

03 August 2022

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

TRÊS ESTRADAS ENVIRONMENTAL PERMITTING UPDATE

Sydney, Australia, - Aguia Resources Limited (ASX:AGR) (**'Aguia'** or the **'Company'**) is pleased to advise that it has lodged supplementary information regarding the grant of the Installation Licence (**'LI'**), for its Três Estradas Phosphate Project (**'TEPP'**), with the Rio Grande do Sul State Environmental Agency (**'FEPAM'**).

On 14 January 2021, the Company reported filing of the Basic Environmental Plan (**'PBA'**), the engineering studies required for the grant of the LI for Phase 1 of the TEPP. On 11 May 2022, FEPAM, after a diligent evaluation of the documents presented by the Company, requested that Aguia present supplementary information regarding some aspects of the environmental programs and engineering projects.

The most recent information requested by FEPAM included details relating to the environmental programs regarding the biotic environment, the physical environment, the socioeconomic background, and an updated summary of land information. The Company lodged the requested supplementary information on 1 August 2022. This additional report details the proposed activities, environmental plans and programs showing the environmental management measures, to ensure the PBA meets all obligations under the environmental rules.

This body of work was undertaken together with the world-renowned environmental services company Golder Associates.

The LI is the only major outstanding permit required to commence project construction and once the Company receives the LI from FEPAM, earthworks, civil works and installation of the processing unit can begin. The Operation License (**'LO'**) is then granted once FEPAM confirms that the site installation has been completed strictly within the guidelines detailed in the LI.

The Company is looking forward to receiving comments from FEPAM and to the grant of the environmental approval for the LI.

A further update on legal proceedings also follows.

Management Commentary

Managing Director Dr. Fernando Tallarico said: "We are extremely proud of the work that has been done so far. The development of our phosphate project will follow the most strict and modern

Environmental and Social Governance ('ESG') standards. We expect the LI to be granted shortly, opening the way for construction.”

Update on Legal Proceedings

Aguia's comprehensive defense which explained all these issues was filed on 1 September 2021. The following is a selective summary.

Given the above Announcement, we thought it might be helpful to shareholders to provide an overview of the public civil action ('PCA') filed by the Federal Public Prosecutor ('FPP') against both Aguia and FEPAM (the Regulator) in the context of the construction permit as we have now completed FEPAM's final requirements for the issuance of the installation licence ('LI').

The court action is focused on three main areas:

- Technical issues related to the environmental studies.
- The alleged existence of a traditional community in the region under the terms of ILO-169.
- The alleged need of a Public Hearing in the district of Torquato.

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Technical Issues

The FPP claims the existence of 'technical deficiencies' in the environmental studies. Aguia had advised the FPP and supplied copious information to support the very comprehensive technical work that had been undertaken along with Golder Associates, a world-class environmental consulting firm. Aguia has always responded promptly to all allegations of technical inconsistencies. Aguia is challenging all and every one of the issues raised by the FPP, including its minimal technical capability (see Table below), and emphasized that the FPP's own staff were essentially satisfied with Aguia's responses and requested meetings on several occasions for greater clarification which the FPP ignored.

Amongst those technical issues which were raised by the FPP, it is worth noting that the FPP claimed that Aguia intends to build tailings dams. Aguia had previously explained to the FPP that it will not build tailing dams. Tailings dams were referred to during the preliminary licence stage ('LP') and essentially represent a legacy plan from previous Aguia management. Tailings dams are not included in Aguia's construction plan ('LI'). It is a matter of public record that Aguia intends to construct a phosphate mine and processing plant that that is eco-friendly. That means net zero carbon, zero water, zero energy and no tailings dams. The product that we produce is a natural organic fertiliser. Over the past 2.5 years we have undertaken independent agronomic testing of the product. To claim that we intend to or even need to build tailings dams is a gross misrepresentation of Aguia's position.

