



ABN 94 128 256 888

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Suite 1002, Level 10, 131 Macquarie Street, Sydney, New South Wales on Friday, 31 May 2013 at 10:30 AM (AEST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (02) 9299 9690.

AGUIA RESOURCES LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Aguia Resources Limited (**Aguia** or **Company**) will be held at Suite 1002, Level 10, 131 Macquarie Street, Sydney, New South Wales on Friday, 31 May 2013 at 10:30 am (AEST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 29 May 2013 at 7:00 pm (AEST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Section 11 of the Explanatory Memorandum.

AGENDA

1. Resolution 1 – Early Termination of Potash Atlantico Corp Performance Rights

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2 and 3, Shareholders approve a change to the termination date of up to 80,000,000 PAC Performance Rights to 31 May 2013, for the purposes and otherwise on the terms and conditions outlined in the Explanatory Memorandum accompanying the Notice.”

2. Resolution 2 – Approval of Issue of Securities to Unrelated Parties

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 and 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of up to 9,113,786 Consideration Shares and up to 13,670,679 Consideration Options to the holders of PAC Performance Rights who are unrelated parties of the Company, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

3. Resolution 3 – Approval of Issue of Securities to Related Parties

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

- (a) *“That, subject to the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 579,044 Consideration Shares and up to 868,566 Consideration Options to David Gower, the holder of PAC Performance Rights whom is a related party of the Company, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice;”*
- (b) *“That, subject to the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 209,409 Consideration Shares and up to 314,114 Consideration Options to Fernando Tallarico, the holder of PAC Performance Rights whom is a related party of the Company, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice;” and*
- (c) *“That, subject to the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 97,761 Consideration Shares and up to 146,641 Consideration Options to Allan Pickett, the holder of PAC Performance Rights whom is a related party of the Company, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”*

Dated 2 May 2013

BY ORDER OF THE BOARD



ANDREW BURSILL
Company Secretary

AGUIA RESOURCES LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Suite 1002, Level 10, 131 Macquarie Street, Sydney, New South Wales on Friday, 31 May 2013 at 10:30 am (AEST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Background to applicable Listing Rules
Section 4:	Resolution 1 – Early Termination of Potash Atlantico Corp Performance Rights
Section 5:	Resolution 2 – Approval of Issue of Securities to Unrelated Parties
Section 6:	Resolution 3 – Approval of Issue of Securities to Related Parties
Section 7:	Definitions
Annexure 1:	Original Terms and Condition of PAC Performance Rights
Annexure 2:	Terms and Conditions of Consideration Options

2. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the

instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

A proxy need not be a Shareholder. If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise.

The Company must receive your duly completed Proxy Form by no later than 10:30 am (AEST) on Wednesday, 29 May 2013.

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

3. Background to applicable Listing Rules

ASX Listing Rule 7.1

ASX Listing Rule 7.1, known as the '15% rule', limits the capacity of a company to issue securities without the approval of its shareholders. In broad terms, that Listing Rule provides that a company may not, in a twelve (12) month period, issue securities equal to more than fifteen per cent. (15%) of the total number of ordinary securities on issue at the beginning of the twelve (12) month period, unless the issue is first approved by shareholders or otherwise it comes within one of the exceptions to ASX Listing Rule 7.1, as set out in ASX Listing Rule 7.2.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A 'related party' for the purposes of the Corporations Act includes a director of a public company. Accordingly Mr Graham Ascough, Mr Simon Taylor, Mr Allan Pickett, Mr David Gower, Mr Fernando Tallarico and Mr Prakash Hariharan are related parties of the Company.

In accordance with ASX Listing Rule 7.2, as Shareholder approval for Resolution 3, is being sought under ASX Listing Rule 10.11, ASX Listing Rule 7.2, Exception 14 provides that further Shareholder approval in respect of the substance of Resolution 3 is not required to be obtained under ASX Listing Rule 7.1.

4. Resolution 1 – Early Termination of Potash Atlantico Corp Performance Rights

Resolution 1 seeks Shareholder approval to a change to the termination date of the PAC Performance Rights to 31 May 2013, which will effectively result in the early termination of the PAC Performance Rights on that date.

Introduction

On 24 June 2011, shareholders of the Company approved the issue 80,000,000 Performance Rights as part consideration to acquire all of the issued shares in Potassio do Atlantico Ltda, a wholly owned subsidiary of Potash Atlantico Corp. (**PAC**) (**PAC Performance Rights**).

