

8<sup>th</sup> April 2013

## LUCENA PHOSPHATE PROJECT

### INITIAL INFERRED JORC COMPLIANT MINERAL RESOURCE ESTIMATE OF 55Mt

#### Summary

- **Initial JORC compliant inferred mineral resource of 55Mt grading 6.42% P<sub>2</sub>O<sub>5</sub><sup>1</sup>.**
- **The estimate is derived from 40 core holes totalling 3,061 metres.**
- **The mineral resource only covers a small part of the project area with room to expand into an adjacent tenement still under application.**
- **The Company holds an extensive land position in the region located close to existing infrastructure including roads, water, power and ports.**
- **Brazil imports over 50% of its phosphate needs and the project is located near phosphate consumers in a market primarily supplied by imported phosphate.**

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Agua Resources Limited (ASX: **AGR**) (“Agua” or “Company”) is pleased to announce an initial JORC compliant Mineral Resource Statement for the Lucena Phosphate Project (“LPP”) in the state of Paraiba in north eastern Brazil.

From August 2011 to October 2012, Agua drilled 49 core drill holes in two separate drilling campaigns, 40 of which were used to estimate the JORC compliant mineral resource.

The Company commissioned leading independent global consulting company, SRK Consulting (Canada) Inc, to prepare an initial JORC compliant Mineral Resource Statement. The mineral resources are reported within a conceptual pit shell at a cut-off grade of 3.0% P<sub>2</sub>O<sub>5</sub>. The summary report including competent person’s statement is attached to this release.

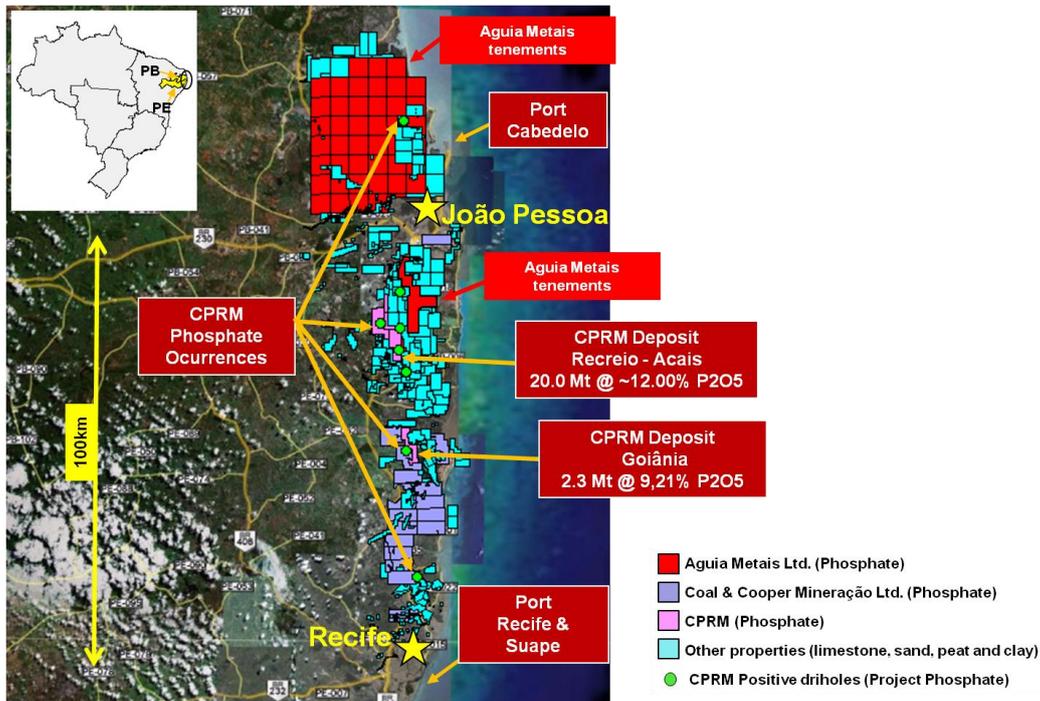
The LPP covers 73,361 hectares (734km<sup>2</sup>) all located within a 50km radius around the city of João Pessoa, capital of Paraiba state in north eastern Brazil.

The LPP area was first investigated by the CPRM (Brazilian Geological Survey) in the late seventies to early eighties and several intercepts containing P<sub>2</sub>O<sub>5</sub> were defined during the drilling exploration program. This program also identified the Recreio - Acais Deposit located 25km south of the Project area and the Goiania deposit located 50km north of Olinda.

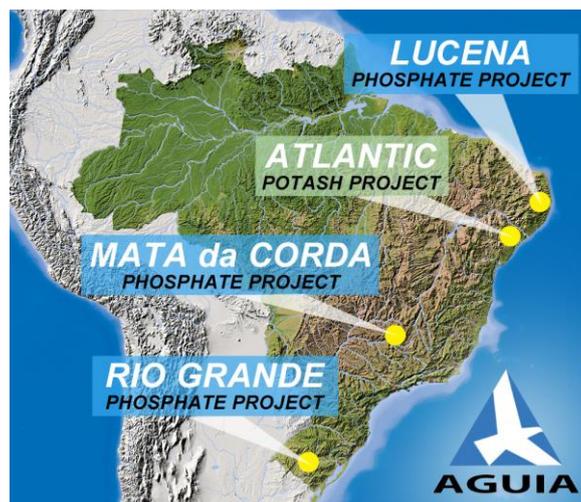
The Property was identified based on the historical phosphate occurrences reported by the CPRM. After initial analysis of the occurrences, geology and distribution the available areas were staked along the northern sector of the Paraiba Belt within the same geological setting that hosts the phosphate deposits discovered by CPRM. Prior to the Company’s activities no systematic exploration work had been conducted subsequent to the historical government program.

