

1 November 2012

## FURTHER ENCOURAGING DRILLING RESULTS TRÊS ESTRADAS PHOSPHATE PROJECT BRAZIL

### Highlights:

- Initial assay results from the recently completed Stage 2 drilling program continue to return significant phosphate mineralisation within and outside the Inferred Resource
- Results from shallow reverse circulation drilling include (all intervals are from surface and within the current resource estimate):
  - 30.0 metres @ 11.1% P<sub>2</sub>O<sub>5</sub>**
    - Includes 6.0 metres @ 20.2% P<sub>2</sub>O<sub>5</sub>
  - 30.0 metres @ 8.4% P<sub>2</sub>O<sub>5</sub>**
    - Includes 14.0 metres @ 11.7% P<sub>2</sub>O<sub>5</sub>
- Results from diamond drill holes include:
  - 25.2 metres @ 6.0% P<sub>2</sub>O<sub>5</sub>**
    - Includes 5.1 metres @ 15.2% P<sub>2</sub>O<sub>5</sub>
  - 37.4 metres @ 8.3% P<sub>2</sub>O<sub>5</sub>**
    - Includes 22.9 metres @ 10.9% P<sub>2</sub>O<sub>5</sub>
    - Includes 11.1 metres @ 13.3% P<sub>2</sub>O<sub>5</sub>
  - 72.1 metres @ 4.4% P<sub>2</sub>O<sub>5</sub>**
    - Includes 21.2 metres @ 5.2% P<sub>2</sub>O<sub>5</sub>
- Brazilian carbonatite-hosted mines operated by Vale and Copebrás have in-situ ore grades ranging from 5.5% P<sub>2</sub>O<sub>5</sub> to 11.1% P<sub>2</sub>O<sub>5</sub> which concentrate to between 33% and 38% P<sub>2</sub>O<sub>5</sub>
- These results increase the confidence of the resources estimate and extend the limits of known mineralisation further highlighting the area's potential to host a near surface phosphate deposit in close proximity to infrastructure, primary agriculture customers and fertiliser blenders
- The Company expects to release further results to the market progressively including an upgrade to the initial JORC resource by the first quarter of calendar 2013

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Emerging fertiliser development company Aguia Resources Limited (ASX: **AGR**) ("**Aguia**" or "**Company**") is pleased to announce that the Company has received further encouraging drilling results from the Três Estradas Phosphate ("TE") project located in the state of Rio Grande do Sul in southern Brazil.

In October the Company completed a 21 hole diamond drilling program totalling 4,016 metres and 105 reverse circulation ("RC") drill holes totalling 2,151 metres. The Company is pleased to report assays from the first 14 diamond holes and 36 RC holes.

The aims of these programmes are to expand the initial JORC compliant inferred resource (21Mt @ 4.6% P<sub>2</sub>O<sub>5</sub> including 1.8Mt @ 10.9% P<sub>2</sub>O<sub>5</sub> – high grade oxide) as reported in the Company’s announcement to the ASX dated 15 June 2012, through diamond drilling targeting mineralisation below 100 metres depth and to test, define and upgrade the JORC compliant resource category of the higher grade oxide zone that extends from surface. This was reported in a conceptual pit shell with a 3.0% P<sub>2</sub>O<sub>5</sub> cut-off grade, and based on limited drilling to a vertical depth of 100 metres.

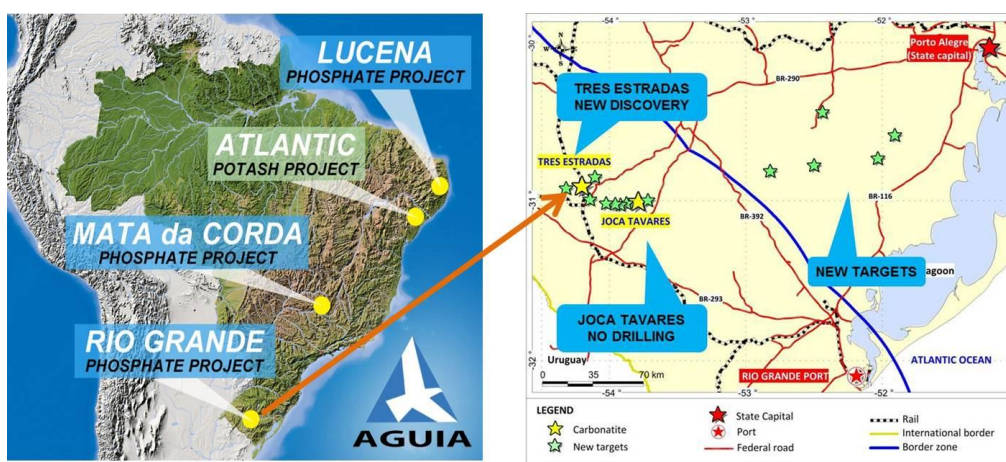
A list of significant assays is reported in Table 2 – Diamond Drilling Results and Table 3 – Reverse Circulation Drilling Results based on Figure 2 Drilling Location Plan.

