

1<sup>st</sup> May 2013

## **KEY PHOSPHATE TENEMENTS GRANTED AT TRÊS ESTRADAS SOUTH AND JOCA TAVARES IN SOUTHERN BRAZIL**

### **Summary**

- **The National Department of Mineral Production has confirmed the granting of tenements covering the Três Estradas South and Joca Tavares projects which adds two highly prospective mineralised targets to the company's resource portfolio in southern Brazil**
- **At Três Estradas only the northern section, which represents 45% or 1.2km of the more than 2.6 km of mineralised strike has so far been drill tested as the balance of the deposit strikes onto the new tenement indicating further upside.**
- **The granting of Três Estradas South allows immediate access for drill testing of an additional 1.4 kilometres of phosphate bearing carbonatite host rocks evident at surface providing excellent potential for a significant expansion of the JORC compliant mineral resource.**
- **The granting of Joca Tavares provides walk up drill targets within mineralised carbonatite host rocks outcropping at surface over a large area co-incident with an airborne magnetic anomaly.**
- **The Company holds an extensive land position in the region and 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.**

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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 two key tenements in the southern state of Rio Grande do Sul, Brazil have now been granted.

The approval of the priority applications for tenements covering both the Três Estradas South and Joca Tavares projects is a significant development for the company.

Agua's Managing Director, Simon Taylor, said "We are extremely pleased to have these tenements granted allowing us to further expand the JORC resource at Três Estradas and to also complete an initial drilling program at the exciting Joca Tavares project which is mineralised at surface and has had no drilling to date."

"In particular at Três Estradas we will systematically drill test the outcropping phosphate target that extends into the new tenement as evident from surface reconnaissance mapping and airborne magnetics. The current JORC mineral resource is open to the southwest along the boundary into the newly granted tenement and thus there is significant potential to upgrade the size of the resource. We will complete scoping level economic studies to confirm our belief that the Tres Estradas project has the potential to develop into a significant and robust operation. Additionally Joca Tavares has never been drill tested and shows evidence at surface of phosphate bearing carbonatite host rock over an extensive area with rock chip samples grading up to 12.45% P<sub>2</sub>O<sub>5</sub>."

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 operating mines globally including Yara’s Siilinjärvi mine in Finland and Vale’s Cajati mine in Brazil, both of which produce a high quality concentrate from phosphate within carbonatite host rocks.

**Table 1: Comparative Phosphate (P<sub>2</sub>O<sub>5</sub>) Deposits Within Carbonitite Hosted Rocks<sup>1</sup>**

Name of Deposit	Location	Tonnage (Mt)	Head Grade	Recovery	Concentration Grade	Stage
Siilinjärvi (Yara)	Finland	465	4.0%	84%	35%	Production
Cajati (Vale)	Brazil	85	5.5%	78%	36%	Production
Três Estradas (Aguia)	Brazil	29 <sup>2</sup>	4.3%	65-83%	31-36% <sup>3</sup>	Exploration / Development
<b>Notes</b>				3.	Based on preliminary beneficiation test work, optimisation test work underway	
1. JSA Consultoria e Assessoria Técnica, Company data						
2. Inferred resource calculated from 45% of potential target length						

The operating carbonatite mines in Brazil 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.

First pass beneficiation test work from the higher grade oxide zone at Tres Estradas has confirmed commercial concentrate grades up to 36% P<sub>2</sub>O<sub>5</sub> supporting future project development opportunities including a potential early start up.

**Near Term Focus**

With the granting of the tenements the Company can now plan a detailed timeline to continue its efforts to commercialise its flagship Três Estradas phosphate project through resource expansion, scoping and further phosphate beneficiation optimisation test work. Drilling programs of both reverse circulation to test the shallow oxide zone and deeper diamond drilling to test the primary zone are currently being prepared.