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<sup>1</sup> SRK Consulting: cut-off grade of 3.0% P<sub>2</sub>O<sub>5</sub>



**Figure 1: LPP location map showing existing phosphate deposits nearby.**



**Figure 2: Location of Agua Phosphate Projects, Brazil**

Agua’s Managing Director, Simon Taylor, said: “This is another milestone for the Company with JORC compliant resources now achieved at both the Lucena and Tres Estradas phosphate projects in the last three months in a jurisdiction that is heavily reliant on imports of phosphate rock and phosphate based fertilisers. The property hosts excellent infrastructure including roads, water and energy and is located near fertilizer blenders and transportation hubs including the Cabedelo port facilities which can be accessed via 65km of paved roads.”

**Near Term Focus**

The Company will continue its efforts to commercialise its phosphate projects through resource expansion, internal scoping and beneficiation test work. Both the Tres Estradas and Lucena Projects have the potential for mineral resource expansion. At Tres Estradas only 45% of the target zone has been drill tested and the Company awaits the granting of the southern extension.

– ENDS –

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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.

**JORC Code Competent Person Statements**

*The Lucena Phosphate Project has a current JORC compliant inferred mineral resource of 55.1Mt grading 6.42% 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 Aguia 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.*

## Memo

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<b>To:</b>	Fernando Tallarico	<b>Date:</b>	April 4, 2013
<b>Company:</b>	Agua Resources Limited	<b>From:</b>	O. Leuangthong, C. Passos, L. Weiershäuser, and J.F. Couture
<b>Copy to:</b>	T. Bonas and G. Coutinho	<b>Project #:</b>	3CA038.001
<b>Subject:</b>	Audited Mineral Resource Statement, Lucena Phosphate Project, Paraíba State, Brazil		

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Agua Resources Limited (Agua) commissioned SRK Consulting (Canada) Inc. (SRK Toronto) and SRK Consultores do Brasil Ltda. (SRK Brazil) to audit a mineral resource model prepared by Agua for the Lucena phosphate project located in Paraíba State, Brazil. The Lucena project is a sedimentary phosphate deposit located in the Pernambuco-Paraíba Sedimentary Coastal Basin in East Paraíba State. This memorandum summarizes the work completed by SRK Toronto and SRK Brazil to prepare an audited Mineral Resource Statement, which represents the first mineral resource evaluation prepared for this project.

From August 2011 to October 2012, Agua drilled 49 core boreholes, 40 of which were used to estimate the mineral resources. SRK understands that historical drilling was available for this property; Agua chose to ignore these boreholes due to lack of confidence in the data.

SRK audited the methodology used by Agua to prepare the GEMS block model that was provided to SRK on March 4, 2013. After review, SRK classified the block model to delineate regular resource categories in accordance with the *Australasian Code for Reporting Mineral Resources and Ore Reserves* (2004), published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia (the JORC Code).

SRK considers that the Lucena phosphate deposit is amenable for open pit extraction. To assist with the preparation of the audited Mineral Resource Statement and the selection of an appropriate reporting assumptions, SRK used a pit optimizer to identify which portions of the block model can be reasonably expected to be extracted from an open pit. After review, SRK considers that it is appropriate to report as open pit mineral resources those block located within the conceptual pit envelope above a cut-off grade of 3.0 percent P<sub>2</sub>O<sub>5</sub>.

The audited Mineral Resource Statement presented in Table 1 is reported in accordance with the JORC Code. The effective date of the audited Mineral Resource Statement is April 4, 2013. Mineral resources are not mineral reserves and do not have a demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves.

SRK is unaware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant issues that may materially affect the mineral resources. The audited Mineral Resource Statement was prepared by Ms. Camila Passos, Dr. Oy Leuangthong, and Dr. Jean-Francois Couture, all of whom are Competent Persons pursuant to the JORC Code and independent from Agua.

**Table 1: Audited Mineral Resource Statement\*, Lucena Phosphate Project, Paraíba State, Brazil, SRK Consulting (Canada) Inc., April 4, 2013**

Lithotype	Tonnage	P <sub>2</sub> O <sub>5</sub>	CaO	MgO	Fe <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>
	T x 1000	(%)	(%)	(%)	(%)	(%)	(%)
<b>Inferred Mineral Resources</b>							
MIN1	6,151	4.94	2.02	0.61	7.71	58.92	15.77
MIN2	48,992	6.60	12.83	1.52	5.36	49.45	11.87
<b>Total Inferred</b>	<b>55,143</b>	<b>6.42</b>	<b>11.63</b>	<b>1.42</b>	<b>5.63</b>	<b>50.51</b>	<b>12.31</b>

\* Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates. The mineral resources are reported within a conceptual pit shell at a cut-off grade of 3.00 percent of P<sub>2</sub>O<sub>5</sub>. Optimization parameters include selling price of US\$200.00 per tonne of concentrate at 32 percent of P<sub>2</sub>O<sub>5</sub>, a metallurgical recovery of 70 percent of P<sub>2</sub>O<sub>5</sub>, 100 percent for mining recovery and 0 percent dilution, and overall pit slope of 38 degrees.

The mineral resource audit process was a collaborative effort between SRK staff from the Belo Horizonte and Toronto offices. A site visit was conducted on October 22 and 23, 2012 by Dr. Lars Weiershäuser, PGeo (APGO#1504), from the Toronto office and Ms. Camila Passos (CREA 5061868179/D) from the Belo Horizonte office.

The data review, geological modelling, estimation sensitivity analyses, and resource classification was performed by Ms. Passos, under the supervision of Dr. Oy Leuangthong, PEng (PEO#90563867), a Principal Consultant (Geostatistics) from the Toronto office. Geostatistical review was performed by Dr. Leuangthong.

