

NEW PHOSPHATE DISCOVERY IN SOUTHERN BRAZIL

Summary

- New phosphate bearing carbonatite, named **Porteira** discovered in close proximity to the Três Estradas and Joca Tavares projects located in the state of Rio Grande do Sul
- Mapping and sampling has identified phosphate mineralisation over extensive areas at **Porteira** along a magnetic trend with a combined length of about 7 kilometres
- Limited surface rock chip sampling has returned phosphate grades of up to 11% P₂O₅
- A ground magnetic survey has commenced to better define the carbonatite body for follow-up shallow scout drilling
- **Agua** controls over 860 square kilometres in the area and 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 remains on track to deliver an upgrade to the initial JORC compliant Mineral Resource Statement from the Três Estradas phosphate project within the current quarter

Emerging fertiliser development company **Agua Resources Limited** (ASX: **AGR**) (“**Agua**” or “**Company**”) is pleased to announce the discovery of the **Porteira** phosphate prospect within its large land holding located in the state of Rio Grande do Sul, southern Brazil.

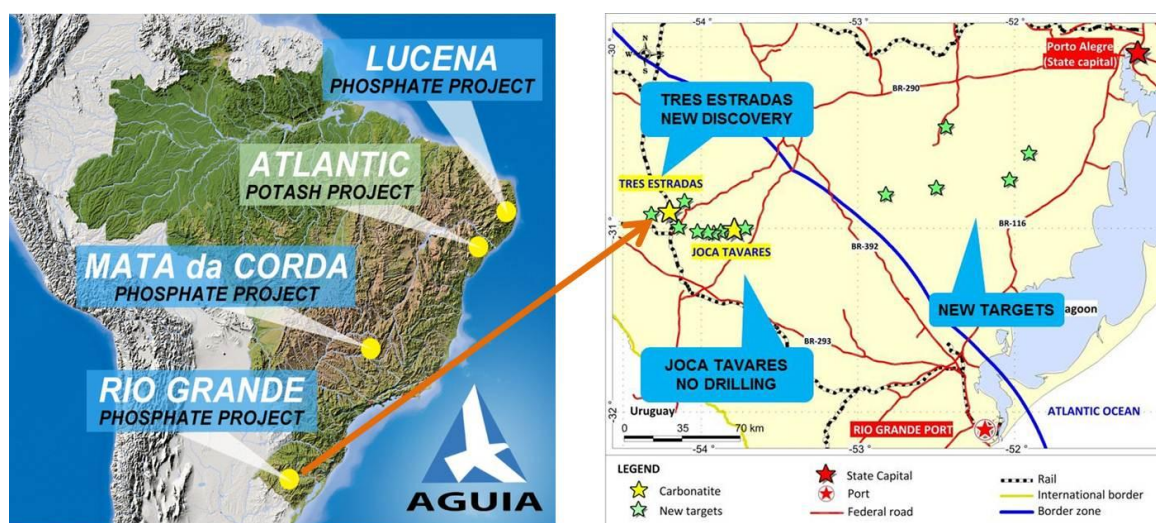


Figure 1: Location of Rio Grande Projects, SE Brazil. Porteira is located between the Três Estradas and Joca Tavares projects

Following the discovery of the Três Estradas project in November 2011 the Company applied for an additional 13 target areas in the region. These were targeted based on similar geological and magnetic signatures to the Três Estradas discovery. The company has been first mover in the region and controls over 860 square kilometres of prospective ground and has delineated the initial JORC Inferred mineral resource at Três Estradas within the first year.

Mapping and sampling at Porteira has confirmed phosphate mineralisation with grades of up to 11% P₂O₅ in surface rock chip sampling. The phosphate mineralisation is hosted within both carbonatite and carbonatite breccia similar in style to the recent discovery at Joca Tavares. Scattered outcrop occurs over an extensive area in both a western (5.5 kilometres x 0.5 kilometres) and eastern zone (1.95 kilometres x 0.45 kilometres) delineated from an airborne magnetic survey. Refer Figure 3.

