



17 March 2020

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

AGUIA RESOURCES LIMITED - TRÊS ESTRADAS PHOSPHATE PROJECT UPDATE

Sydney, Australia, - Aguia Resources Limited ABN 94 128 256 888 (ASX:AGR) (**Aguia** or the **Company**) is pleased to provide shareholders with an update on project development activities for the 100%-owned Três Estradas Phosphate Project located in Rio Grande do Sul (RS), Southern Brazil, one of the country's largest agricultural regions. Significant progress is being made across all areas of the project.

Highlights

- **The Scoping Study for 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;**
- **Environmental works and programs to facilitate the granting of the critical Installation License (LI)¹ are advancing;**
- **Agronomic trials are ongoing with laboratory results well within the required specifications to produce a Natural Phosphate Product;**
- **RS' State power company (CEEE) has confirmed available capacity to provide power for Phase 1 production unit.**

Management Commentary

Managing director Dr. Fernando Tallarico said: "The granting of the Preliminary License in October 2019 has been the key catalyst to advance the Três Estradas Phosphate Project towards production. We are now diligently working our way through the environmental licensing process so we secure the all-important Installation License by very early in 2021."

¹ The Installation License (LI) provides the necessary authorization to initiate construction and start development of the mine.

“Our team is totally focused on advancing all necessary development initiatives so that we meet our previously stated goal of achieving first cash flow within 18 months. All key project development activities are on track and we are very encouraged by the growing interest in our project from potential industry partners and financiers. The low start-up capex for the proposed Direct Application Natural Fertilizer production has been a game changer for Agua. We look forward to regularly reporting on progress.”

Project Update

As reported in the ASX announcement on 12 February 2020, the Company started the works aiming to produce a Direct Application Natural Fertilizer (DANF) in project Phase 1 (Saprolite). The DANF production is very attractive given the high natural P₂O₅ grade in the saprolite ore (8.78% P₂O₅ on average) and, due to the simplified process, OPEX and CAPEX is significantly lower compared to the previously modelled larger-scale phosphate concentrate production unit.

Since then, the Company is advancing key activities to put the project into operation. Figure 1 shows the flow chart of key activities and milestones to develop, install and put Phase 1 of the project in operation.

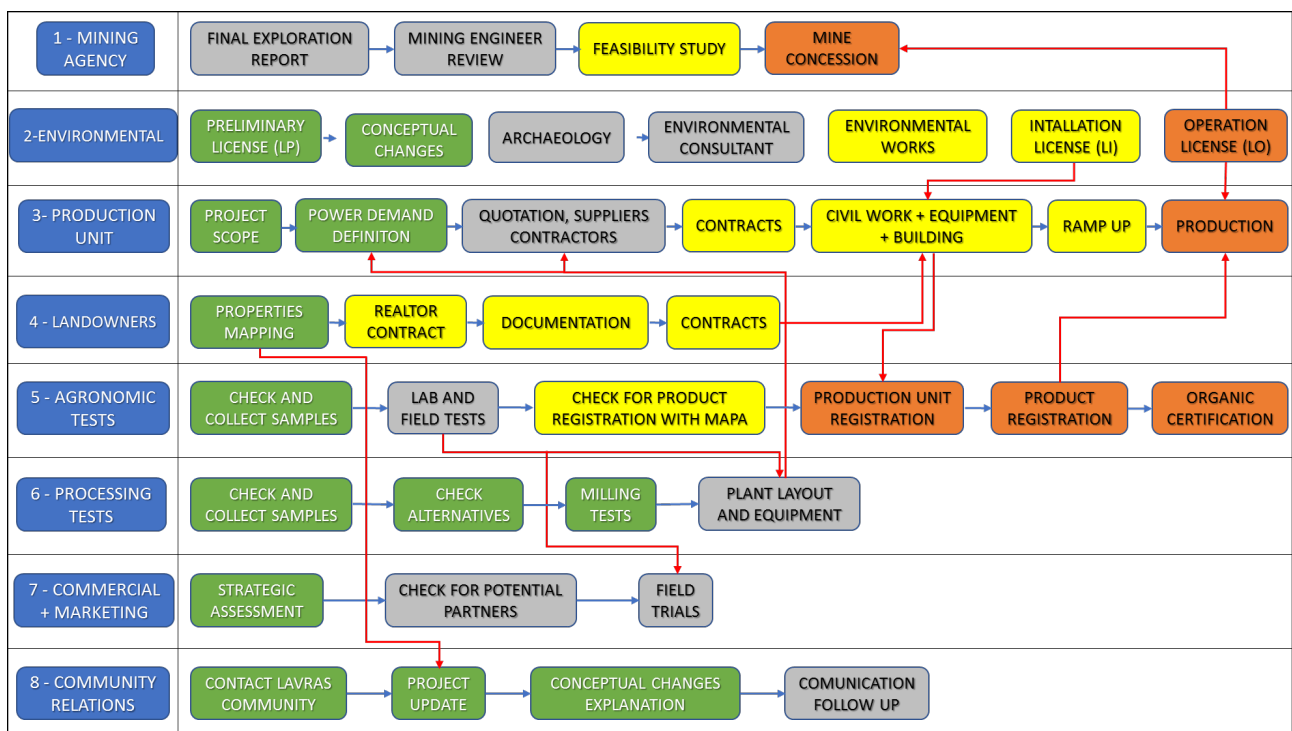


Figure 1: Três Estradas Phosphate Project – Key activities for project Phase 1. Blue boxes: Key activities; Green boxes: Company actions completed; Grey boxes: Ongoing actions; Yellow boxes: Planned actions; Orange boxes: Milestones.

