



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 16th AUGUST 2011

HIGH GRADE PHOSPHATE RESULTS UP TO 28.8% P₂O₅ RETURNED FROM TRENCHING AT TRES ESTRADAS PROJECT IN SOUTHERN BRAZIL

Highlights:

- **Excellent first sampling results from recently announced Tres Estradas (“TE”) carbonatite style phosphate project in Rio Grande do Sul in southern Brazil.**
- **Initial trenching returns high grade phosphate assays up to 28.8% P₂O₅.**
- **Trenching confirms high grade phosphate mineralisation occurs within the oxide zone.**
- **The TE project has a drill ready target zone extending for over one kilometre with thicknesses up to 100 metres.**
- **At TE, three historical diamond drill holes intersected carbonatite host rocks and returned wide zones of low grade phosphate mineralisation within the primary zone. The top 15 metres of each hole was not sampled and potential exits for higher grade shallow oxidised zones as indicated by grab surface rock samples and limited trenching.**
- **The projects show early stage signs similar to the carbonatite style hosted phosphate deposits mined by Vale within Brazil, examples include the Araxa (Reserve: 88.7 Mt @ 11.12% P₂O₅) and Cajati (Reserve: 85.1 Mt @ 5.45% P₂O₅) operations.**
- **Brazil imports 49 per cent of its phosphate needs and the projects are located near excellent infrastructure including roads, water, power and potential domestic primary customers and major fertiliser blenders.**

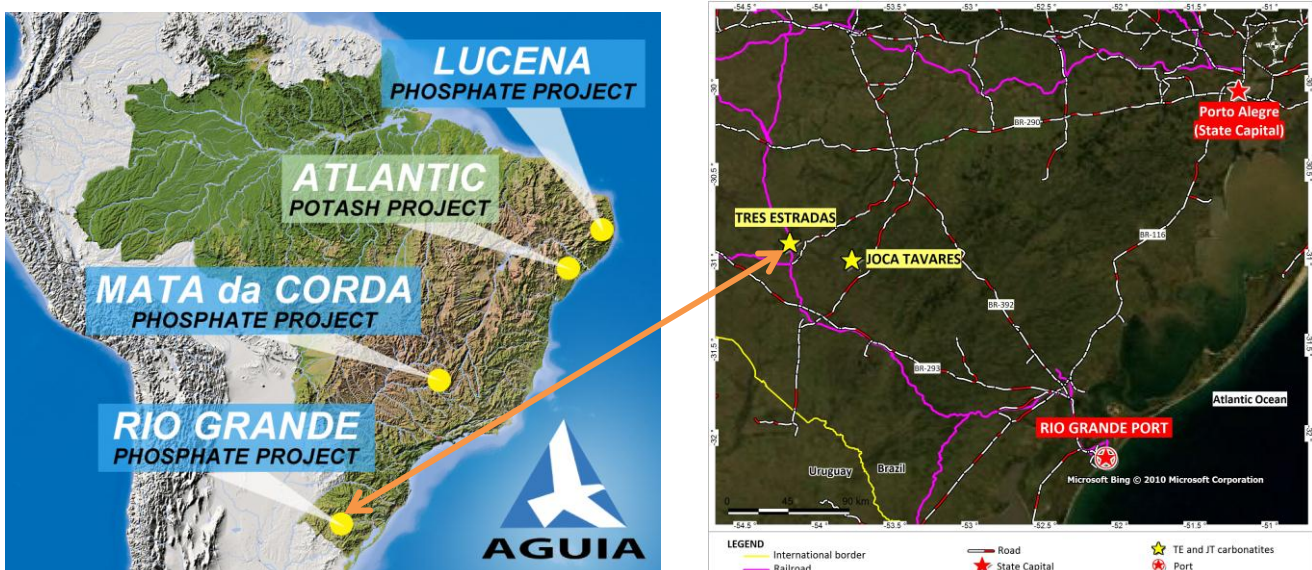


Figure 1: Location of Rio Grande – Tres Estradas Project, SE Brazil

Potash and phosphate exploration and development company Agua Resources Limited (“**Agua**” or “**Company**”) is pleased to announce that the Company has received excellent initial trenching results from the TE project located in the state of Rio Grande do Sul in southern Brazil.

The new results highlight the prospective nature of the TE Project and exploration programs are continuing to prepare the project for drill testing. The initial results justify a decision by the Company to take out an option over the projects which was announced to the market on 7th July 2011.

The largest phosphate mines in Brazil are all associated with carbonatites as can be seen in Table 1. Typically these deposits including Tapira, Cajati and Araxa have a higher grade oxide zone sitting above lower grade primary ore. The initial sampling is encouraging in that good grades have now been returned from surface grab and shallow trenching within the oxide zone which has yet to be drill tested.