Pit optimization review was conducted by Mr. Felipe Fernandes (CREA MG115482/D), a mining engineer in the Belo Horizonte office. The overall audit was reviewed by Dr. Jean-Francois Couture, PGeo (APGO#0196), a Corporate Consultant (Geology) from the Toronto office.

## 1.0 Introduction

The database used to evaluate the mineral resources includes 40 core boreholes (3,061 metres) drilled by Aguia using HQ equipment. All borehole collars were surveyed according to UTM coordinates (SAD69 datum, Zone 25S). All boreholes are vertical. Downhole surveys were not executed. Core recovery exceeded 80 percent.

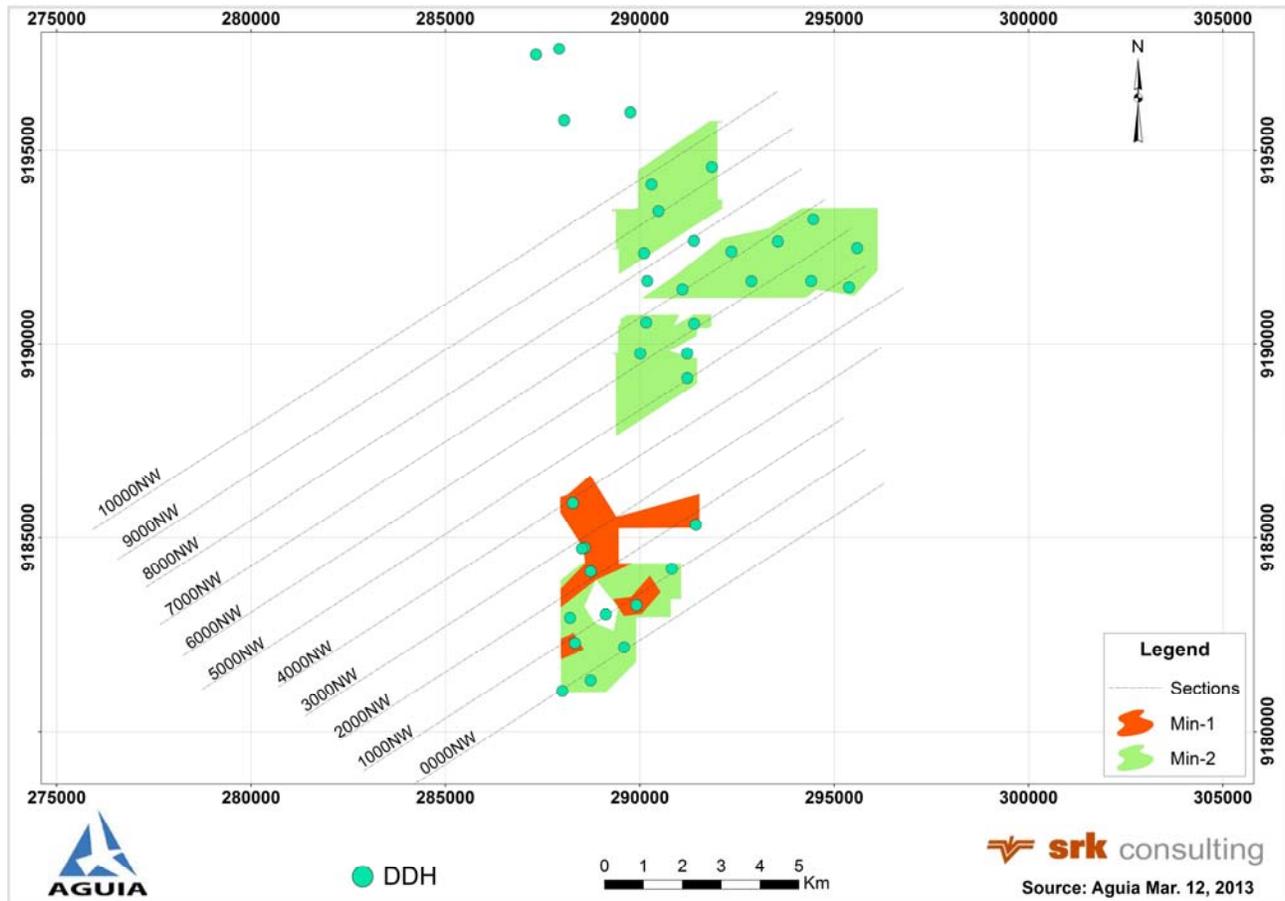
Based on a site visit completed on October 22 and 23, 2012, SRK believes that drilling, logging, core handling, core storage, and analytical quality control protocols used by Aguia meet generally accepted industry best practices. As a result, SRK considers that the exploration data collected by Aguia are of sufficient quality to support mineral resource evaluation and classification pursuant to the JORC Code.

## 2.0 Geological Interpretation and Modelling

Phosphate mineralization at the Lucena project occurs mainly as apatite in sedimentary rock. Aguia modelled two mineralized domains designated as MIN1 and MIN2. Mineralization 1 (MIN1) extends for approximately 5.7 kilometres along strike and up to 3.6 kilometres across strike, with an average depth of 35 metres. Mineralization 2 (MIN2) extends for approximately 7.2 kilometres along strike and up to 4.8 kilometres across strike, with an average depth of 60 to 65 metres. These domains are differentiated on the basis of their CaO to P<sub>2</sub>O<sub>5</sub> ratio, which is known as RCP (relation

CaO/P<sub>2</sub>O<sub>5</sub>). Domain MIN2 is characterized by significantly higher RCP values than MIN1. The thickness of the apatite mineralization layers range from 1.0 to 10.5 metres, with an average thickness of 2.5 metres.

