

3 October 2012

TRÊS ESTRADAS PHOSPHATE PROJECT

FURTHER ENCOURAGING METALLURGICAL RESULTS

Summary

- **Results of a second stage of beneficiation test work have returned excellent concentrate grades up to:**
 - **36.0% P₂O₅ from carbonatite oxide material**
 - **35.9% P₂O₅ from oxide blend (carbonatite and amphibolite)**
 - **31.4% P₂O₅ from fresh primary material**
- **These results indicate the potential to produce a commercial concentrate using standard methods and reagents**
- **Results are highly encouraging and a program is now being planned to commence at a specialist processing facility to determine parameters for pilot plant scale test work**
- **The Company is investigating the opportunity to initiate early start up by mining and processing of the high grade oxide zone that extends from surface. An early start up would provide cash flow to fund ongoing capex and development of the project**
- **The Company is currently completing a second stage drilling program and have commissioned leading independent global consulting company SRK Consulting to update the current Inferred JORC mineral resource at the completion of the drilling program**
- **Results of the drilling program are expected to be released to the market from early October with an upgrade of the JORC resource in the 1st quarter in 2013**

Emerging fertiliser development company Aguia Resources Limited (ASX: **AGR**) (“Aguia” or “Company”) is pleased to announce further beneficiation test work results from its Três Estradas (“TE”) Phosphate Project in southern Brazil.

The new results are a follow up from the initial results announced to the market on the 22nd May 2012. All test work was carried out at the University of Sao Paulo.

The purpose of the second stage laboratory test work had several aims including further optimisation of the flotation process to increase concentrate grades from samples of oxide and primary host rocks and a test blending the near surface higher grade oxidised carbonatite and amphibolite host material as this would be mined first and provide an early cash flow.

Optimisation of the flotation process has increased grades of the concentrates produced from both the oxide and primary ore samples. Concentrate grades of up to 36% P₂O₅ are being achieved for the carbonatite oxide and up to 31.4% P₂O₅ for the primary zone.

The highlights of the test work are the results of the blend of oxide carbonatite and amphibolite material that returned four samples with concentrate grades all above 32% P₂O₅ and with metallurgical recoveries above 78%. It is anticipated these results will be further improved as the oxide samples were not subjected to any magnetic separation in the processing. The oxide material extends from surface. These results are highly significant as this part of the TE resource would provide the early cash flow in the start-up of the project. Results of this blend of oxide material are shown in Table 1.

Flotation Tests	Content % (*)			Recovery % (*)			
	P ₂ O ₅	SiO ₂	Fe ₂ O ₃	Mass	P ₂ O ₅	SiO ₂	Fe ₂ O ₃
EB-01-29 (**)	34.0	5.6	3.0	22.5	78.3	4.0	3.7
EB-01-30 (**)	32.3	7.6	4.2	22.5	78.2	5.2	5.0
EB-01-31 (***)	35.8	4.4	3.8	32.2	82.8	5.4	5.9
EB-01-32 (***)	35.9	4.7	4.1	31.2	79.9	5.6	6.0

Table 1: Flotation Performance of a Mixture of EB-01 plus EB-03 (rougher + cleaner stage 1)

(*) – Product floated at cleaner stage1

(**) Mixture – 1: Mass composed of EB-01 (carbonatite) (50%) plus EB-03 (amphibolite) (50%)

(***) Mixture – 2: Mass composed of EB-01 (84%) with EB-03 (16%)

Agua's Managing Director, Simon Taylor, said: "We are pleased with these further bench scale test work results that indicate the project has the potential to produce a commercial concentrate using standard industry methods and reagents. The aim of the tests was to achieve a higher grade concentrate from different sources of material which has been achieved. We are now in discussions with a suitable specialist processing plant with larger scale equipment and technology (pilot scale) to carry out further tests with larger sample sizes. Additionally we will engage a world class crushing and grinding specialist to assist in this process to increase recoveries."

By achieving higher grades the overall recoveries have been affected, this is mainly due to an over grinding of the samples and a loss of material to fines and slimes within the fresh rock source. Minimizing the fines and slimes to increase recoveries will be one of the focal points of the next stage of test work. This will involve commissioning a world class grinding and crushing expert to optimize the grinding process prior to flotation of the product. An optimal balance between grade and recoveries will be determined in stage 3 testing using a specialist processing facility with industrial scale equipment and technology (pilot scale).