“These drilling results from only 40% of the target area have confirmed the high grade nature of the oxide zone that extends from surface and the extension of mineralisation at depth below the initial JORC compliant resource reported in June 2012. We look forward to reporting more results as they come to hand and a JORC compliant resource upgrade in early 2013,” commented Aguiá Resources Managing Director Simon Taylor.

The results highlight the prospective nature of the TE Project returning wide zones of phosphate mineralisation at good grades from the surface over a wide area that is open to depth and to the south west. Phosphate mineralisation occurs in both the near surface weathered carbonatite and in the deeper primary zone as is typical of producing carbonatite hosted mines in Brazil (Refer Table 1).

The operating mines are highly profitable due to their excellent mineralogy enabling the ores to be beneficiated to a suitable concentrate grade (>32% P<sub>2</sub>O<sub>5</sub>) and their close proximity to markets including fertiliser blenders and end users. Initial test work demonstrates that the ore from TE beneficiates to a commercial grade.

**Figure 1: Location of Rio Grande Phosphate Projects, SE Brazil**



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APPENDIX

Figure 2: Três Estradas Stage 2 Drilling Location Plan

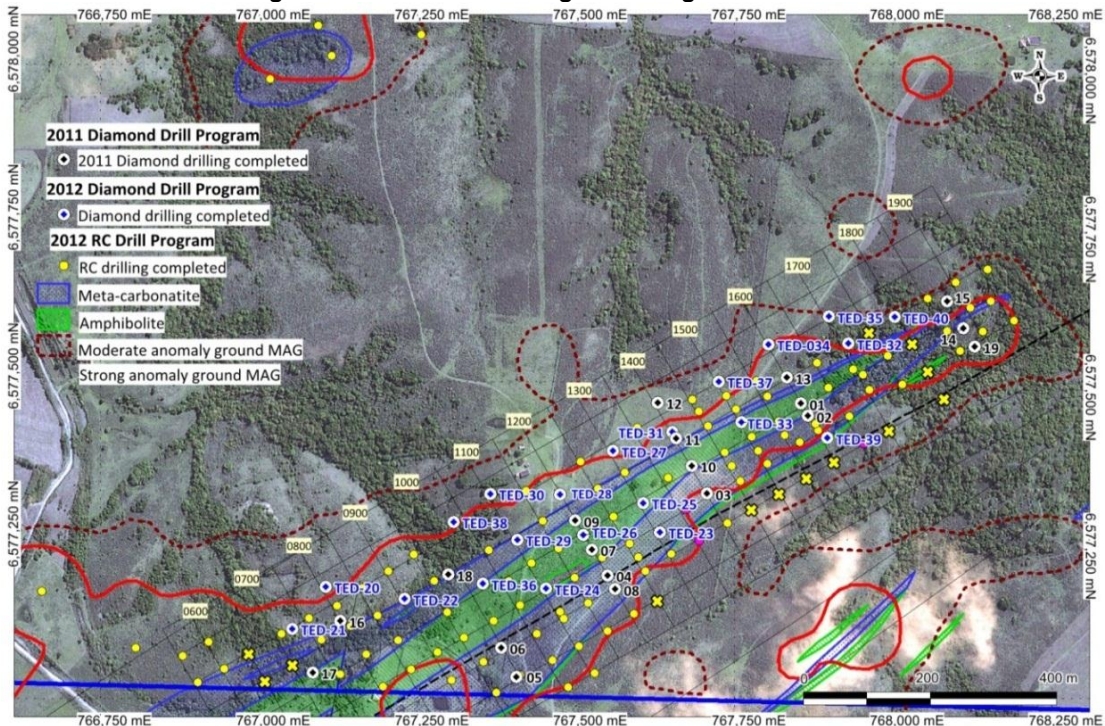
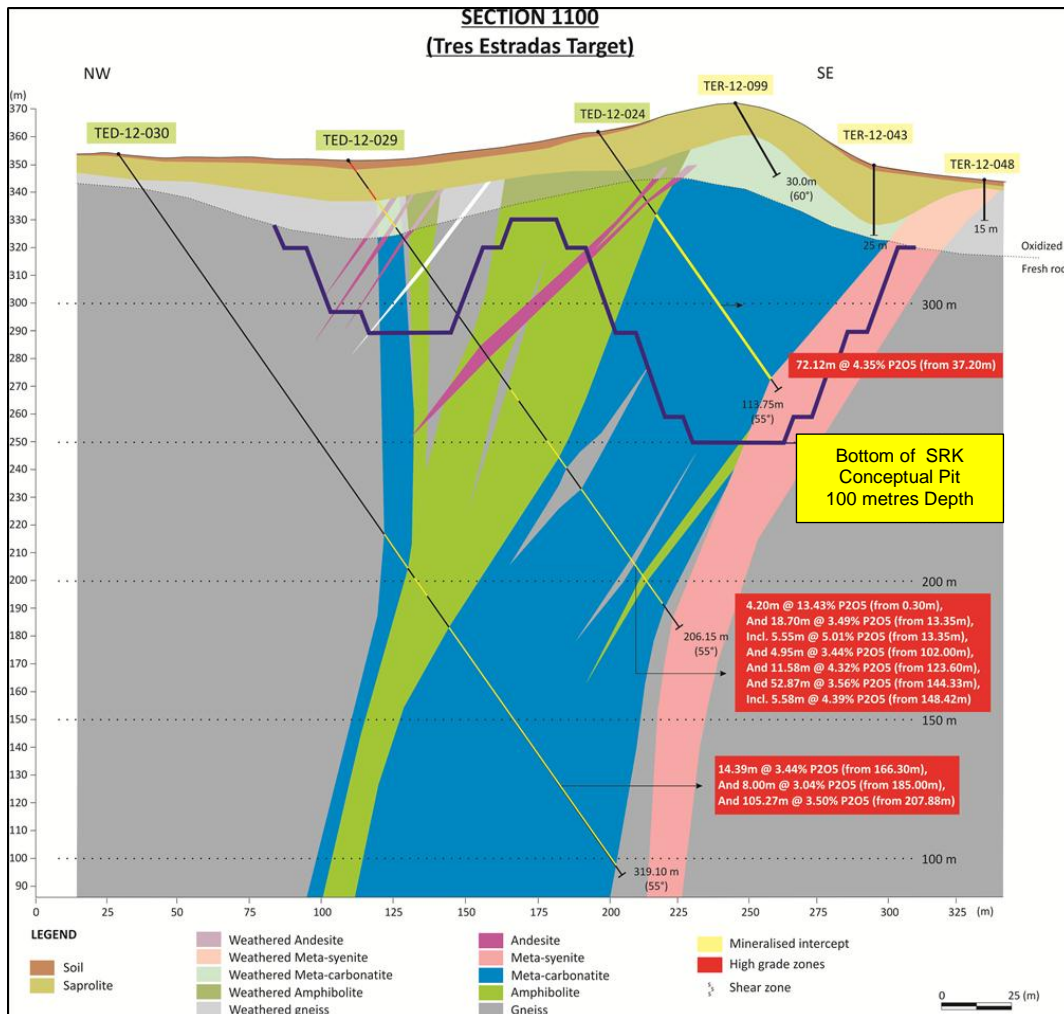


Figure 3: Três Estradas Cross Section



## Rio Grande Phosphate Projects

Aguia has an exclusive option to acquire 100% of the Três Estradas (“TE”) and Joca Tavares (“JT”) carbonatite style phosphate projects from Companhia Brasileira do Cobre (“CBC”).

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 1.1 million tonnes  $P_2O_5$ <sup>1</sup> or around 28.5% of Brazilian consumption, however there are currently no active phosphate mines in the region.