Agua primarily used lithology to define the boundaries of the phosphate mineralization. In addition, a minimum average grade of 3.0 percent P<sub>2</sub>O<sub>5</sub> over the entire thickness was required for an intersection to be included in the mineralization wireframe. The maximum waste inclusion in the mineralization layers is 1.5 metres. Using this approach, Agua modelled two single stratabound mineralized layers on vertical sections at 1,000 metres intervals (see Figure 1), individual sectional interpretations were linked by tielines.



**Figure 1: Plan View of Mineralization Solids Provided by Agua**

Upon receipt of the geological model, SRK verified the geological wireframes against borehole data. At the same time, SRK verified that stated model parameters (minimum 3 percent P<sub>2</sub>O<sub>5</sub>) such as maximum waste inclusion in the wireframes were adhered to.

More than 10 percent of the modelled intervals have samples at the top or at the bottom of the mineralized intervals with P<sub>2</sub>O<sub>5</sub> grade less than 3 percent. Despite these lower values within the mineralized intervals, the mean grade of these intervals is higher than 3 percent P<sub>2</sub>O<sub>5</sub>. SRK is of the opinion that this modelling approach is valid, the wireframes are generally well-constructed, and are adequate to separate the apatite mineralization from the surrounding waste rock.

During the site visit, SRK noted steep to subvertical faults on sectional interpretations provided by Agua. These structures were not modelled. SRK suggests that Agua consider a structural study in

future assessments of the Lucena project. Such a study would help to characterize better these structural features and to account for them appropriately during the three-dimensional geological interpretation and the resource modelling.

## 2.1 Specific Gravity

Specific gravity was measured by Agua using a standard weight in water/weight in air methodology on core from complete sample intervals. The specific gravity database available for resource evaluation contains 72 measurements for mineralized and unmineralized material.

Table 2 shows a comparison of the length weighted and unweighted average of specific gravity for each rock type.

SRK recommends that additional specific gravity measurements be obtained in the mineralized and unmineralized material to confirm these values in future resource estimates.

**Table 2: Specific Gravity for All Material from Lucena Deposit**

Rock Type*	Description	Rock Code	No. Samples	SRK Length-Weighted Specific Gravity	Agua Specific Gravity
MIN (1 and 2)	Phosphate Mineralization	100 and 200	23	1.76	1.75
Waste	Barren Material	0	49	1.73	1.70
<b>Total</b>			<b>72</b>		

## 3.0 Mineral Resource Estimation Methodology

### 3.1 Resource Database

The borehole database considered for mineral resource estimation consists of 40 core boreholes. Table 3 provides a summary of available boreholes.

**Table 3: Summary of Available Data for the Lucena Project**

	Count	Length (metres)	Assay Intervals
Core boreholes	40	3,061.05	2,952
<b>Total</b>	<b>40</b>	<b>3,061.05</b>	<b>2,952</b>

### 3.2 Compositing, Statistics, and Capping

All assay intervals within the resource wireframes were composited to a length of 0.5 metres. Figure 2 shows the cumulative frequency distribution of sample length. Approximately 85 percent of all mineralized intervals in the Lucena deposit were sampled at 0.5 metres or less.

SRK notes that Agua did not cap any assays or composites to limit the influence of high grade outliers. SRK checked the probability plots for six elements: P<sub>2</sub>O<sub>5</sub>, CaO, MgO, Fe<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, and Al<sub>2</sub>O<sub>3</sub>. This was calculated and analysed on a by-rock type basis.

SRK also analyzed the sensitivity of the mean grade of each of these elements to possible capping values. The impact of not capping was assessed by SRK and is discussed in Section 3.6.

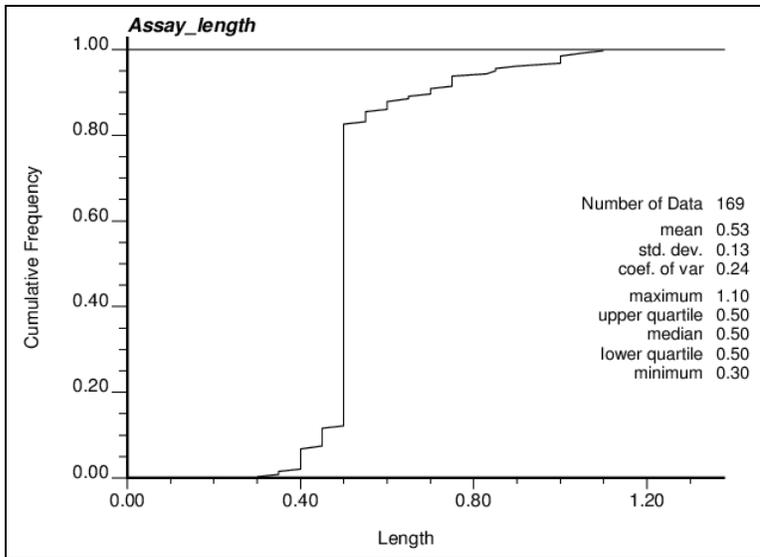


Figure 2: Sample Length Distribution

SRK audited assay and composite data through a comparison of assays and composite statistics for data generated independently by Aguia and SRK. No differences were found between the two data sets. Summary assay statistics are provided in Table 4. Composite statistics are provided in Table 5.

