presence of these abundant natural resources in Southern Brazil has made this region home to many very successful farmers and agronomists who possess a deep technical knowledge of farming practices. Investment in agricultural research has brought advances in science, technology and innovations for agriculture. Over the past 40 years, Brazil has moved from being a food importer to becoming a major food supplier to the world.

These factors have further resulted in the creation of a significant and rich agricultural sector in Southern Brazil. It has created inter-generational wealth amongst landowners who in turn have become savvy investors in the agribusiness sector. There is an openness to innovation and a keen awareness of changing consumer needs and price points.

There is also a pride taken in improving local production, in fostering employment and strengthening community which is palpable. This was very apparent during the process for the granting of the Environmental Preliminary Licence (LP) when Agua conducted a highly successful community outreach program, the benefits of which are ongoing and will continue to be seen down the track.

Against this backdrop, Agua's position as the only local phosphate producer in Southern Brazil, with first product anticipated in early 2022, presents a compelling investment opportunity, especially considering its very low capex start-up costs.

**AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING DIRECTOR OF AGUIA
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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. It has recently undertaken extensive geophysical analysis and is awaiting the results of recent copper drilling. Agua is also in the pre-production stage of a low-cost natural phosphate fertiliser project which is the subject of its recently released Scoping Study. It is expected to be operational in early 2022.

Caution regarding forward-looking information:

This press release contains "forward looking information" within the meaning of applicable Australian securities legislation. Forward looking information includes, without limitation, statements regarding the next steps for the project, timetable for development, production forecast, mineral resource estimate, exploration program, permit approvals, timetable and budget, property prospectivity, and the future financial or operating performance of the Company. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking

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