The terms of the PAC Performance Rights were issued on terms that included:

- (a) 20,000,000 PAC Performance Rights, that will convert into 20,000,000 Shares upon the completion of one drill hole returning an intersection of ten per cent (10%) KCl mineralisation of a continuous thickness in excess of 10 metres at the Projects, on or before the third anniversary of the Completion Date;
- (b) 30,000,000 PAC Performance Rights, that will convert into 30,000,000 Shares upon the completion of an independent JORC compliant combined Mineral Resource Estimate including any and all categories of resources as defined by the JORC guidelines of not less than 100,000,000 tonnes with a grade of not less than ten per cent (10%) KCl at the Projects, on or before the third anniversary of the Completion Date; and
- (c) 30,000,000 PAC Performance Rights, that will convert into 30,000,000 Shares upon the completion of an independent JORC compliant combined Mineral Resource Estimate including any and all categories of resources as defined by the JORC guidelines of not less than 200,000,000 tonnes with a grade of not less than ten per cent (10%) KCl at the Projects, on or before the fifth anniversary of the Completion Date.

A complete description of the terms and conditions upon which the PAC Performance Rights were created and issued is set out in Annexure 1.

Since the completion of this transaction the Company has made a significant phosphate discovery at the Tres Estradas Project in Brazil in the southern state of Rio Grande Do Sul and the Company has not advanced the potash assets to trigger the conversion of the PAC Performance Rights.

The Company has received Shareholder and investor feedback that the volume of the PAC Performance Rights are viewed as being potentially heavily dilutive, representing approximately 32% of the fully diluted capital of the Company. As such, the PAC Performance Rights are a potential barrier for investment in the Company and in the Board's opinion inhibit the value of the Company's phosphate assets being fully reflected in the Company's share price.

To resolve this issue, the Company has made an offer to all of the PAC Performance Rights holders that in exchange for a change to the termination date of the PAC Performance Rights to 31 May 2013, which will effectively result in the early termination of the PAC Performance Rights on that date, the Company would issue 1 Share (**Consideration Share**) and 1.5 Options (**Consideration Options**) to

each PAC Performance Right holder who accepted the offer for each 8 PAC Performance Rights held.

In making this offer, the Company set a minimum acceptance condition of 90% of the total of the PAC Performance Rights on issue.

The Company has now reached agreement with holders of in excess of 90% of the PAC Performance Rights for a change to the termination date of the PAC Performance Rights to 31 May 2013.

The amendment of the termination date of the PAC Performance Rights to 31 May 2013 will effectively result in the termination of a minimum of 72,000,000 (being the minimum condition of 90% acceptance by the PAC Performance Rights holders) and a maximum of 80,000,000 PAC Performance Rights on 31 May 2013 in exchange for the issue of a minimum of 9,000,000 and a maximum of 10,000,000 Consideration Shares and a minimum of 13,500,000 and a maximum of 15,000,000 Consideration Options. The issue of the Consideration Shares and Consideration Options (together the **Consideration Securities**) is subject to shareholder approval under Resolutions 2 and 3.

Resolution 1 is conditional upon, and will not come into effect or be implemented, unless and until Shareholders approve Resolution 2 and Resolution 3 in accordance with their terms, at the Meeting or at any adjournment thereof.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 by:

- PAC Performance Rights holders and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of those persons.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 1

Messrs Ascough, Taylor and Hariharan recommend that Shareholders vote in favour of Resolution 1 as termination of the PAC Performance Rights will provide Shareholders and the broader capital markets with a better clarity over the Company's capital structure and will put the Company in a better position, from a capital management perspective, for any future capital raisings. This increased clarity, along with the continued success at the Rio Grande Phosphate Projects, positions the Company well to pursue its goal of becoming a major fertiliser developer in Brazil which is heavily reliant on imports of up to 50 per cent of its phosphate needs.

Messrs Gower, Pickett and Tallarico refrain from making a recommendation in relation to Resolution 1 as they are holders of PAC Performance Rights.

5. Resolution 2 – Approval of Issue of Securities to Unrelated Parties

The Company has entered into an agreement with holders of in excess of 90% of the PAC Performance Rights for a change to the termination date of the PAC Performance Rights to 31 May 2013, and in consideration the Company has agreed to issue 1 Consideration Share and 1.5 Consideration Options for each 8 PAC Performance Rights held by an accepting PAC Performance Right holder.