“This is an exciting greenfield discovery for the Company that validates the geological targeting and confirms our view that the region has potential to host further phosphate resources similar to the Três Estradas Deposit,” commented Managing Director Simon Taylor. “With continued exploration success we are of the firm belief that the Rio Grande project portfolio has the potential to host a significant resource base and we continue to evaluate other prospective targets in the area.”

The Company’s Technical Director, Dr Fernando Tallarico added, “We look forward to the results of a ground magnetic survey that will help further define the target zone for drill testing. As was evident from Três Estradas the Company can drill test the oxide target from surface in a timely and cost effective manner to quickly advance the Porteira discovery through to a JORC resource.”

The Três Estradas project represents a significant new phosphate discovery with characteristics similar to existing producers in Brazil. Importantly, 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.

The Company remains on track to deliver an upgrade to the JORC compliant Mineral Resource Statement from the Três Estradas phosphate project within the current quarter.

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About Aguia

Aguia 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. Aguia 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.

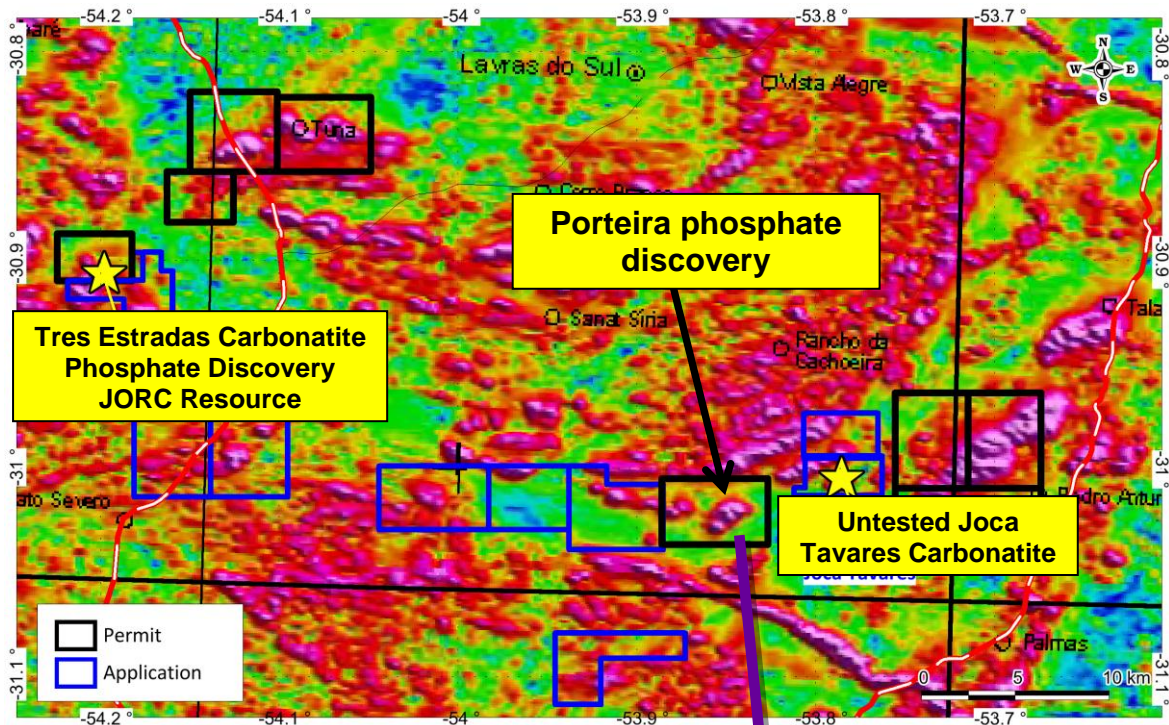


Figure 2: Airborne Magnetic Image and Tenement Holdings comprising Rio Grande Projects.