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



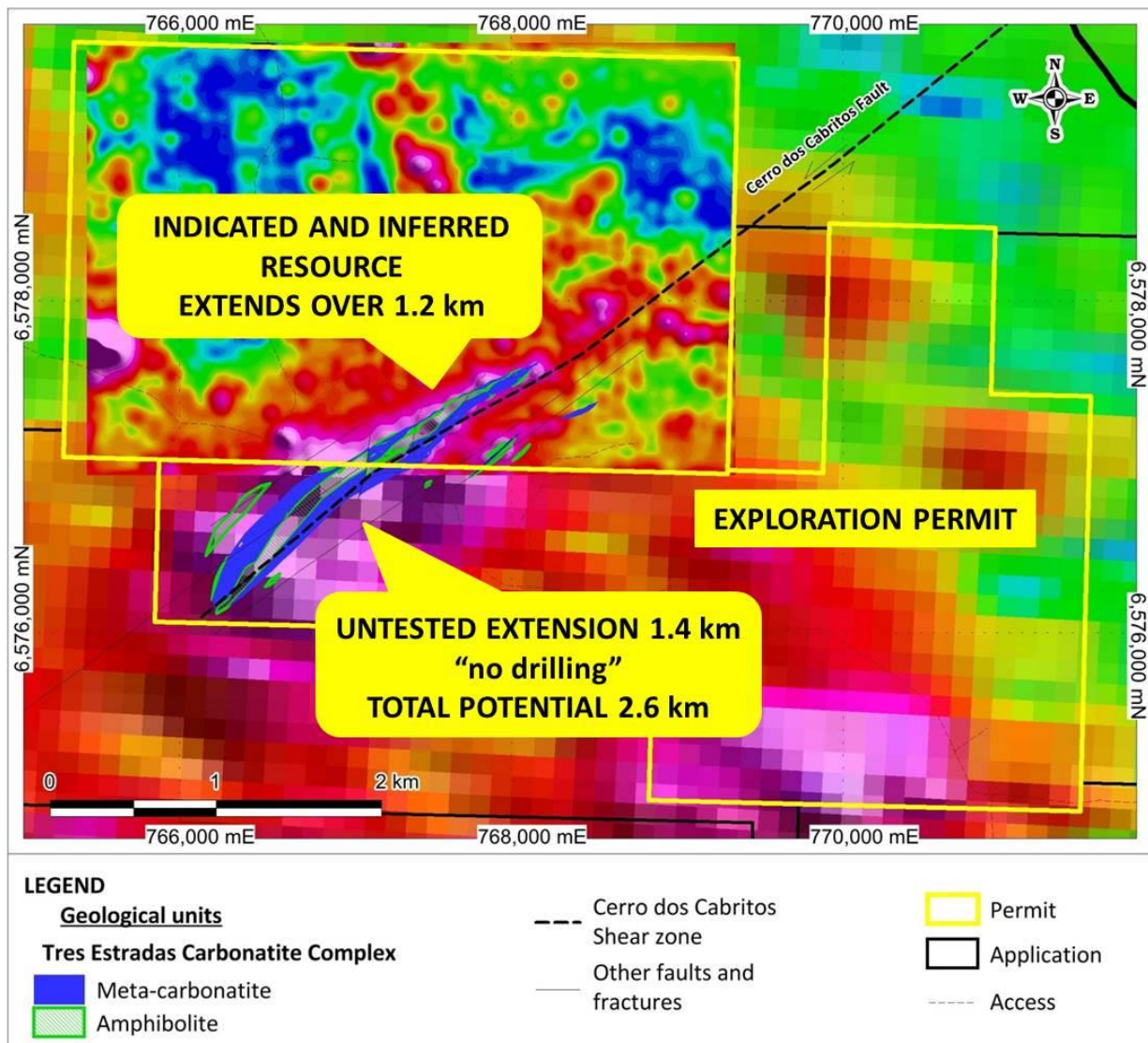
## Três Estradas

At the Três Estradas phosphate project the Company has delineated a JORC compliant mineral resource<sup>1</sup> of 28.5M tonnes at 4.3% P<sub>2</sub>O<sub>5</sub><sup>2</sup>, a 34% increase on tonnage from the initial resource. This includes a higher grade oxide zone from surface of 1.6Mt @ 10.5% P<sub>2</sub>O<sub>5</sub>, of which 78% is in the indicated category. This resource was prepared by leading independent global consulting company SRK, and is reported within a conceptual pit shell at a cut-off grade of 3.0% P<sub>2</sub>O<sub>5</sub>, and extends to 200m below surface.

The resource is presented in the detailed SRK memo that can be found in the Company's announcement lodged with ASX on 28<sup>th</sup> February 2013.

As seen in Figure 2 below the resource remains open to the southwest along the boundary to the recently granted tenement that contains an additional 1.4 kilometres of outcropping carbonatite host rocks and thus there is significant potential to upgrade the size of the resource. When considered with the positive results of the initial metallurgical test work, which is comparable to other producing Brazilian mines, the Company believes that the project has the potential to develop into a robust operation.