Given that the holders of the PAC Performance Rights include Directors of the Company, the proposed issue of Consideration Securities to them is the subject of Resolution 3 as they are related parties of the Company. Resolution 2 seeks Shareholder approval to the issue of Consideration Securities to PAC Performance Rights holders who are unrelated parties of the Company.

Upon approval of Resolution 2, the holders of the PAC Performance Rights who are unrelated parties of the Company will be granted a minimum (being 90% acceptances by the PAC Performance Rights holders) of:

- (a) 8,113,792 Consideration Shares; and
- (b) 12,170,687 Consideration Options.

However, if the maximum of 100% acceptances by the PAC Performance Rights holders is achieved (including related parties considered under Resolution 3), the holders of the PAC Performance Rights whom are unrelated parties of the Company will be granted a maximum of:

- (a) 9,113,786 Consideration Shares; and
- (b) 13,670,679 Consideration Options.

Consideration Shares

In accordance with ASX Listing Rule 7.3, the Company provides the following information in relation to the Consideration Shares:

- (a) the shares are proposed to be issued to accepting PAC Performance Rights holders who are unrelated parties of the Company;
- (b) the maximum number of shares that is proposed to be issued under Resolution 2 is 9,113,786 ordinary shares;
- (c) the shares will be issued on an ordinary fully paid basis and the date by which the Company will issue and allot the shares is intended to be 31 May 2013, and in any event will be no later than three (3) months after the date of the Meeting;
- (d) the shares will be issued as consideration for a change to the termination date of the PAC Performance Rights to 31 May 2013;
- (e) the rights attaching to the shares will be identical in all respects with the rights attached to Shares currently on issue; and
- (f) no funds will be raised from the issue of the shares.

Escrow Arrangements

The Consideration Shares issued will be voluntarily escrowed (that is, not an ASX imposed escrow) for twelve (12) months from the date of issue.

The effect of the above will be that each of the holders of the Consideration Shares will not be permitted to deal with any of Consideration Shares for a period of twelve (12) months from the date of issue of those Consideration Shares.

Consideration Options

The Consideration Options will be issued on the terms that they are exercisable at a price of 30 cents per Option on or before 31 May 2015 and otherwise in accordance with the provisions contained in Annexure 2.

There is no escrow condition being applied to the Consideration Options, or Shares issued on exercise of the Consideration Options.

The valuation of the Consideration Options being granted under Resolution 2 is \$126,768. Information in relation to the calculation of this valuation is contained in the Additional Information for Resolutions 2 and 3 in Paragraph A below.

In accordance with the provisions of Listing Rule 7.3, the Company provides the following information in relation to the Consideration Options:

- (a) the Options are proposed to be issued to accepting PAC Performance Rights holders who are unrelated parties of the Company;
- (b) the maximum number of Options that is proposed to be issued under Resolution 2 is 13,670,679;
- (c) the date by which the Company will issue the Options is intended to be 31 May 2013, and in any event will be no later than three (3) months after the date of the Meeting;

- (d) the Options will be issued as consideration for a change to the termination date of the PAC Performance Rights to 31 May 2013;
- (e) Upon exercise of the Options, the Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (f) the material terms of the Options are set out in Annexure 2; and
- (g) no funds will be raised from the issue of the Options.

Resolution 2 is conditional upon, and will not come into effect or be implemented, unless and until Shareholders approve Resolution 1 and Resolution 3 in accordance with their terms, at the Meeting or at any adjournment thereof.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 2 by:

- PAC Performance Rights holders and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of those persons.

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 2

Messrs Ascough, Taylor and Hariharan recommend that Shareholders vote in favour of Resolution 2 as it allows the Company to approve the above issue of the Consideration Securities without limiting the Company's ability to issue up to a further 15% of its equity capital in the next twelve (12) months.

Messrs Gower, Pickett and Tallarico refrain from making a recommendation in relation to Resolution 2 as they are holders of PAC Performance Rights.

6. Resolution 3 – Approval of Issue of Securities to Related Parties

Resolution 3 seeks Shareholder approval to to the issue of Consideration Securities to the Directors of the Company who hold PAC Performance Rights.