Technical Competency

The FPP's technical arguments have persisted even though the FPP has minimal technical staff to undertake the scientific work necessary to refute the expertise of FEPAM, the State Environmental Regulator.

Aguia only uses highly qualified environmental consultants of international standing in all our work. Even when the FPP's own staff have agreed with FEPAM and Aguia's technical assessment, the FPP has ignored the advice.

The following Table sets out the technical capability of the 3 parties to the case

Technical Team and Work Commitment - Comparative		
AGUIA	FEPAM	MPF
138 Technical experts <small>(12 PhD, 42 MSc, 69 BSc, 15 Tec)</small>	+12 Technical experts	3 Technical experts
+30 Specialties	8 Specialties	3 Specialties
385 Days in the field	15 Days in the field	0 Days in the field
9 Thematic meetings	9 Thematic meetings	0 Thematic meetings
30 People interviewed (EIA)		0 People interviewed

Traditional Community

The claim relating to traditional community is a Federal Court matter. Aguia purchased the land for the project from cattle ranchers who have stated in writing that they are not part of a traditional community. The federal trial court decision which is under review concluded that the FPP lacks standing to sue because there would not be any traditional community involved. The reporting Justice of the FPP's appeal at the Federal Court of Appeals rendered a single justice decision to stay the trial court decision due to the preliminary understanding that the federal court would have jurisdiction over the case. Thus, this issue is still under discussion. The FPP's appeal will be decided on the merits in the next few months, by a panel of three justices. Aguia has already responded to such appeal and FEPAM should do so in the next weeks. If the jurisdiction of the federal court is confirmed, then this issue of traditional communities will be further analysed. If, however, the case ends up being sent to the state court of Lavras do Sul, then such issue will be resolved at once.

Public Hearing in the district of Torquato

The claim relating to the lack of consultation regarding a public hearing in Torquato is absolutely refuted. Although Torquato is not within the area Aguia was obliged to conduct consultations, we did so anyway. We arranged transport to the public meeting for any residents from Torquato who wanted to attend. The FPP arguments are in any event inconsequential given that 98% of the community supported the project at the public meeting.

We also note that the overwhelming support at that public meeting came even before we subsequently adopted the lower cost organic phosphate project with a production process that resulted in net zero water, zero energy and zero carbon.

If the court were to find in favor of the FPP the most likely remedy would be to hold another meeting for the people of Torquato to be consulted.

**AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING
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About Agua:

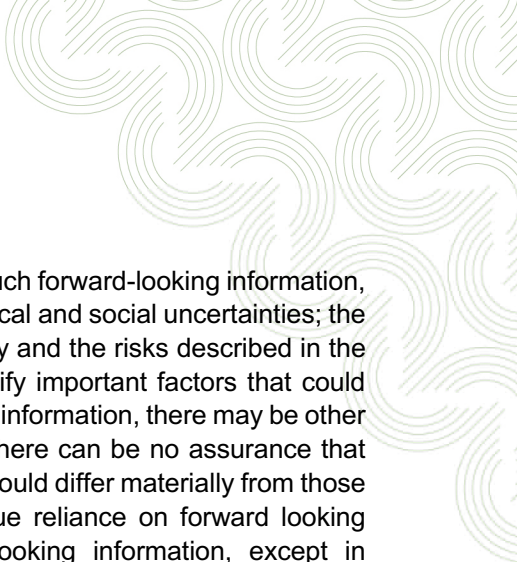
Agua Resources Limited, ("Agua") is an ASX listed agricultural company (AGR:ASX) with pre-production phosphate and copper sulphate projects located in Rio Grande do Sul, the southernmost state of Brazil. Agua has an established and highly experienced in-country team based in Porto Alegre, the capital of Rio Grande do Sul. Agua's first project, the Três Estradas Phosphate Project is expected to be in production by Q4 2021. Agua is committed to advancing its existing projects into production whilst continuing to pursue other opportunities within the agricultural sector.

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 law.