The TE, JT and other Aguia projects will be logistically advantaged to supply into this region, compared with phosphate mined in Minas Gerais, Goias and imports.

The TE project represents a significant new phosphate discovery with characteristics similar to existing producers in Brazil. Importantly, first stage drilling has shown that the grade and mineralogy is similar to that of other open-cut operating mines globally including Yara’s Siilinjärvi mine in Finland and Vale’s Cajati mine in Brazil, both of which produce a high quality phosphate concentrate within carbonatite host rocks.

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%. 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. Accordingly Aguia has set up a corporation, in which Aguia Resources owns 49%, and Brazilian interests 51%, and which incorporates shareholder agreements channelling all economic benefits back to Aguia 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.

*Photo 1: Diamond Drilling Tres Estradas Project, Southern Brazil*



*Photo 2: Railway within 2 kilometres of the Tres Estradas project*



<sup>1</sup> Data source: ANDA 2011 statistical summary

## Carbonatite Hosted Phosphate Mines

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 Araxá 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% P<sub>2</sub>O<sub>5</sub>) and their close proximity to markets including fertiliser blenders and end users.

**Table 1: Major Producing Phosphate Deposits in Brazil**

Company	Mine	Type	Reserve (Mt)	Grade P <sub>2</sub> O <sub>5</sub> (%)	Concentrate Grade P <sub>2</sub> O <sub>5</sub> (%)	Prod. Capacity (ktpy)
			(A) (B)		(C)	(D)
Vale	Tapira	Carbonatite	1,309	7.69	35.5	2,030
Copebrás/ Anglo	Ouvidor	Carbonatite	257	7.63	38.0	1,300
Vale	Araxá	Carbonatite	89	11.12	35/ 33	910
Vale	Catalao	Carbonatite	224	8.96	36/ 34	1,209
Vale	Cajati	Carbonatite	85	5.45	36.0	528
<b>Average Grade Brazilian Carbonatite Deposits is 7.8% P<sub>2</sub>O<sub>5</sub></b>						
Yara	Siilinjarvi, Finland	Carbonatite	470	4.5	36	850