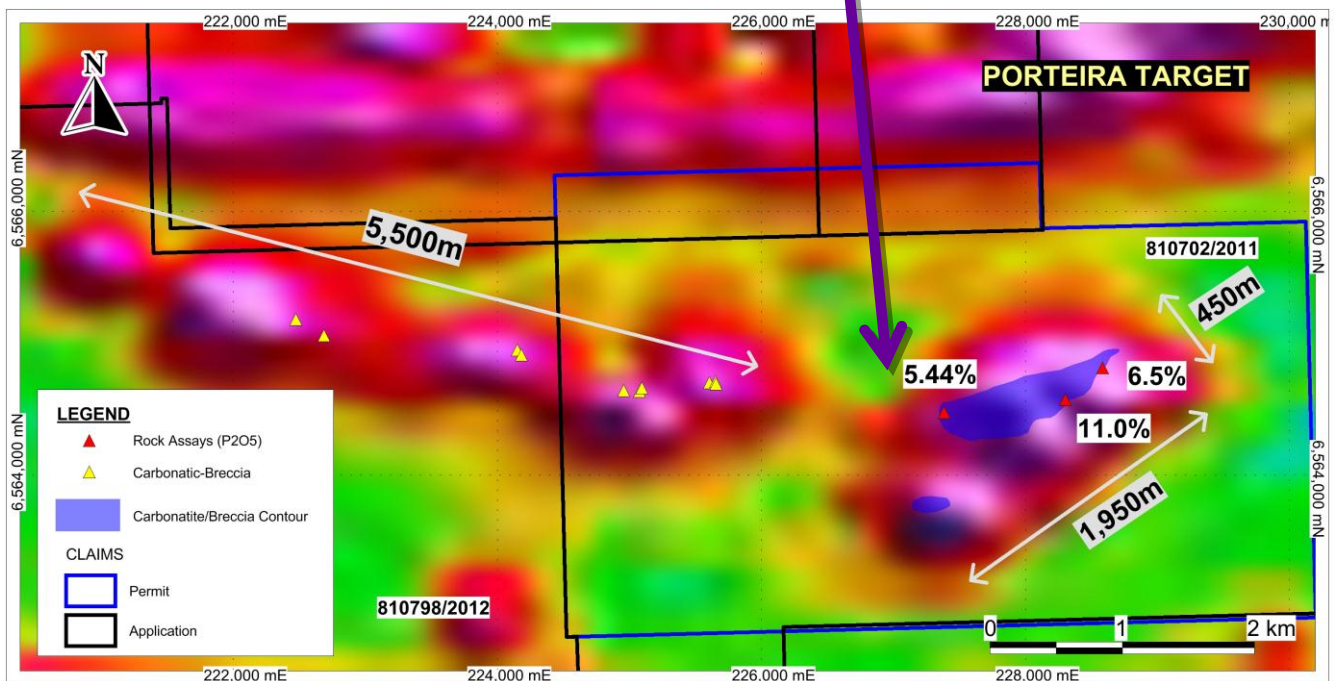


Figure 3: Airborne Magnetic Image and showing eastern and western trends.

