



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 1st MARCH 2012

TRES ESTRADAS PHOSPHATE PROJECT BRAZIL

APPLICATION LODGED OVER SOUTHERN EXTENSION TO RECENT PHOSPHATE DISCOVERY

Highlights:

- Application lodged over southern extension to carbonatite phosphate discovery with a potential to increase the prospective zone from 1 kilometre to 2.4 kilometres.
- Recent drilling results highlight the area's potential to host a near surface phosphate deposit in close proximity to infrastructure, primary agriculture customers and fertiliser blenders.
- Early interpretation indicates that the projects are similar to the carbonatite style hosted phosphate deposits mined by Vale within Brazil, examples include the Araxá (Reserve: 88.7 Mt @ 11.12% P₂O₅) and Cajati (Reserve: 85.1 Mt @ 5.45% P₂O₅) operations.
- The Vale carbonatite projects beneficiate readily to concentrates as high as 36% P₂O₅ and are typically zoned with higher grade oxide ore sitting above lower grade primary ore.
- The Company will commence beneficiation test work and has engaged independent consultants to commence a Mineral Resource estimate that can be reported in accordance with the JORC Code and to NI 43-101 standards.

Potash and phosphate exploration and development company **Agua Resources Limited** ("Agua" or "Company") is pleased to announce that the Company has recently submitted an application for a tenement that covers the southern extension to the recently discovered Tres Estradas ("TE") phosphate project located in the state of Rio Grande do Sul in southern Brazil.

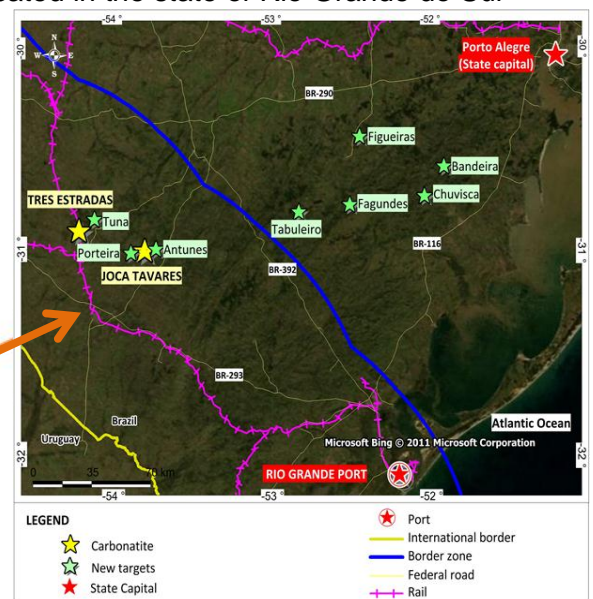


Figure 1: Location of the Projects in Rio Grande do Sul State, SE Brazil

The Application was made with the National Department of Mineral Production (“DNPM”) by way of a public tender process for the tenement south of TE. Agua has been advised by the DPNM that they were the only company to tender for the tenement and thus have priority on the application. The Company now awaits further advice as to when the tenement will be granted.

The tenement hosts the southern extension of the magnetic feature co-incident with the phosphate carbonatite host rock discovered by the Company in recent diamond and auger drilling. Refer Figure 2 below.

Results of this drilling (Refer ASX Releases 15th November 2011 & 23rd February 2012) returned significant widths and grades of phosphate mineralisation over one kilometre and highlighted the area’s potential to host a near surface phosphate deposit in close proximity to infrastructure, primary agriculture customers and fertiliser blenders. The new application has the potential to extend the prospective zone to 2.4 kilometres.

“We are excited by the recent discovery at TE and this recent application is another opportunity to expand our targeted resource.” commented Managing Director Simon Taylor “We look forward to announcing results of the beneficiation test work to the market in conjunction with our first Mineral Resource estimate from Tres Estradas.”

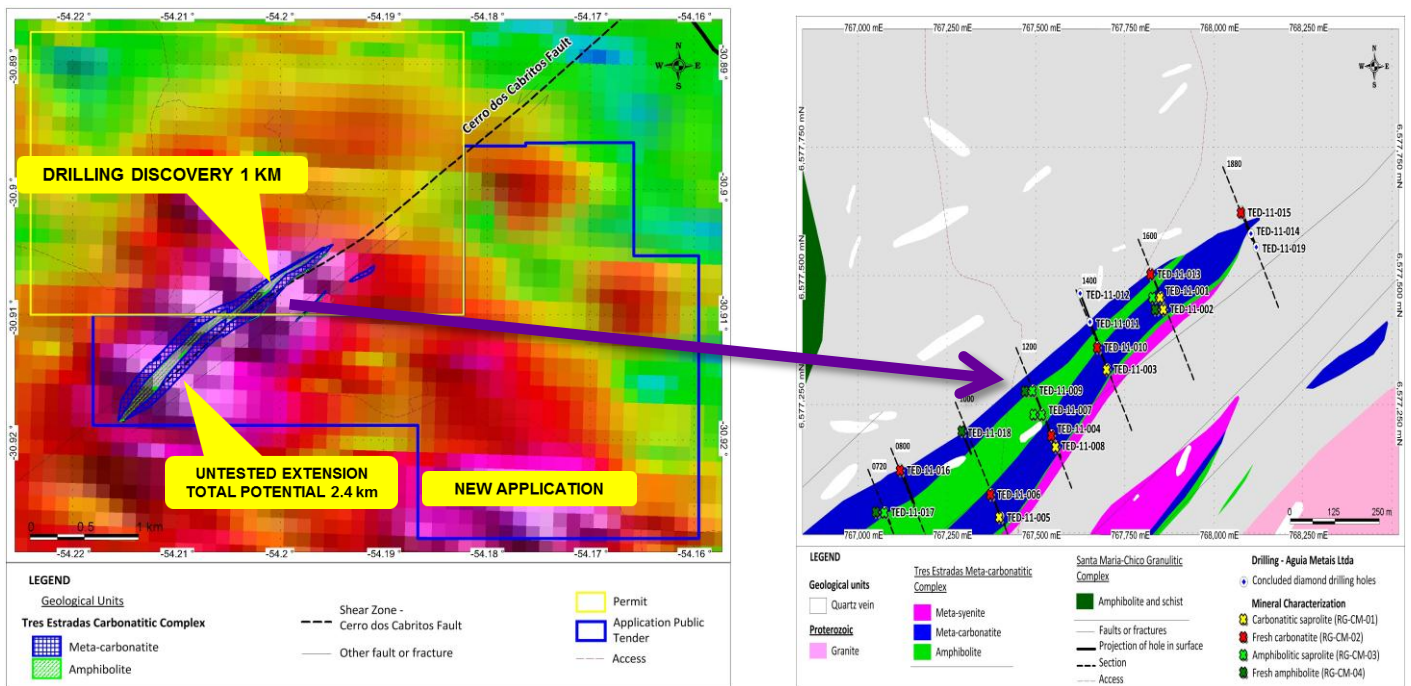


Figure 2: New application over airborne magnetic image on the left and discovery zone and location of Agua diamond drilling and sample location points for beneficiation test work on the right

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About Agua

Agua is focused on the exploration and development of phosphate and potash projects in Brazil. Brazil is Latin America’s biggest economy and is heavily reliant on imports of up to 50 per cent of its phosphate and 90 per cent of its potash needs. Agua is well positioned to capitalise on the growing demand for phosphorus and potash based fertilisers in the expanding agriculture sector in Brazil and controls three large projects, located close to existing infrastructure. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the fertiliser sector.

The information in this report that relates to 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 Agua Resources Limited. Dr Tallarico has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”). Dr Tallarico consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.