Further announcements will be made once drilling commences at the TE project that has a drill ready target zone extending for over one kilometre with thicknesses up to 100 metres.

The phosphate projects further compliment the Company’s Brazilian phosphate and potash projects enabling Agua to capitalise on the increasing demand for fertilisers as it aims to be a developer in the Brazilian fertiliser sector.

Exploration Results

Initial trenching over a limited portion of the TE carbonatite was completed in July to test the oxidised shallow carbonatite material for phosphate mineralisation.

Samples were taken from three vertical channels to maximum depth of 2.3 metres. Results returned high grade assays including 1.35 metres @ 28.4% P₂O₅, 1.30 metres @ 24.2% P₂O₅ and 1.50 metres @ 27.55% P₂O₅.

The mineralisation is open in all directions and occurs within weathered yellow weakly foliated carbonatite rock below shallow soil cover containing boulders of carbonatite.

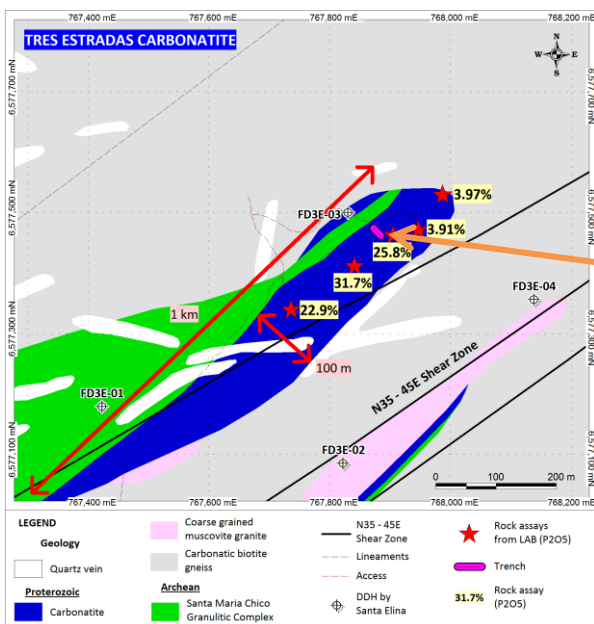


Figure 2: TE Project, Geology and Surface sampling results

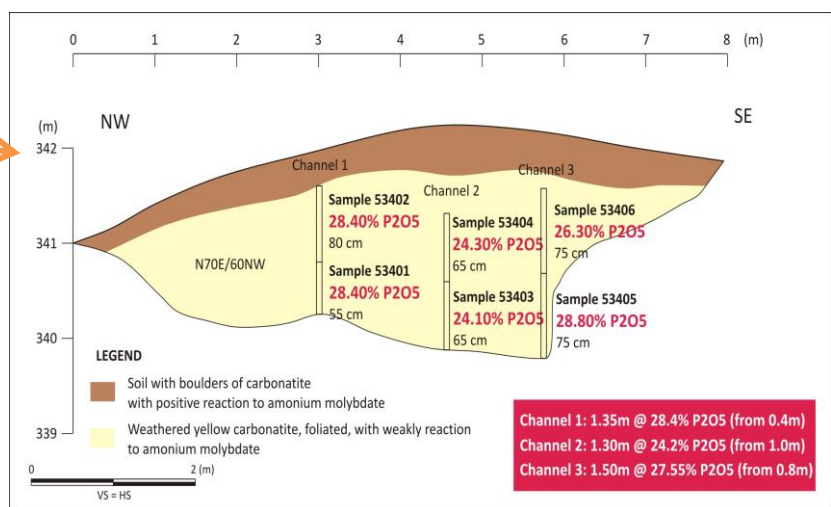


Figure 3: TE Project, Trenching Results

Rio Grande Projects

The TE and JT Carbonatite Projects are located 325 km and 377 km respectively from the city of Porto Alegre, the capital of the State of Rio Grande do Sul, the southernmost Brazilian state towards the border with Uruguay.

The region is well developed, being well serviced by roads, power, port and services. The two carbonatites were discovered by the Brazilian Geological survey ("CPRM") and are now held by Companhia Brasileira do Cobre ("CBC") via one exploration permit (TE) and one application permit (JT) over the carbonatite pipes.

Agua have an exclusive option to acquire 100 per cent of the Tres Estradas ("TE") and Joca Tavares ("JT") carbonatite style phosphate projects from Companhia Brasileira do Cobre ("CBC").

The projects being acquired are located within the Brazilian border control zone (150 kilometres from the international border) restricting foreign ownership of the tenements to 49 per cent. Should the option be exercised to acquire the tenements at the conclusion of the exploration program, the Company will be required to enter into a joint venture with a Brazilian owned company to develop the tenements. This arrangement is not expected to materially alter the Company's potential economic return on the funds invested as part of the exploration program.