1. Mining Agency – The Final Exploration Report (RFP) regarding the mineral property 810.090/1991, which covers the north portion of the TE phosphate deposit, has already been presented to the Federal Mining Agency (ANM), and is under evaluation. The RFP regarding the mineral property 810.325/2012, which covers the south portion of the deposit, is currently being prepared by the exploration team and should be filed with ANM in early April 2020. Agua aims to get the approval for the both RFP’s by the end of the Q2 2020.

2. Environmental – The Company was granted the Preliminary License (LP) by the State Government Agency (FEPAM) on 15 October 2019. After the LP issuing, the conceptual changes in the Phase 1 were presented to FEPAM and the Company started the works to obtain the Installation License (LI) which provides the necessary authorization to initiate construction and start the development of the mine site. As part of the required works, the Company continued the archaeological survey this month and is currently in contact with specialized companies which will undertake the environmental programs for the LI.

The detailed engineering for Phase 1, considering the DANF production, is currently on course and should be presented to FEPAM, as part of the LI permitting, in June 2020.

3. Production Unit – The project scoping study was conducted by independent consulting firm GE21 Consultoria Mineral Ltda (GE21) in Brazil and concluded in February 2020. The scope included pit optimization and design, mine scheduling, capital expenditure (CAPEX), operational expenditure (OPEX) estimates and an economic analysis for Phase 1. See ASX release issued on 12 February 2020 - <http://aguiaresources.com.au/2020/02/17/scoping-study-of-tres-estradas-confirms-excellent-economics/>.

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. Currently the project is entering the engineering phase involving sourcing quotations with potential suppliers and contractors.

4. Landowners – Agua’s local team contacted the landowners in the project area and surroundings to update them about the changes regarding the Phase 1 start-up strategy. The feedback from landowners was both positive and supportive. Once Agua starts to purchase properties, a specialized realtor will be appointed.

5. Agronomic tests – The Company has engaged Integrar Gestão e Inovação Agropecuária (‘Integrar’) (<http://www.integrarcampo.com.br/>), to undertake a series of agronomic efficiency tests. Integrar has a field test station located in Capivari do Sul, RS, which is managed by Dr. Felipe Carmona, an agronomist with over 20 years’ experience in agronomic research. The agronomic tests are extremely necessary as they will determine the DANF efficiency in distinct crops. Currently the tests are being conducted with soybean in the field and maize in pots. After the harvest which will occur in March 2020, the test work will enter the second stage with ryegrass and wheat replacing the soybean and maize, respectively. First results of these yield tests are expected by the end of April 2020. Additional agronomic trials, considering strategic location and crops, are currently under evaluation.

6. Processing tests – First grinding tests with hammer mills were conducted at MecMining do Brazil facilities in Vespasiano, MG. Two 900-kg-bulk samples of saprolite phosphate ore returned a grain-size distribution completely within the expected parameters. A first layout of the processing plant was designed by MecMining. Quotation process and plant layout follow up is ongoing with mineral processing sector companies.

7. Commercial & Marketing – A first exercise has identified a potential market for 244,500 tons of P₂O₅ nutrient over a cultivated area of approximately 4.8 million hectares of soybean, rice, maize, wheat and tobacco crops, in a 300 km radius of Três Estradas. Agua’s team is contacting potential and strategic partners for possible supply of DANF. Nano Biztools has been engaged to develop the brand and visual identity of our DANF products.

8. Community Relations – Community relations work is being conducted with communications support from Nano Biztools. The conceptual changes in the project Phase 1 were initially presented to the community through the social media channels (<http://projetofofato.com.br/o-projeto/> and <https://pt-br.facebook.com/projetofofato/>) as well as through formal presentations.

**AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING DIRECTOR OF AGUIA
RESOURCES LIMITED**

For further information, please contact:

Agua Resources Limited - Investor Relations
 ABN: 94 128 256 888
 Level 12, 680 George Street, Sydney NSW 2000 Australia
 E: investor.relations@aguiaresources.com.au
 P: +61 (0) 419 960 560
 W: www.aguiaresources.com.au

For enquiries, please contact Ben Jarvis (Six Degrees Investor Relations) at ben.jarvis@sdir.com.au or +61 (0) 413 150 448.

For enquiries in North America, please contact Spyros Karellas (Investor Relations - North America) at spyros@pinnaclecapitalmarkets.ca or (416) 433 5696.

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.

JORC Code Competent Person Statements:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr. Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario. Dr. Tallarico is a full-time employee of the company. Dr. Tallarico has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr. Tallarico consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; other risks of the mining industry and the risks described in the Company’s public disclosure. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors

that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.