The Company is seeking shareholder approval for the proposed issue of a total of:

- (a) 886,214 Consideration Shares; and
- (b) 1,329,321 Consideration Options.

For clarity, the table below notes the Directors who are subject to this Resolution.

Director	Shares proposed to be allotted	Options proposed to be allotted
David Gower	579,044	868,566
Fernando Tallarico	209,409	314,114
Allan Pickett	97,761	146,641
Total	886,214	1,329,321

The table below provides an outline of all Shares, Options and Performance Rights held by Mr Gower, Mr Tallarico and Mr Pickett at the date of the Notice, as well as those Performance Rights that are proposed to expire early and the proposed Consideration Shares and Consideration Options to be issued to Mr Gower, Mr Tallarico and Mr Pickett subject to Shareholders' approval of Resolutions 1, 2 and 3.

Security Holder	PRIOR TO IMPLEMENTATION OF RESOLUTIONS 1 -3					POST IMPLEMENTATION OF RESOLUTIONS 1 -3				
	Ordinary Shares	Unlisted Options	Phosphate Performance Shares (AGRAC)	Potash Perf. Shares (AGRAU)	Total holding of all securities on issue	Ordinary Shares	Unlisted Options	Phosphate Performance Shares (AGRAC)	Potash Performance Shares (AGRAU)	Total holdings of all securities on issue
David Gower (Director)	681,123	-	2,966,397	4,632,312	8,279,832	1,260,167	868,566	2,966,397	-	5,095,130
Fernando Tallarico (Director)	476,304	1,500,000	192,343	1,675,271	3,843,918	685,713	1,814,114	192,343	-	2,692,170
Allan Pickett (Director)	-	300,000	-	782,085	1,082,085	97,761	446,641	-	-	544,402
Largest single PAC performance shareholder	2,833,806	-	18,193,737	38,898,348	59,925,891	7,696,102	7,293,444	18,193,737	-	33,183,283
All other PAC performance shareholders	11,312,544	2,370,000	10,606,178	34,011,984	58,300,706	20,426,367	8,747,276	10,606,178	-	39,779,821
All other non-PAC performance shareholders	106,847,610	4,831,602	8,041,345	-	119,720,557	101,985,314	4,831,602	8,041,345	-	114,858,261
TOTAL	122,151,387	9,001,602	40,000,000	80,000,000	251,152,989	132,151,424	24,001,643	40,000,000	-	196,153,067

The following table sets out the dilutionary effect that, subject to obtaining the necessary Shareholder approval, the proposed issue and allotment of the Shares and Options the subject of Resolution 2 and Resolution 3 is expected to have.

Security Holder	Ordinary share Holding in Company before Resolutions 1 - 3	Ordinary share Holding in Company after Resolutions 1 -3	Fully Diluted Holding in Company before Resolutions 1 -3	Fully Diluted Holding in Company after Resolutions 1 -3
David Gower (Director)	0.56%	0.95%	3.30%	2.60%
Fernando Tallarico (Director)	0.39%	0.52%	1.53%	1.37%
Allan Pickett (Director)	0.00%	0.07%	0.43%	0.28%
Largest single PAC performance shareholder	2.32%	5.82%	23.86%	16.92%
All other PAC performance shareholders (excluding largest)	9.26%	15.46%	23.21%	20.28%
All other non-PAC performance shareholders	87.47%	77.17%	47.67%	58.56%
Total	100.00%	100.00%	100.00%	100.00%

ASX Listing Rules

In accordance with ASX Listing Rule 7.2, as Shareholder approval for Resolution 3, is being sought under ASX Listing Rule 10.11, ASX Listing Rule 7.2, Exception 14 provides that further Shareholder approval in respect of the substance of Resolution 3 is not required to be obtained under ASX Listing Rule 7.1.

Consideration Shares

In accordance with the provisions of Listing Rule 10.13, the Company advises as follows:

- (a) the names of the allottees are David Gower, Allan Pickett and Fernando Tallarico, Directors of the Company, or their nominees;
- (b) the maximum number of ordinary shares to be issued is 579,044 shares to David Gower, 97,761 shares to Allan Pickett and 209,409 shares to Fernando Tallarico (collectively being 886,214 shares);
- (c) the shares will be issued on an ordinary fully paid basis and the date by which the Company will issue and allot the shares is intended to be 31 May 2013, and in any event will be no later than one (1) month after the date of the Meeting;

- (d) the shares will be issued as consideration for a change to the termination date of the PAC Performance Rights to 31 May 2013;
- (e) the rights attaching to those shares will be identical in all respects with the rights attached to Shares currently on issue; and
- (f) no funds will be raised from the issue of the shares.