\*denotes resource figures

### Sources:

(A) Resource 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

**Table 2: Diamond Drilling Results – Significant Assays**

HOLE_ID	UTM_E	UTM_N	AZIMUTH	DIP	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (P <sub>2</sub> O <sub>5</sub> %)
TED-12-020	767099	6577173	150	-55	205.55	105.75	133.75	<b>28</b>	<b>4.16</b>
					And	164.4	184.65	<b>20.25</b>	<b>3.47</b>
TED-12-021	767045	6577105	150	-75	229.5	153.5	182.4	<b>28.9</b>	<b>4.42</b>
					343	1.3	26.35	<b>25.15</b>	<b>6.02</b>
					Includes	3.35	8.40	<b>5.05</b>	<b>15.20</b>
TED-12-022	767222	6577156	150	-65	And	31.00	65.90	<b>34.90</b>	<b>3.51</b>
					And	261.00	332.14	<b>71.14</b>	<b>3.30</b>
					Includes	278.90	299.00	<b>20.10</b>	<b>4.12</b>
					69.65	0	37.41	<b>37.41</b>	<b>8.34</b>
TED-12-023	767628	6577260	150	-65	Includes	0	22.94	<b>22.94</b>	<b>10.92</b>
					Includes	11.8	22.94	<b>11.14</b>	<b>13.32</b>
TED-12-024	767447	6577171	150	-55	113.75	37.2	109.32	<b>72.12</b>	<b>4.35</b>
					156	51.3	112.8	<b>61.5</b>	<b>3.66</b>
TED-12-025	767605	6577308	150	-55	Includes	11.05	14.3	<b>3.25</b>	<b>11.65</b>
					Includes	61	83	<b>22</b>	<b>4.00</b>
					156	51.3	112.8	<b>61.5</b>	<b>3.66</b>
					Includes	51.3	55	<b>3.7</b>	<b>4.47</b>
TED-12-026	767506	6577254	150	-55	Includes	73	76.6	<b>3.6</b>	<b>4.79</b>
					Includes	83.7	86.9	<b>3.2</b>	<b>4.83</b>
					Includes	103.3	112	<b>8.7</b>	<b>4.36</b>
					248.65	85.9	102.8	<b>16.9</b>	<b>3.47</b>
TED-12-027	767558	6577390	150	-65	And	114.07	143.33	<b>29.26</b>	<b>3.39</b>
					And	176	225	<b>49</b>	<b>3.08</b>
					219.8	51.95	76.9	<b>24.95</b>	<b>3.51</b>
TED-12-028	767474	6577322	150	-55	And	119.85	172	<b>52.15</b>	<b>3.51</b>
					Includes	130.15	141	<b>10.85</b>	<b>4.05</b>
					206.15	0.3	4.5	<b>4.2</b>	<b>13.43</b>
					And	13.35	32.05	<b>18.7</b>	<b>3.49</b>
TED-12-029	767407	6577251	150	-55	Includes	13.35	18.9	<b>5.55</b>	<b>5.01</b>
					And	123.6	135.18	<b>11.58</b>	<b>4.32</b>
					And	144.33	197.2	<b>52.87</b>	<b>3.56</b>
					Includes	148.42	154	<b>5.58</b>	<b>4.39</b>
TED-12-030	767365	6577323	150	-55	319.1	166.3	180.69	<b>14.39</b>	<b>3.44</b>
					And	207.88	313.15	<b>105.27</b>	<b>3.5</b>
TED-12-031	767652	6577421	150	-60	185.2	37.6	53.03	<b>15.43</b>	<b>3.69</b>
					And	84	166.45	<b>82.45</b>	<b>3.37</b>
TED-12-032	767930	6577560	150	-60	Includes	116	129	<b>13</b>	<b>4</b>
					80.1	17.55	50.17	<b>32.62</b>	<b>3.53</b>
TED-12-033	767761	6577436	150	-55	102.8	0	17	<b>17</b>	<b>3.79</b>
					Includes	11.85	14.95	<b>3.1</b>	<b>6.26</b>
					And	36.1	81.68	<b>45.58</b>	<b>3.54</b>

**Table 3: Reverse Circulation Drilling Results – Significant Assays**

HOLE_ID	UTM_E	UTM_N	AZIMUTH	DIP	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (P <sub>2</sub> O <sub>5</sub> %)
TER-12-002	768154.56	6577626.72	-	90	15	2	15	13	5.62
TER-12-010	767991.32	6577540.39	-	90	13	0	7	7	4.73
TER-12-011	768014.89	6577495.37	-	90	13	0	7	7	5.07
TER-12-012	767952.71	6577510.8	-	90	20	0	10	10	8.19
					Includes	4	8	4	10.8
TER-12-015	767777.12	6577412.88	-	90	30	0	30	30	4.57
TER-12-016	767801.4	6577476.71	-	90	27	0	27	27	3.9
TER-12-017	767819.5	6577437.39	-	90	33	0	33	33	5.86
					Includes	1	9	8	11.61
TER-12-019	767752.02	6577456.54	-	90	18	1	2	1	6.99
TER-12-020	767898.1	6577490.22	-	90	25	0	25	25	3.83
					Includes	0	5	5	4.91
TER-12-024	767708.1	6577429.78	-	90	21	0	21	21	4.89
					Includes	3	7	4	9.08
TER-12-025	767734.23	6577388.37	-	90	26	0	26	26	4.12
					Includes	0	9	9	6.39
TER-12-027	767645.34	6577348.04	-	90	16	0	6	6	4.24
TER-12-028	767672.12	6577296.9	-	90	30	0	30	30	11.12
					Includes	10	16	6	20.15
TER-12-029	767584.3	6577244.4	-	90	30	0	30	30	8.42
					Includes	1	15	14	11.68
TER-12-034	767534.12	6577331.1	-	90	21	0	10	10	4.75
					Includes	2	5	3	8.5
TER-12-036	767447.05	6577279.93	-	90		19		Pending	
TER-12-037	767498.0	6577190.56	-	90	26	0	13	13	4.13

**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 Três Estradas Phosphate Project has a current JORC compliant inferred mineral resource of 21.33Mt @ 4.63% P<sub>2</sub>O<sub>5</sub> (total initial contained phosphate of 0.99Mt P<sub>2</sub>O<sub>5</sub>).

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.