Figure 2: Três Estradas Project In-Pit Resource Outline and Untested Extension Zones in newly granted tenement.



<sup>1</sup> See Aguiá Resources Ltd. press release of 28<sup>th</sup> February 2013.

<sup>2</sup> SRK Consulting: Cut-off of 3.0% P<sub>2</sub>O<sub>5</sub>.

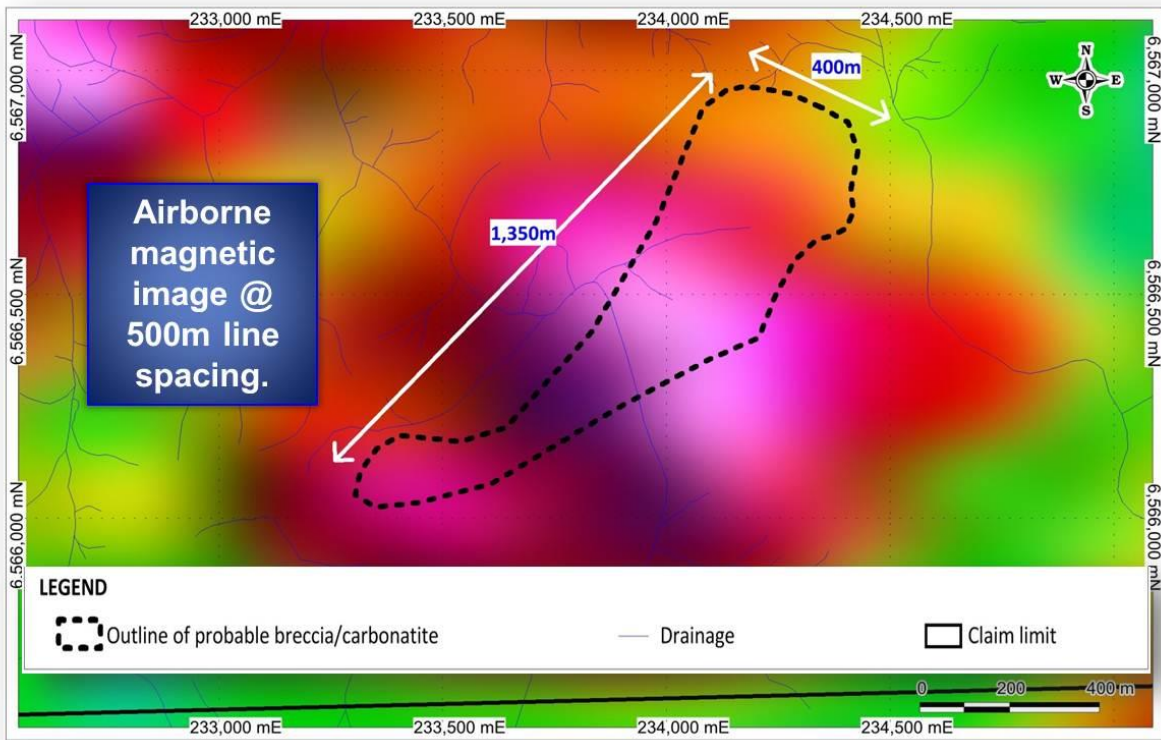


## Joca Tavares

The Joca Tavares project is located 41 kilometres east-south-east from the Três Estradas project (Figure 1). No systematic exploration has been conducted since its discovery by the Companhia de Pesquisa de Recursos Minerais (“CPRM”, the Brazilian Geological Survey).

Encouraging results from surface rock grab samples have returned assays up to 12.45%  $P_2O_5$  in weathered rock. The dimensions of the target zone will be investigated by Aguiá, including mapping, rock chip sampling and programs of drilling now that the tenement is granted.

**Figure 3: Airborne magnetic image of Joca Tavares and probable outline of Carbonatite**



**Figure 4: Photos of phosphate bearing carbonatite outcropping at surface – drilling target**



## Rio Grande Projects

Aguaia 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  $P_2O_5^3$  or almost 30% of Brazilian consumption, however there are currently no producing phosphate mines in the region.

The Três Estradas, Joca Tavares and other Aguaia 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.

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### **About Aguaia**

Aguaia 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. Aguaia 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 28.49Mt @ 4.25%  $P_2O_5$  (total initial contained phosphate of 1.21Mt  $P_2O_5$ ).*

*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 Aguaia 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.*

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<sup>3</sup> = Data Source: ANDA, 2011 consumption data.