Escrow Arrangements

The Consideration Shares issued will be voluntarily escrowed (that is, not an ASX imposed escrow) for twelve (12) months from the date of issue.

The effect of the above will be that each of the holders of Consideration Shares will not be permitted to deal with any of Consideration Shares for a period of twelve (12) months from the date of issue of those Consideration Shares.

Consideration Options

The Consideration Options will be issued on the terms that they are exercisable at a price of \$0.30 per Option on or before 31 May 2015 and otherwise in accordance with the provisions contained in Annexure 2.

There is no escrow condition being applied to the Consideration Options, or Shares issued on exercise of the Consideration Options.

The valuation of the Consideration Options being granted under Resolution 3 is \$12,327. Information in relation to the calculation of this valuation is contained in the Additional Information for Resolutions 2 and 3 in Paragraph A below.

In accordance with the provisions of Listing Rule 10.13, the Company advises as follows:

- (a) the Options are proposed to be issued to David Gower, Allan Pickett and Fernando Tallarico, Directors of the Company, or their nominees;
- (b) the maximum number of Options to be issued is 868,566 Options to David Gower, 146,641 Options to Allan Pickett and 314,114 Options to Fernando Tallarico (collectively being 1,329,321 Options);
- (c) the date by which the Company will issue the Options is intended to be 31 May 2013, and in any event will be no later than one (1) month after the date of the Meeting;
- (d) no cash consideration will be payable by David Gower, Allan Pickett and Fernando Tallarico for the issue of the Options;
- (e) Upon exercise of the Options, the Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (f) the material terms of the Options are outlined in Annexure 2;
- (g) the Options will vest immediately; and
- (h) there will be no proceeds arising from the proposed issue of Options.

Resolution 3 is conditional upon, and will not come into effect or be implemented, unless and until Shareholders approve Resolution 1 and Resolution 2 in accordance with their terms, at the Meeting or at any adjournment thereof.

Voting Exclusion Statement

- (i) In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 3 by:
- Mr David Gower, who is to receive securities in relation to the Company under this Resolution; and
 - an associate of Mr David Gower.
- (ii) In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 3 by:
- Mr Alan Pickett, who is to receive securities in relation to the Company under this Resolution; and
 - an associate of Mr Alan Pickett.
- (iii) In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 3 by:
- Mr Fernando Tallarico, who is to receive securities in relation to the Company under this Resolution; and
 - an associate of Mr Fernando Tallarico

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 3

The Directors have refrained from making a recommendation in relation to Resolution 3 as there may be a perceived conflict in providing a recommendation on a fellow Director's consideration.

A. ADDITIONAL INFORMATION FOR RESOLUTIONS 2 AND 3

VALUATION OF CONSIDERATION OPTIONS

The Options that are the subject of Resolution 2 and Resolution 3 have an assessed valuation of \$139,095 (using a price per Option of 0.9273 cents, being the valuation of Options as provided in the valuation report prepared by Stantons International Securities Pty Ltd (**SIS**), based on the assessed fair value of the Options as calculated in the SIS Report). It is noted that SIS has valued the Options to be in a range of values between 0.5688 cents to 1.7688 cents per Option, based on volatilities ranging from 60% to 90%.

The fair value of the Options has been independently determined using a Black-Scholes Option pricing model that takes into account the exercise price, the term of the Option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the Option.

The model inputs for the calculation of the range of values of these Options include:

- (i) Options are granted for no consideration, an expiry date of 31 May 2015, with all Options vesting immediately;
- (ii) Expected Grant Date: 31 May 2013;
- (iii) Exercise Price: The exercise price per Option is 30 cents;
- (iv) Expiry Date: 31 May 2015;
- (v) ASX quoted Share price at valuation date: \$0.10;
- (vi) Expected Price Volatility of the Shares: 70%;
- (vii) Expected Dividend Yield: nil; and
- (viii) Risk-Free Interest Rate: 2.80%.

It is noted that the valuation has included a discount of 20.0% on the basis that the Options will not be quoted on the ASX.

7. Definitions

In this Explanatory Memorandum and Notice:

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

Agua or **Company** means Agua Resources Limited ACN 128 256 888.