Table 4: Summary Assay Statistics for the Lucena Project (length weighted)

Lithotype	Rockcode	Stats	P <sub>2</sub> O <sub>5</sub>	CaO	RCP	SiO <sub>2</sub>	MgO	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>
			(%)	(%)	(%)	(%)	(%)	(%)	(%)
MIN1	100	Mean	4.68	1.36	0.30	55.60	0.71	17.54	8.97
		Std. Dev.	1.68	1.76	0.33	10.24	0.45	5.17	4.25
		Minimum	2.04	0.13	0.02	36.80	0.14	6.76	5.47
		Maximum	9.00	6.63	1.19	75.30	1.66	28.10	24.55
		Count	27						
MIN2	200	Mean	6.12	17.30	3.49	41.36	3.6	9.89	4.35
		Std. Dev.	4.19	14.05	5.11	22.02	4.67	6.65	2.74
		Minimum	0.94	0.87	0.21	2.91	0.10	0.85	0.47
		Maximum	23.60	51.60	53.30	87.30	16.90	26.50	11.55
		Count	142						

Table 5: Summary Statistics for Composites (length weighted)

Lithotype	Rockcode	Stats	P <sub>2</sub> O <sub>5</sub>	CaO	RCP*	SiO <sub>2</sub>	MgO	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>
			(%)	(%)	(%)	(%)	(%)	(%)	(%)
MIN1	100	Mean	4.68	1.36		55.60	0.71	17.53	8.97
		Std. Dev.	1.52	1.74		9.85	0.44	5.07	4.19
		Minimum	2.12	0.16		36.80	0.14	6.76	5.47
		Maximum	8.19	6.63		75.30	1.65	28.10	24.00
		Count	34						
MIN2	200	Mean	6.12	17.30		41.36	3.60	9.89	4.35
		Std. Dev.	3.97	13.65		21.49	4.63	6.54	2.68
		Minimum	1.24	0.87		2.91	0.10	0.85	0.47
		Maximum	23.53	51.60		87.30	16.90	26.50	11.55
		Count	155						

\* Aguia did not calculate a composite values for RCP in the database provided to SRK.

Based on the assay and composite database checks, SRK concludes that the data are reasonable and appropriate for use in the estimation of mineral resources. Aguia did not calculate nor model variograms for the Lucena project due to the small number of composites available for reliable inference.

### 3.3 Block Model Parameters

A homogeneous block model was generated using GEMS (Table 6). The block model coordinates are based on the local UTM grid (SAD 69 datum, Zone 25S). The block size is 250 by 250 by 0.5 metres.

**Table 6: Lucena GEMS Block Model Definition**

	<b>Block Size (metre)</b>	<b>Origin* (metre)</b>	<b>No. Blocks</b>	<b>Percent Model</b>
X	250	287,000	40	
Y	250	9,180,000	68	No
Z	0.5	145	430	

\* (SAD 69 datum)

### 3.4 Estimation

Aguia estimated P<sub>2</sub>O<sub>5</sub>, CaO, Fe<sub>2</sub>O<sub>3</sub>, MgO, SiO<sub>2</sub>, and Al<sub>2</sub>O<sub>3</sub> grades using an inverse distance to a power of two estimator. For all elements, three estimations passes were used with progressively relaxed search ellipsoids and data requirements (see Table 7). In all passes, the number of composites per borehole was unconstrained. The mineralized horizontal layers are distributed in a large area drilled at approximately 1,000 metres centres. The thickness of these layers ranges from 1.0 to 10.5 metres. For this reason, Aguia chose to search with large horizontal ranges relative to the vertical range. The block model estimates were verified by Aguia using a visual comparison of block grades and composites; statistical comparisons between composites and block model distributions.

**Table 7: Summary of Estimation Parameters Used for All Attributes in MIN1 and MIN2 Domains**

Pass	No. Composites		Range (metre)			Search Type
	Min	Max	X	Y	Z	
1	2	12	500	500	1	Ellipsoid
2	2	12	1,000	1,000	5	Ellipsoid
3	1	12	2,000	2,000	5	Ellipsoid

### 3.5 SRK Audit Work

The SRK audit was conducted in three parts. Firstly, SRK estimated the MIN1 and MIN2 domains using the same estimation parameters as Aguia for P<sub>2</sub>O<sub>5</sub>. Results showed no difference between the SRK and Aguia estimates. SRK was able to reproduce the Aguia estimates. Secondly, SRK assessed the sensitivity of the estimates to the estimation strategy by varying some parameters to the estimation of P<sub>2</sub>O<sub>5</sub> and CaO. Specifically, SRK assessed the impact of:

- A different estimation method, specifically, inverse distance to a power of three;
- Extreme values by grade capping;
- Estimation using all samples for both domains;

- Estimation using only composites with length greater than 0.25 metres;
- Minimum and number of composites;
- Different block sizes; and
- Reducing the search radii in each pass by half.

In each case, SRK compared the tonnage and average grade at zero cut-off grade with Aguia's resource estimate. Differences in tonnage at zero cut-off grade were less than 5 percent overall, suggesting that the Aguia resource model is unbiased. Grade capping decreased the overall average grade of P<sub>2</sub>O<sub>5</sub> by 8 percent. All other sensitivities resulted in less than 3 percent difference in the average grade at zero cut-off grade.

Based on the results of this analysis for the two elements (P<sub>2</sub>O<sub>5</sub> and CaO) within the mineralized domains, SRK concludes that there is minimal sensitivity to changes in estimation parameters. All elements performed within expectations for the various cases considered. SRK considers that Aguias's estimation parameters are reasonable for resource estimation and that the resultant block model is generally insensitive to the chosen parameters.

Finally, SRK performed a visual validation of the block model by comparing block and borehole grades on a section by section basis. The resultant block estimates appear to be reasonable given the informing composite grades and estimation parameters.

### 3.6 Mineral Resource Classification

The mineral resource model is constrained by the 3.00 percent P<sub>2</sub>O<sub>5</sub> mineralization envelope interpreted from widely spaced core boreholes drilled on a 1,000 by 1,000 metres grid. At this spacing, SRK considers that the geological continuity of the phosphate mineralization can be reasonably inferred. The sampling data, however, are insufficient to model the spatial distribution of the phosphate mineralization using variography.

For this reason, SRK considers that the confidence in the estimates is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure and justify an Indicated classification.

