

**CHAIRMAN'S ADDRESS**  
**ANNUAL GENERAL MEETING 2012**

30 November 2012

Good morning fellow shareholders and guests and welcome to the AGM for Agua Resources Limited.

2012 has been a very active year for the Company and one where significant progress was made towards its goal of establishing itself as a fertilizer company in the expanding agriculture sector in Brazil. The year's highlight, of course, is the discovery of a significant new phosphate deposit at Três Estradas in the state of Rio Grande do Sul in southern Brazil. A project where we believe there is potential for an early start up by mining and processing of high grade oxide ore that extends from surface. An early start up would provide cash flow to fund ongoing capex and development of the project and is something we are currently evaluating internally.

Drilling at Três Estradas commenced in October 2011 and the company announced an initial JORC compliant inferred mineral resource in June 2012. Significantly, the deposit has characteristics similar to existing phosphate producers in Brazil. The resource estimate and first stage metallurgical test work has shown that the grade and mineralogy is similar to that of other carbonatite hosted open-cut operating mines globally.

Results from the second stage drilling program at Três Estradas are flowing in and continue to be positive. The objective of this program is two-fold; to expand the resource at depth and at the same time better define the higher grade oxide zone that starts at surface. In the next quarter Agua will upgrade the JORC resource and commence a project scoping exercise with a view to develop this exciting new project.

The new discovery has highlighted the potential of the Rio Grande do Sul region to host further phosphate discoveries and it's a credit to our technical team in Brazil whom have been first movers in the region. The Company believes that the region has the potential to host further significant phosphate deposits and we eagerly await the grant of the Joca Tavares project some 40 kilometres to the east where surface sampling has returned values of up to 11% P<sub>2</sub>O<sub>5</sub> across a broad carbonatite target.

No drilling has been completed on Joca Tavares and the company has also applied for exploration licences on an additional

13 prospects in the region, 4 of these new licences have been granted and field work is underway.

Turning to potash, the Company retains a significant land position totalling approximately 1,780 km<sup>2</sup> in the highly prospective Sergipe-Alagoas basin that comprises the Atlantic Potash Project. The basin is host to Brazil's only producing potash mine, Taquri-Vassouras - operated by Vale. Vale is also developing its Carnallita Potash Project in the Sergipe Basin which is at pilot stage but has planned production of 1.2Mt pa of KCl from solution mined carnalite. Both of these projects demonstrate the potential of this basin to meet ongoing potash demand in Brazil that currently imports over 90% of its potash requirements.

While the Company's exploration results have been strong, the market side of the business has not been as positive, in fact I would describe it as a year of uncertainty and a difficult environment for many investors and directors alike. Many listed exploration companies are struggling with low cash reserves and market capitalisations. Looking at our current share price, the market is giving little value to the quality project assets and intellectual capital of the Company. While we are not alone on this front we are not pleased with this as an outcome. With a strong project portfolio and an excellent in-country team, Aguia is still well positioned to capitalize on the growing demand for phosphate and potash -based fertilisers in Brazil.

Aguia will continue to deliver on its strategy of developing a significant fertilizer company in Brazil for the benefit of all shareholders as we believe that fundamentals will come back into play in the markets and that exploration success will still be rewarded.

In closing, I would like to thank the management and staff of Aguia for their work over the past year. There is much work to do to follow up on the past year's activities and achievements, as we look to establish ourselves as a leading fertiliser developer in Brazil.



Graham Ascough  
Chairman