

TENEMENTS GRANTED NEAR TRÊS ESTRADAS PHOSPHATE DISCOVERY, SE BRAZIL

Summary

- Seven tenements located near the Três Estradas (“TE”) phosphate discovery in the state of Rio Grande do Sul have now been granted
- The TE project represents a significant new phosphate discovery with characteristics similar to existing producing phosphate mines in Brazil. At the time of discovery, the Company applied for 13 look-alike target zones
- The Company believes Rio Grande do Sul has the potential to host a major new phosphate province in close proximity to infrastructure, primary agriculture customers and fertiliser blenders
- The Company has recently completed a second stage drilling program over the northern portion of TE with results expected this month and an upgrade of the JORC resource in the 1st quarter of calendar 2013
- The Company looks forward to the granting of other licences currently under application, in particular the southern extension to TE

Emerging fertiliser development company Agua Resources Limited (ASX: **AGR**) (“Agua” or “Company”) is pleased to announce that it has had confirmation from the National Department of Mineral Production that a further seven tenements have now been granted close to its exciting new phosphate discovery at TE located in the state of Rio Grande do Sul, southern Brazil.



Figure 1: Location of Rio Grande Projects, SE Brazil

After the successful discovery of the TE project in November 2011, the Company applied for an additional 13 target areas in close proximity to TE. These were targeted based on similar geological and magnetic signatures to the TE discovery.

“We are very pleased to have seven of these tenements granted and will begin reconnaissance field checking once the geological team has finished sampling and logging of the recently completed drilling program,” commented Managing Director Simon Taylor.

“Significantly the seven tenements granted are in the Brazilian border control zone. As such we look forward to further tenements in this zone being granted, in particular the southern extension to the phosphate carbonatite host rock discovery at TE where we announced an initial JORC resource in June this year.”

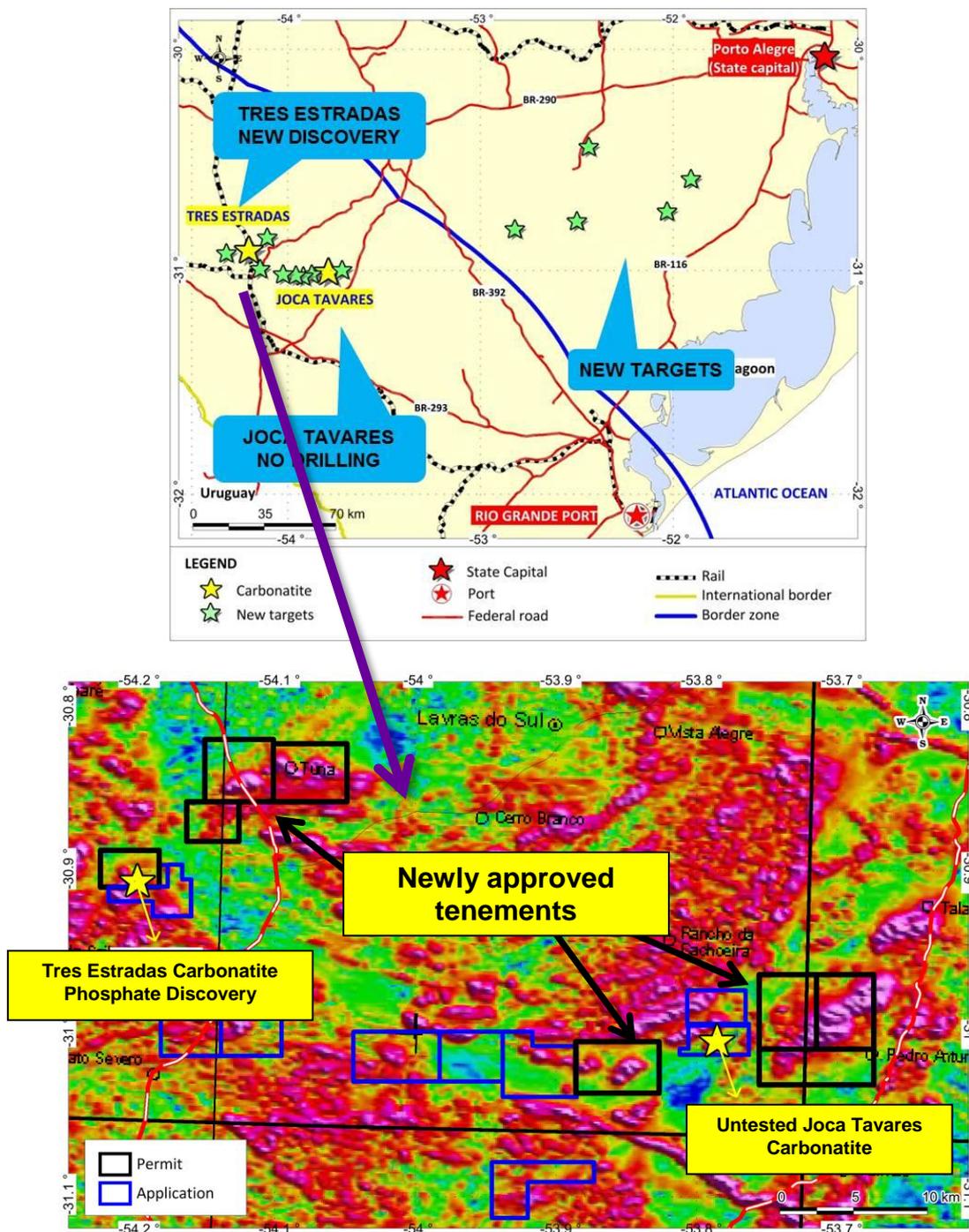


Figure 2: Airborne Magnetic Image and Tenement Holdings comprising Rio Grande Projects

About the Rio Grande Phosphate Projects

Agua has a large landholding in the area that includes an exclusive option to acquire 100 per cent of the Três Estradas (“TE”) and Joca Tavares (“JT”) carbonatite style phosphate projects from Companhia Brasileira do Cobre (“CBC”) and an additional 13 projects that it has acquired in its own right.

The projects are located in the state of Rio Grande do Sul - the southernmost Brazilian state adjacent to the border with Uruguay. The region has well developed infrastructure with excellent roads, rail, power, port and services.

The three southern States of Rio Grande do Sul, Santa Catarina and Paraná currently consume around 1 million tonnes P₂O₅¹ or almost 30% of Brazilian consumption, however there are currently no active phosphate mines in the region.

The TE, JT and other Agua projects will be logistically advantaged to supply the region compared with phosphate mined in Minas Gerais and Goiás (neighbouring states) and imports.

Brazil is heavily reliant on imports for approximately 50 per cent of its phosphate needs.

Some of the projects are located within the Brazilian border control zone (150 kilometres from the international border) restricting foreign ownership of the tenements to 49%. The Company will be required to enter into a joint venture with a Brazilian owned company to develop the tenements. Accordingly Agua has set up a corporate structure, in which Agua Resources owns 49%, and Brazilian interests 51%, and which incorporates shareholder agreements channelling all economic benefits back to Agua Resources. This arrangement is not expected to materially alter the Company’s potential economic return on the funds invested as part of the exploration program.

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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.

¹ = Data Source: ANDA, 2010 consumption data.