For this reason SRK believes that all modelled blocks informed by the three estimation passes should be classified as Inferred within the meaning of the JORC Code. Additional infill drilling and sampling is required to support a higher classification. It cannot be assumed that all or any part of an Inferred mineral resource will be upgraded to an Indicated or Measured mineral resource as a result of continued exploration.

### 4.0 Mineral Resource Statement

The JORC Code (December 2004) defines a mineral resource as:

*"[A] concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories."*

The "reasonable prospects for eventual economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds, and that the mineral resources are

reported at an appropriate cut-off grade that takes into account extraction scenarios and processing recoveries. SRK considers that the phosphate mineralization of the Lucena project is amenable for open pit extraction.

In order to determine the quantities of material offering “reasonable prospects for eventual economic extraction” by an open pit, the Lerchs-Grossman optimizing algorithm was used to evaluate the profitability of each resource block based on its value. Optimization parameters are summarized in Table 8 and are based on discussions between Aguia and SRK. Given that the Lucena resource model is a homogeneous block model, the 250 by 250 by 0.5 metres blocks were re-blocked in Whittle to 50 by 50 by 0.5 metres to conform better to topography.

**Table 8: Assumptions Considered for Conceptual Open Pit Optimization**

<b>Parameters</b>	<b>Value</b>
Mining recovery / Mining dilution (%)	100 / 0
Process recovery	70
Overall pit slope angle	38
Mining cost (US\$ per tonne)	1.40
Process cost (US\$ per tonne of ROM)	5.00
G&A (US\$ per tonne of concentrate)	1.50
Cost of transportation (US\$ per tonne of concentrate)	15.00
Selling price (US\$ per tonne of concentrate at 32% P <sub>2</sub> O <sub>5</sub> )	200.00
Moisture ROM / Concentrate (%)	6 / 10
Exchange rate (US\$1.00 to R\$)	2.00
Revenue factor	1

SRK notes that while historical metallurgical testwork is available from Companhia de Pesquisa de Recursos Minerais (CPRM) dating back to 1982, Aguia has not commissioned any recent testwork and has relied on the 60 percent rougher recovery from CPRM results. An overall recovery of 70 percent is assumed for the purpose of reporting mineral resources..

It should be noted that the pit optimization results are used solely for the purpose of testing the “reasonable prospects for eventual economic extraction” and do not represent an attempt to estimate mineral reserves. Mineral reserves can only be estimated with an economic study. There are no mineral reserves at the Lucena project. The results are used to assist with the preparation of an audited Mineral Resource Statement.

The conceptual pit optimization parameters were deliberately selected to yield an optimistic conceptual pit shell considered for the preparation of an audited Mineral Resource Statement. SRK believes this approach is appropriate for the reporting of mineral resources.

After review of the optimization results, SRK considers that it is appropriate to report as a mineral resource those model blocks that are located within the Lucena property and within the conceptual pit envelope, and are above a cut-off grade of 3.00 percent P<sub>2</sub>O<sub>5</sub> (see Figure 3). Pit depths range from 5 to 110 metres.

Table 9 provides the audited Mineral Resource Statement in accordance with the JORC Code. This statement is effective as of April 4, 2013.