Tres Estradas

The TE project was historically explored for gold in a Joint Venture between CBC and Santa Elina. Three diamond drill holes that were targeting gold, intersected broad zones of carbonatites with associated phosphate mineralisation. Drill hole FD3E-03 returned 80 metres @ 3.41% P₂O₅ (from 16 metres) including 17 metres @ 4.94% P₂O₅ (from 56 metres) and drill hole FD3E-01 returned 96 metres @ 2.56% P₂O₅ (from 39 metres) including 35 metres @ 3.45% P₂O₅ (from 68 metres).

The first 15 metres of these holes were never sampled and have the potential to host higher grade oxide ore as indicated by grab surface rock samples collected by Agua that have returned assays up to 31.70%, 25.80% and 22.90% P₂O₅.

Exploration programs of surface sampling and drilling will test the TE target over a strike length of one kilometre and widths up to greater than 100 metres.

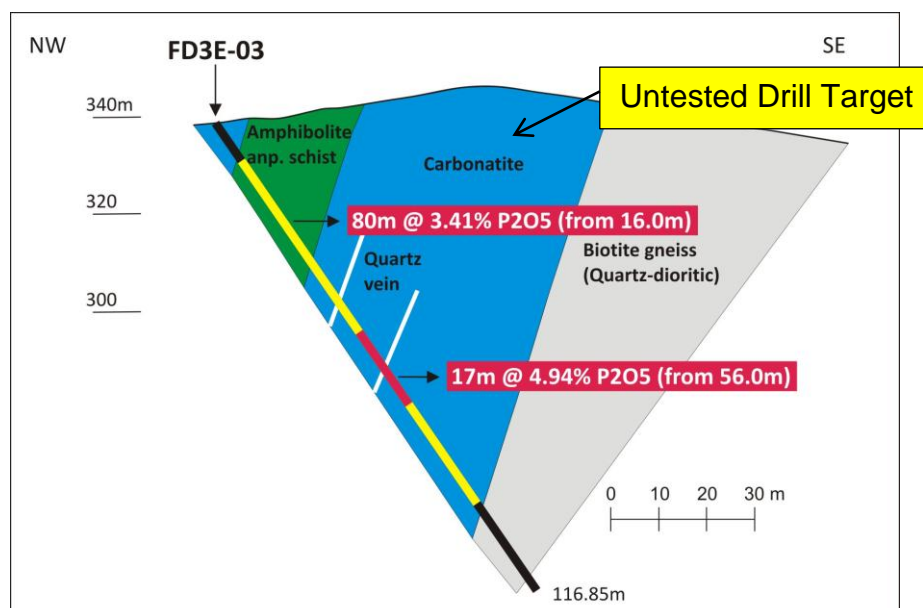


Figure 4: Cross Section showing Drill hole FD3E-03 and untested shallow oxide zone.

Carbonatite Associated Phosphate Deposits – Brazil

The largest phosphate mines in Brazil are all associated with carbonatites as can be seen in Table 1 below. Typically these deposits including Tapira, Cajati and Araxa have a higher grade oxide zone sitting above lower grade primary ore.

The operating mines are highly profitable due to their excellent mineralogy enabling the ores to be beneficiated to a suitable concentrate grade (>32% P₂O₅) and their close proximity to markets including fertiliser blenders and end users.

Company	Project	Status	Type	Reserve (Mt)	Av. Grade P ₂ O ₅ (%)	Conc. Grade P ₂ O ₅ (%)	Prod. Capacity (ktpy)
				(A) (B)		(C)	(D)
Vale	Tapira	Operating	Carbonatite	1,309.2	7.69	35.5	2,030
Copebrás/ Anglo	Ouvidor	Operating	Carbonatite	256.7	7.63	38.0	1,300
Vale	Araxá	Operating	Carbonatite	88.7	11.12	35/ 33	910
Vale	Catalao	Operating	Carbonatite	223.6	8.96	36/ 34	1,209
Vale	Cajati	Operating	Carbonatite	85.1	5.45	36.0	528
Vale	Patos	Operating	Metasediments	304.6	12.36	24.0	150
Vale	Salitre	Development	Carbonatite	852.0*	10.74	-	1,600 forecast
Vale	Anitápolis	Development	Carbonatite	54.0*	9.01	-	300 forecast

Table 1: Major Phosphate Deposits Brazil *denotes resource figures

Sources:

(A) > Reserve and Grades: Salitre – DNPM 1975 / Anitápolis: DOU 1980 (DOU = Official Diary of Brazil)

(B) > Reserve and Grades: DNPM 2006 Mineral Annuary

(C) > Concentration, Beneficiation/ Production: ANDA Annuary 2008

(D) > Major phosphate rock producer by Bete, Inc for Cargill Fertilizer, Inc 1988.

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About Agüia

Agüia 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. Agüia is well positioned to capitalise on the growing demand for phosphorous 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 Agüia 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.