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Business Day means:

- (a) for the purpose of sending or receiving a notice, a day on which banks are open for business in the city where the notice or other communication is received; and
- (b) for all other purposes, a day on which banks are open for business in Sydney.

Consideration Shares means the consideration shares referred to in the Introduction of Section 4 of the Explanatory Memorandum.

Consideration Options means the consideration options referred to in the Introduction of Section 4 of the Explanatory Memorandum.

Constitution means the Constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option, if exercised in accordance with its terms, to acquire one (1) Share in the Company.

PAC means Potash Atlantico Corp., a company incorporated in Canada and associated with Forbes & Manhattan.

PAC Performance Rights means the performance rights referred to in the Introduction of Section 4 of the Explanatory Memorandum.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Securities has the meaning given to that term in Listing Rule 19.12.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day has the meaning given to that term in Listing Rule 19.12.

VWAP Share Price means the volume weighted average price of the Shares sold on the ASX during the five (5) Trading Days immediately preceding and including the date on which such price is to be determined, but does not include any transactions defined in the ASX Business Rules as 'special' crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase nor any overseas trades or trades pursuant to the exercise of options over ordinary shares in the capital of the Company.

In this Notice, words importing the singular include the plural and vice versa.

ANNEXURE 1 – ORIGINAL TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

1. Each of the Performance Rights and the Performance Shares will be issued and allotted:
 - (a) fully paid, and free from all Security Interests;
 - (b) subject to all the provisions of the Constitution for the time being in force;
 - (c) in the case of all Performance Rights:
 - (i) on or immediately after the Completion Date;
 - (ii) without any attaching voting rights, other than as required by law;
 - (iii) without any attaching dividend rights, other than as required by law;
 - (iv) without any attaching rights to participate in any of the surplus profits or assets of the Company on a winding up or liquidation of the Company, other than as required by law; and
 - (v) on the basis that upon the first date on which:
 - (a) the First Performance Event is no longer capable of occurring in accordance with its terms, all First Performance Rights will cease to be of any further force or effect and will be thereupon cancelled without any payment or provisions of benefit to any holder of any First Performance Right;
 - (b) the Second Performance Event is no longer capable of occurring in accordance with its terms, all Second Performance Rights will cease to be of any further force or effect and will be thereupon cancelled without any payment or provisions of benefit to any holder of any Second Performance Right; and
 - (c) the Third Performance Event is no longer capable of occurring in accordance with its terms, all Third Performance Rights will cease to be of any further force or effect and will be thereupon cancelled without any payment or provisions of benefit to any holder of any Third Performance Right;
 - (d) in the case of all Performance Shares, ranking *pari passu* in all respects with the existing issued Shares, including:
 - (i) all voting rights;
 - (ii) all entitlements to all dividends or distributions declared, made or paid after the relevant date of issue and allotment, other than any dividend or distribution previously declared or resolved to be paid if the record date for the same falls on or before the relevant date of issue and allotment; and
 - (iii) all rights to participate in any of the surplus profits or assets of the Company on a winding up or liquidation of the Company; and
 - (e) subject to the prior approval of ASX, in accordance with the provisions of Listing Rules 6.1 and 6.2.
2. As soon as practicable following the:
 - (a) creation and issue of the Performance Rights; and
 - (b) the issue and allotment of any Performance Shares,

the Company will:

- (c) register or procure the registration of, the holder thereof in the applicable register of the Company; and
 - (d) use its best efforts to procure that any other waivers, consents and approvals which may be required from the Company or the Shareholders, if any, in connection with the issue of the Performance Shares are duly granted; and
 - (e) prepare and lodge with ASIC and ASX all prescribed notices and forms required to be filed in accordance with the provisions of the Corporations Act and the Listing Rules.
3. In any reconstruction of the share capital of the Company, the Performance Rights shall be treated in the following manner:
 - (a) in the event of a consolidation or sub-division of Shares, the number of Performance Shares that the holder of Performance Rights would otherwise be entitled to be issued and allotted with, will be consolidated or sub-divided (as applicable) in the same ratio were the Shares;
 - (b) in the event of a sub-division of Shares, the number of Performance Rights shall be sub-divided in the same ratio as the Shares; and
 - (c) the number of Performance Rights, and the number of Performance Shares that the holder of those Performance Rights is or may become entitled to be issued and allotted with, must be re-organised such that that holder is not denied a benefit that Shareholders receive in respect of such reconstruction.
4. If the Company makes a bonus issue of Shares or other securities pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no or only some Performance Shares have been issued or allotted in respect and as a result of the exercise of any Performance Rights before the record date for determining entitlements to that bonus issue, any holder of those remaining Performance Rights at that record date will not be entitled to receive any Performance Shares that that holder would have otherwise been entitled to be issued and allotted with under that bonus issue, if those remaining Performance Rights had been exercised in accordance with their terms of issue and the Performance Shares issued and allotted as a result of that exercise before that record date.
5. The Company will make application to ASX for the official quotation of any Performance Shares within three (3) Business Days after those Performance Shares are issued and allotted in accordance with the provisions set out in this Annexure 3.
6. Subject to the provisions of paragraph 7 below, the Company agrees that upon the occurrence of:
 - (a) the First Performance Event, on or prior to the third anniversary of the date of issue of the First Performance Rights:
 - (i) each holder of First Performance Rights (each a First Holder) will thereupon be issued and allotted with a number of Shares that is equal to the number of all, but not some, of the First Performance Rights held by that First Holder (**First Performance Shares**) ; and
 - (ii) upon completion of the issue and allotment of the First Performance Shares, as evidenced in respect of each First Holder by the registration of the applicable First Performance Shares in the name of that First Holder in the members register of the Company, the Performance Rights of each First Holder will be thereupon be cancelled, and of no further force or effect;

- (b) the Second Performance Event, on or prior to the third anniversary of the date of issue of the Second Performance Rights:
 - (i) each holder of Second Performance Rights (each a Second Holder) will thereupon be issued and allotted with a number of Shares that is equal to the number of all, but not some, of the Second Performance Rights held by that Second Holder (**Second Performance Shares**); and
 - (ii) upon completion of the issue and allotment of the Second Performance Shares, as evidenced in respect of each Second Holder by the registration of the applicable Second Performance Shares in the name of that Second Holder in the members register of the Company, the Performance Rights of each Second Holder will be thereupon be cancelled, and of no further force or effect; and
- (c) the Third Performance Event, on or prior to the fifth anniversary of the date of issue of the Third Performance Rights:
 - (i) each holder of Third Performance Rights (each a Third Holder) will thereupon be issued and allotted with a number of Shares that is equal to the number of all, but not some, of the Third Performance Rights held by that Third Holder (**Third Performance Shares**); and
 - (ii) upon completion of the issue and allotment of the Third Performance Shares, as evidenced in respect of each Third Holder by the registration of the applicable Third Performance Shares in the name of that Third Holder in the members register of the Company, the Performance Rights of each Third Holder will be thereupon be cancelled, and of no further force or effect.

7. The Company acknowledges and agrees that:

- (a) the creation and issue of the Performance Rights, and the issue and allotment of any Performance Share as a result of the exercise of any right or entitlement attaching to any Performance Right by the holder of that Performance Right, will be subject to the prior approval of the Shareholders as contemplated in Third Resolution and otherwise in accordance with the requirements of the Corporations Act and the Listing Rules;
- (b) it will not be permitted to Deal in any right, title or interest in any Performance Right; and
- (c) upon the date of the occurrence of a Change of Control Event on or before the fifth anniversary of the date of issue of the Performance Rights (that date being referred to in this paragraph (c) and in respect of that Change of Control Event as the **Record Date**), and notwithstanding the expiry of any period referred to in either paragraph 6(a) or paragraph 6(b), each holder of Performance Rights at the Record Date will thereupon be entitled to be, and will be, issued and allotted with that number of Shares that is the lesser of:
 - (i) the number of Performance Rights held by that holder on the Record Date; and
 - (ii) that number of Shares as is determined in accordance with the following formula, being:

$$A = \frac{S}{10} \times \frac{PR}{\Sigma PR}$$

Where:

A means the number of Shares that are to be issued and allotted to each holder of Performance Rights upon the occurrence of a Change of Control Event;

S means the number of Shares that will be on issue after the issue and allotment of all Performance Shares pursuant to the provisions of this paragraph 7(c), as a result of the occurrence of a Change of Control Event on or before the Record Date;

PR means the number of Performance Rights in force and effect held by a holder on the Record Date; and

Σ PR means the aggregate of all Performance Rights in force and effect on the Record Date.