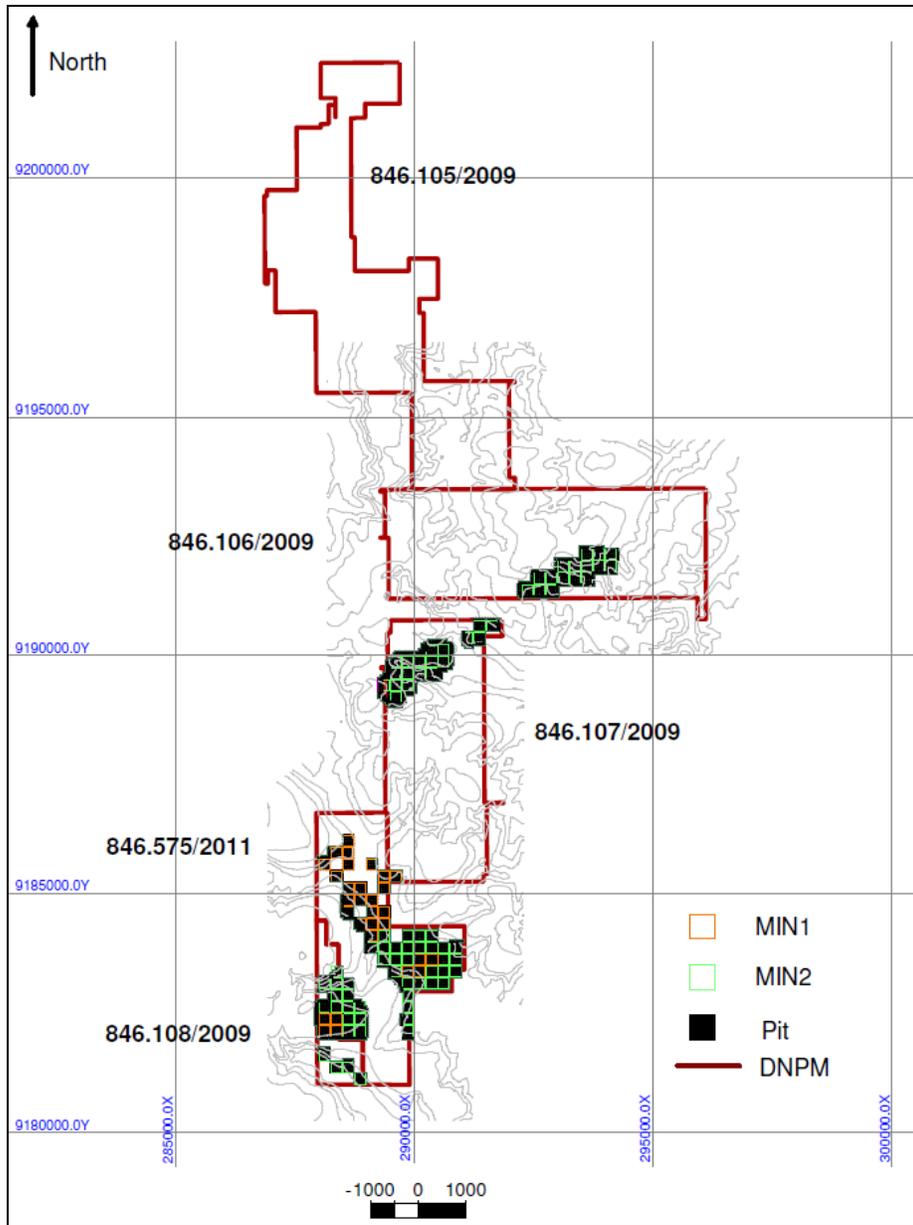


Figure 3: Estimated Blocks Reported within the Lucena Property and the Conceptual Pit

Table 9: Audited Mineral Resource Statement\*, Lucena Phosphate Project, Paraíba State, Brazil, SRK Consulting (Canada) Inc., April 4, 2013

Lithotype	Tonnage	P <sub>2</sub> O <sub>5</sub>	CaO	MgO	Fe <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>
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\* Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates. The mineral resources are reported within a conceptual pit shell at a cut-off grade of 3.00 percent of P<sub>2</sub>O<sub>5</sub>. Optimization parameters include selling price of US\$200.00 per tonne of concentrate at 32 percent of P<sub>2</sub>O<sub>5</sub>, a metallurgical recovery of 70 percent of P<sub>2</sub>O<sub>5</sub>, 100 percent for mining recovery and 0 percent dilution, and overall pit slope of 38 degrees.

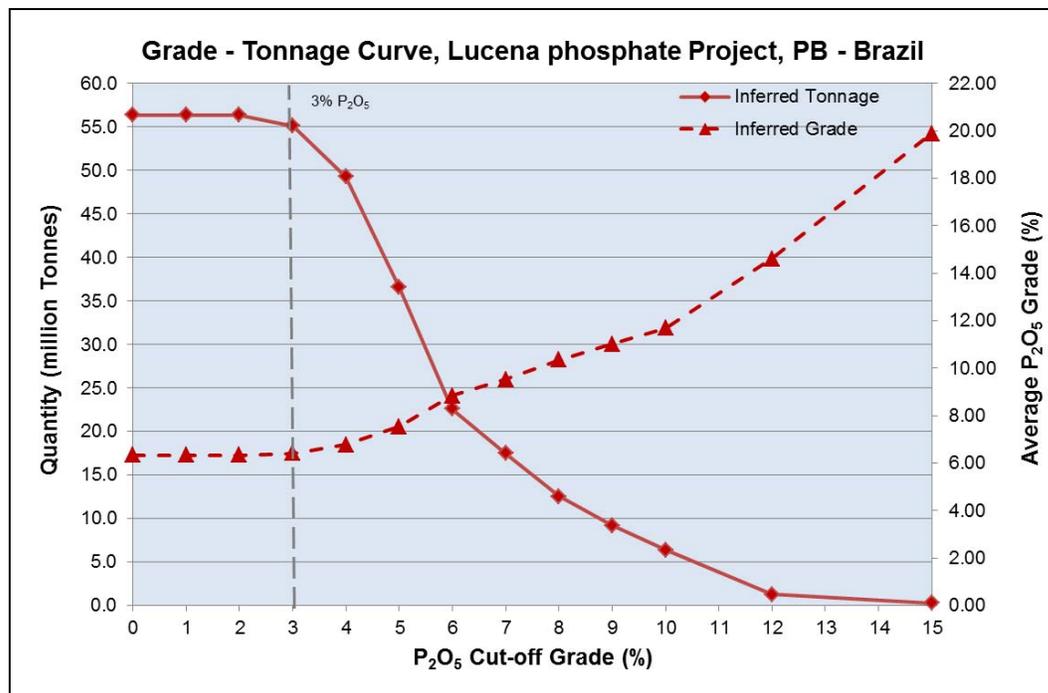
### 4.1 Conclusions and Sensitivity

The mineral resources of the Lucena deposit are highly sensitive to the selection of a reporting cut-off grade. To illustrate this sensitivity, the block model quantities and grade estimates are presented Table 10. These tabulations are also represented graphically as a Grade Tonnage curves in Figure 4.

**Table 10 Classified Block Model Quantities\* at Various Cut-off Grades (Open Pit Materials).**

Cut-off	Inferred	
P <sub>2</sub> O <sub>5</sub>	Quantity	Grade
(%)	000't	(%)
<b>Open Pit Material</b>		
0	56,360	6.34
1	56,360	6.34
2	56,360	6.34
<b>3</b>	<b>55,143</b>	<b>6.42</b>
4	49,285	6.76
5	36,572	7.53
6	22,607	8.83
7	17,499	9.53
8	12,512	10.34
9	9,190	11.02
10	6,389	11.69
12	1,247	14.62
15	273	19.89