Porteira Target - Geology

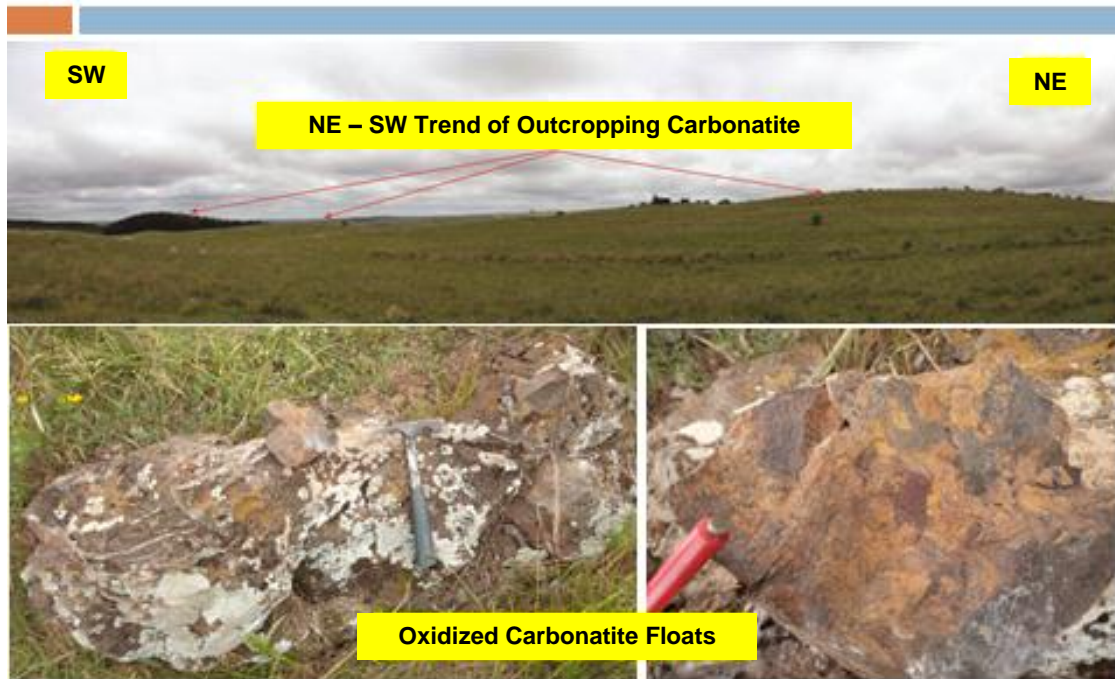


Figure 4: Photos of PT – outcropping mineralisation and good access for drill testing

Porteira Target - Geology

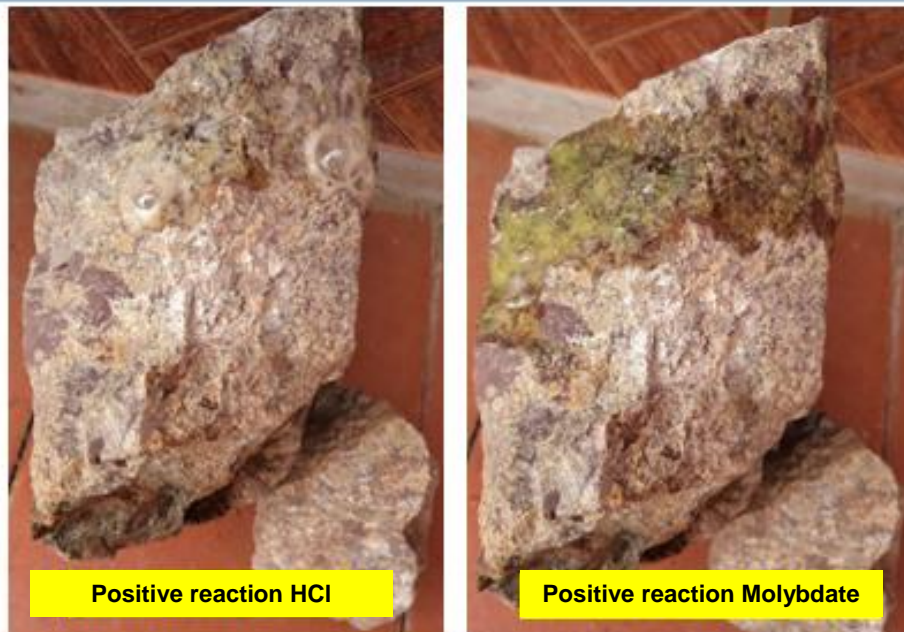


Figure 5: Photos of carbonatite samples showing positive results to HCl and Molybdate, known indicators for carbonates and phosphate

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 and Joca Tavares 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 over 1 million tonnes P_2O_5 ¹ or almost 30% of Brazilian consumption, however there are currently no active phosphate mines in the region.

The Três Estradas, Joca Tavares and other Agua projects will be logistically advantaged to supply the region compared with phosphate mined in Minas Gerais and Goiás 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 company called Agua Fertilizers, 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.

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, 2011 consumption data.