ANNEXURE 2 - TERMS AND CONDITIONS OF CONSIDERATION OPTIONS

(i) Entitlement

Each Option (together **Options**) entitles the holder to subscribe for and be issued one fully paid ordinary share (**Share**) in the capital of Aguia Resources Limited (**Company**) upon exercise of each Option. The date of issue of that Option will hereafter be referred to as the **Issue Date**.

(ii) Exercise Price and Expiry Date

- (a) The Expiry Date of the Options is 31 May 2015 (**Expiry Date**).
- (b) The Exercise Price the Options will be 30 cents (**Exercise Price**).

(iii) Exercise Period and Vesting Date

- (a) Subject to the Change of Control provisions below, each Option is exercisable at any time after the later of the date of grant of the Option and the vesting date (if applicable) and before the Expiry Date.
- (b) Notwithstanding that the Expiry Date has not occurred, each Option that has not already vested as outlined above will expire on that date which is the earlier of the date the Option holder ceases to be employed, engaged as a consultant or appointed as an executive director of the Company because of:
 - (i) if the holder is an employee, the date the holder is dismissed from employment with the Company for gross misconduct;
 - (ii) if the holder is a consultant, the date the holder's appointment is terminated for gross misconduct;
 - (iii) if the holder is a director, the date the holder is disqualified from holding the office of director;
 - (iv) retirement;
 - (v) voluntary cessation; or
 - (vi) by mutual agreement (unless the Board resolves otherwise),and thereafter no party has any claim against any other party arising under or in respect of any Option.
- (c) If a Change in Control Event occurs in respect of the Company, all Options that have been issued but have not yet vested, will immediately thereupon vest.
- (d) A **Change in Control Event** means:
 - (i) the occurrence of:
 - (A) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more in number of the Shares; and
 - (B) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or
 - (ii) the announcement by the Company that:
 - (A) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the

necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

- (1) cancelled; or
- (2) transferred to a third party; and

(B) the Court, by order, approves the proposed scheme of arrangement.

(iv) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt by the Company of that Notice of Exercise.

(v) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with all other issued Shares.

(vi) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued promptly after the exercise of the Options.

(vii) **Timing of issue of Shares**

Within fifteen (15) Business Days after the later to occur of:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company (each an **Exercised Option**) where the Company is not in possession of any excluded information (as defined in section 708A(7) of the Corporations Act) (**Excluded Information**); and
- (b) the date upon which the Company ceases to be in possession of Excluded Information in respect to the Company following the receipt of the Notice of Exercise and payment of the Exercise Price for each Exercised Option being exercised by the Company,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Exercised Options;
- (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Exercised Options.

(viii) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten (10) business days after the date upon which the proposed new issue of capital is announced, in

order to give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(ix) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received as if the Option holder had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

(x) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option;

E = the number of underlying Shares into which one (1) Option is exercisable;

P = average market price (as defined in the Listing Rules) per Share weighted by reference to volume of the underlying Shares during the five (5) trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price of a Share under the pro rata issue;

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new Share.

(xi) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders will, be varied to the extent necessary to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(xii) **Quotation of Options**

No application for official quotation of the Options will be made by the Company.

(xiii) **Options Transferable**

The Options are transferable provided that the transfer of Options complies with section 707(3) of the Corporations Act.

(xiv) **Lodgement Instructions**

Cheques payable in respect of the exercise of any right attaching to an Option shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of Options with the appropriate remittance should be lodged at the Company's Registry.



Agua Resources Limited
 ABN 94 128 256 888

LODGE YOUR VOTE

ONLINE www.linkmarketservices.com.au

By mail:
 Agua Resources Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309

All enquiries to: Telephone: 1300 554 474 **Overseas:** +61 1300 554 474



X99999999999

SHAREHOLDER PROXY FORM

I/We being a member(s) of Agua Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at **10:30am on Friday, 31 May 2013, at Suite 1002, Level 10, 131 Macquarie Street, Sydney, NSW** and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 Early Termination of Potash Atlantico Corp Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of Issue of Securities to Unrelated Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3			
(a) Approval of Issue of Securities to Related Party - David Gower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Approval of Issue of Securities to Related Party - Fernando Tallarico	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Approval of Issue of Securities to Related Party - Allan Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Wednesday, 29 May 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Agua Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.