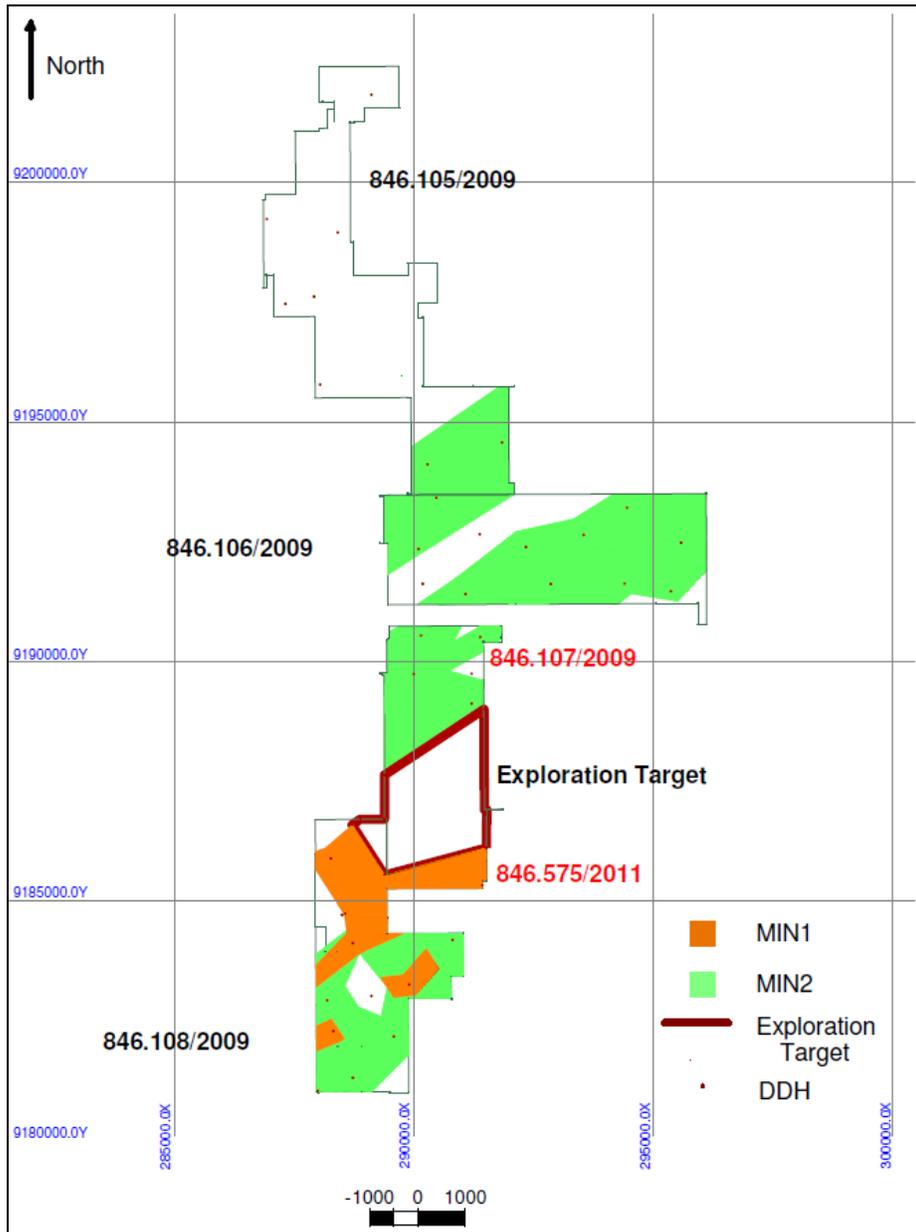
\* The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade.



**Figure 4: Lucena Grade Tonnage Curves by Resource Category: Within Pit Material and Within the Agua Property**

## 5 Exploration Target

Due to delays in securing surface access to the southern part of exploration permit DNPM 846.107/2009 (exploration permit – application for extension submitted) and to the northeastern part of exploration permit DNPM 846.575/2011 (Figure 5), Agüia has not yet been able to test for mineralization in these areas.



**Figure 5: Current Exploration Permits # DNPM 846.105/2009, 846.106/2009, 846.107/2009 (Exploration Target), 846.108/2009, and 846.575/2011**

During the site visit undertaken by SRK in October 2012, SRK reviewed the geological setting of the Lucena deposit, examined its surface expression and drill core. Based on this site visit and the mineral resource modelling work reported herein, SRK is of the opinion that there is a potential that

phosphate mineralization extends into the southern portion of tenements DNPM 846.107/2009 and DNPM 846.575/2011.

This exploration target is defined within the provisions of the JORC Code by assuming that the phosphate mineralization extends on the southern portion of tenements DNPM 846.107/2009 and DNPM 846.575/2011, between the areas investigated by Aguia drilling on the Lucena property (Figure 5). The quantities and grade estimates for the exploration target are based on the thicknesses, width extensions, and grade ranges demonstrated by drilling conducted by Aguia elsewhere on the property.

In order to determine a tonnage range for the exploration target, SRK determined that mineralization covers approximately 77 percent of the three tenements surrounding the area of the exploration target. The mineralization in the exploration target may extend up to 2.5 kilometres along strike and up to 2.25 kilometres across strike; SRK estimates the surface area of this exploration target to be 5.6 million square metres.

In order to estimate a range of thicknesses, SRK determined the average thickness of phosphate mineralization in the resource area to be 2.5 metres. A maximum thickness was determined by adding, to the average, one standard deviation of the thickness of phosphate mineralization at boreholes of 2.12 metres. This results in a maximum thickness of 4.62 metres. Since subtracting the standard deviation from the average thickness would have resulted in a thickness of less than the minimum thickness of mineralization elsewhere in the resource area, SRK elected to use the minimum thickness of mineralization in the resource area as the minimum thickness of mineralization in the exploration target area as well.

Assuming a specific gravity of 1.75 for the mineralization, SRK is of the opinion that it is reasonable to report an exploration target of approximately 7.6 to 35.0 million tonnes with a grade of 4.65 to 7.92 percent  $P_2O_5$  for the southern parts of tenements DNPM 846.107/2009 and DNPM 846.575/2011.

Compiled by:



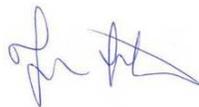
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