The Stage 2 drilling program is progressing well and results are expected to be released to the market from early October with an upgrade of the JORC resource in the 1st quarter in 2013.

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Stage 1 Results - Background

Stage 1 test work comprised of four composite diamond core samples submitted to the University of Sao Paulo ("USP") in Brazi for flotation test work. Assay results for the four samples are in Table 2.

Sample	P ₂ O ₅	Cano	SiO ₂	Al ₂ O ₃	Fe ₂ O ₃	MgO	TiO ₂	LOI
EB-01 Oxidised Carbonatite	16.2%	21.6%	23.7%	2.5%	24.4%	1.9%	2.3%	4.4%
EB-02 Fresh Carbonatite	4.2%	37.5%	7.2%	1.6%	7.4%	8.1%	0.8%	31.0%
EB-03 Oxidised Amphibolite	3.8%	11.0%	38.0%	8.4%	16.6%	8.7%	4.5%	5.2%
EB-04 Fresh Amphibolite	2.6%	16.1%	32.8%	7.0%	15.3%	9.8%	4.1%	6.9%

Table 2: Composite Sample Assay

Stage 2 Results

The results reported today are from stage 2 test work.

Further optimization of sample EB-01 (oxide carbonatite) has returned a higher concentrate grade from Stage 1 (32.6% P₂O₅) as shown in Table 3 below. It should be noted that the sample was not subjected to any magnetic separation in the processing.

Products	Content %			Recovery %			
	P ₂ O ₅	SiO ₂	Fe ₂ O ₃	Mass	P ₂ O ₅	SiO ₂	Fe ₂ O ₃
Flotation Concentrate	36.0	3.6	6.1	23.9	69.6	3.3	6.2
Flotation Tailings	3.3	35.7	33.0	37.2	9.9	50.6	51.7
Slimes	6.5	31.1	25.7	38.9	20.5	46.1	42.1
Feed (calculated)	12.4	26.2	23.7	100.0	100.0	100.0	100.0

Table 3: Overall Metallurgical Balance of Processing Ore EB-01

A blend of the oxide samples EB-01 (carbonatite) and EB-03 (amphibolite) results is shown in Table 4.

Flotation Tests	Content % (*)			Recovery % (*)			
	P ₂ O ₅	SiO ₂	Fe ₂ O ₃	Mass	P ₂ O ₅	SiO ₂	Fe ₂ O ₃
EB-01-29 (**)	34.0	5.6	3.0	22.5	78.3	4.0	3.7
EB-01-30 (**)	32.3	7.6	4.2	22.5	78.2	5.2	5.0
EB-01-31 (***)	35.8	4.4	3.8	32.2	82.8	5.4	5.9
EB-01-32 (***)	35.9	4.7	4.1	31.2	79.9	5.6	6.0

Table 4: Flotation Performance of a Mixture of EB-01 plus EB-03 (rougher + cleaner stage 1)

Further optimization of sample EB-02 (fresh carbonatite) has returned a higher concentrate grade from Stage 1 (28.1% P₂O₅) results as shown in Table 5 below.

Products	Content % (*)			Recovery % (*)			
	P ₂ O ₅	SiO ₂	Fe ₂ O ₃	Mass	P ₂ O ₅	SiO ₂	Fe ₂ O ₃
Flotation Concentrate	31.4	5.17	1.62	5.3	39.0	3.6	1.2
Flotation Tailings	1.99	8.57	5.03	50.7	23.7	58.5	34.0
Slimes	3.93	6.69	4.09	39.6	36.6	35.7	21.6
Magnetic tailings	0.68	3.64	73.4	4.4	0.7	2.2	43.2
Feed (calculated)	4.26	7.42	7.49	100.0	100.0	100.0	100.0

Table 5: Overall Metallurgical Balance for Processing Ore EB-02-A

By achieving higher grades in the fresh carbonatite compared to Stage 1 testing the overall recoveries have been affected, this is mainly due to an over grinding of the samples and a loss of material to fines and slimes within the fresh rock source.

The next stage of tests will involve commissioning a world class grinding and crushing expert to optimize the grinding process prior to flotation of the product. An optimal balance between grade and recoveries will be determined in stage 3 testing.

About Agua

Agua is an emerging fertiliser development company focusing on 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 four 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.

JORC Code Competent Person Statements

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.