2 February 2017

NEW DRILLING RESULTS REVEAL SIGNIFICANT THICKENING OF MINERALISATION AT DEPTH

Highlights:

- **Drilling continues to demonstrate homogeneous nature and strong continuity of mineralisation both laterally and at depth**

- **At depth some intercepts are returning thicker than anticipated in the previous resource model:**
  - **TED-16-090 intercepted 94.20 metres grading 3.96% P_2O_5 from 160.45 metres**
  - **TED-16-089 intercepted 131.35 metres grading 3.28% P_2O_5 from 118.00 metres**

- **Oxidized mineralisation continues to return high-grade material near surface:**
  - **TER-16-167 intercepted 20.00 metres grading 6.31% P_2O_5 from surface including 7.00 metres grading 12.98% P_2O_5**
  - **TER-16-173 intercepted 31.00 metres grading 9.00% P_2O_5 from surface including 8.00 metres grading 11.12% P_2O_5 and 5.00 metres grading 11.53% P_2O_5**

- **Samples of fresh rock have arrived at Eriez and the Pilot Plant Program now underway**

Brazilian fertiliser developer Aguia Resources Limited (ASX: AGR) ("Aguia" or "Company") is pleased to update shareholders on the infill drilling program at its flagship Três Estradas Phosphate Project in southern Brazil.

To date, 8,500 metres of drilling, or 89% of the total of 9,500 metres originally planned, has been completed. The program will be extended to include another 1,000 metres of infill drilling, as recommended by Millcreek Mining Group to ensure a robust audit of the mineral resource statement for inclusion in the Bankable Feasibility Study (the "BFS"). Thus, the final program will total 10,500 metres of drilling.

The current program is demonstrating that the mineralised carbonatite is very consistent and continuous both along strike and at depth. These latest drill results, as well as those reported to shareholders on 17 January 2017, reveal that certain parts of the deposit are thicker than predicted in the previous resource model. Drilling sections 1250NE (Figure 1 below) and 600NE (Figure 2 below) are examples of the thicker mineralised intercepts relative to the previous resource model.

Aguia is also pleased to confirm that the Pilot Plant Program at the Eriez Floatation Division in Pennsylvania is now underway, a key component of the BFS which is advancing well.

Management commentary

Technical Director Fernando Tallarico commented, “Drilling continues to progress very well and we are confident that the additional metres we are adding to the program will further improve the conversion of inferred resources to measured and indicated categories. The persistence and continuity of the carbonatite is impressive, and being able to find thicker than predicted intercepts at depth is a very positive development.

Justin Reid, Managing Director of Aguia added: “The results from this drill campaign are confirming the resource model and the recent findings of thicker intercepts at depth will be incorporated into our analysis for the BFS. Not only will these results be used to determine the size of the pit-constrained resource, they will also be a key factor to determine the strip ratio and mine operating costs.

“Any improvements on our previous analysis and resource model could have a profound impact on the outlook for Três Estradas and we will be working closely with Millcreek to maximise the potential of these excellent results.

“Três Estradas is shaping up to be a phosphate deposit of considerable scale. As the only local future supply source in Southern Brazil, the asset’s value is yet to be fully recognised.”

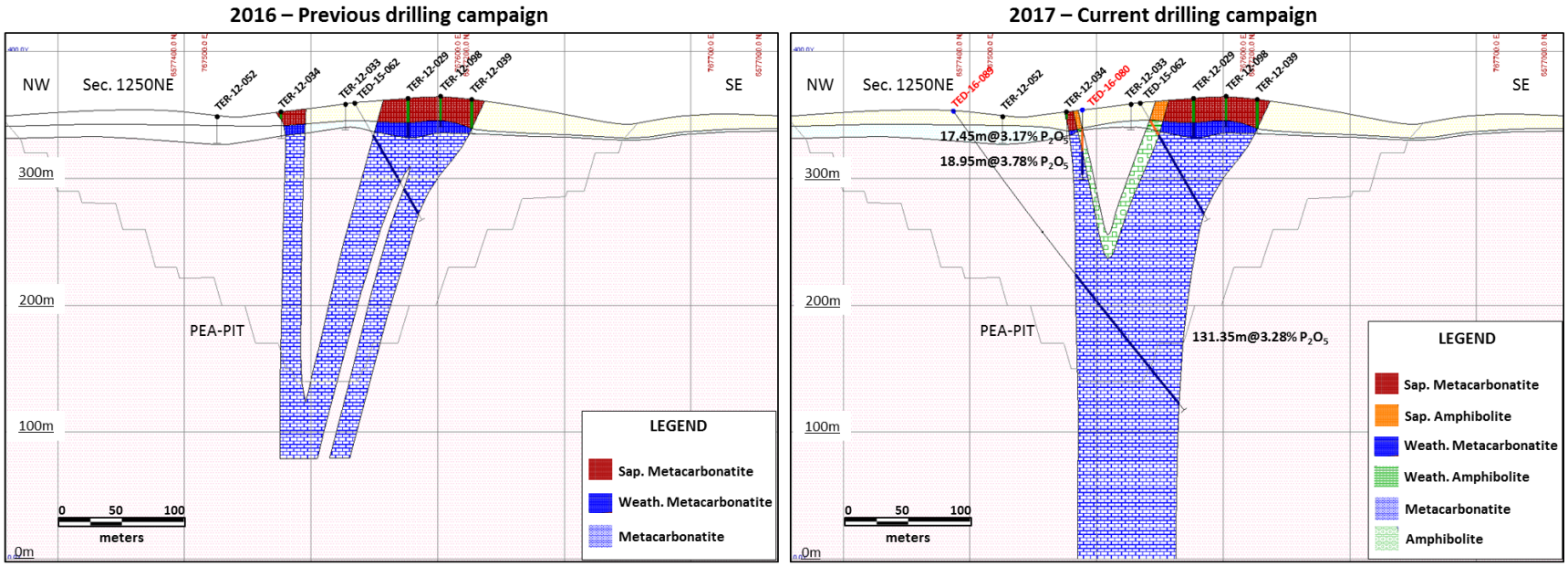

Figure 1: Drilling section 1250NE of the Três Estradas Deposit, showing the thickening of the carbonatite at depth (right) relatively to the previous resource model (left).

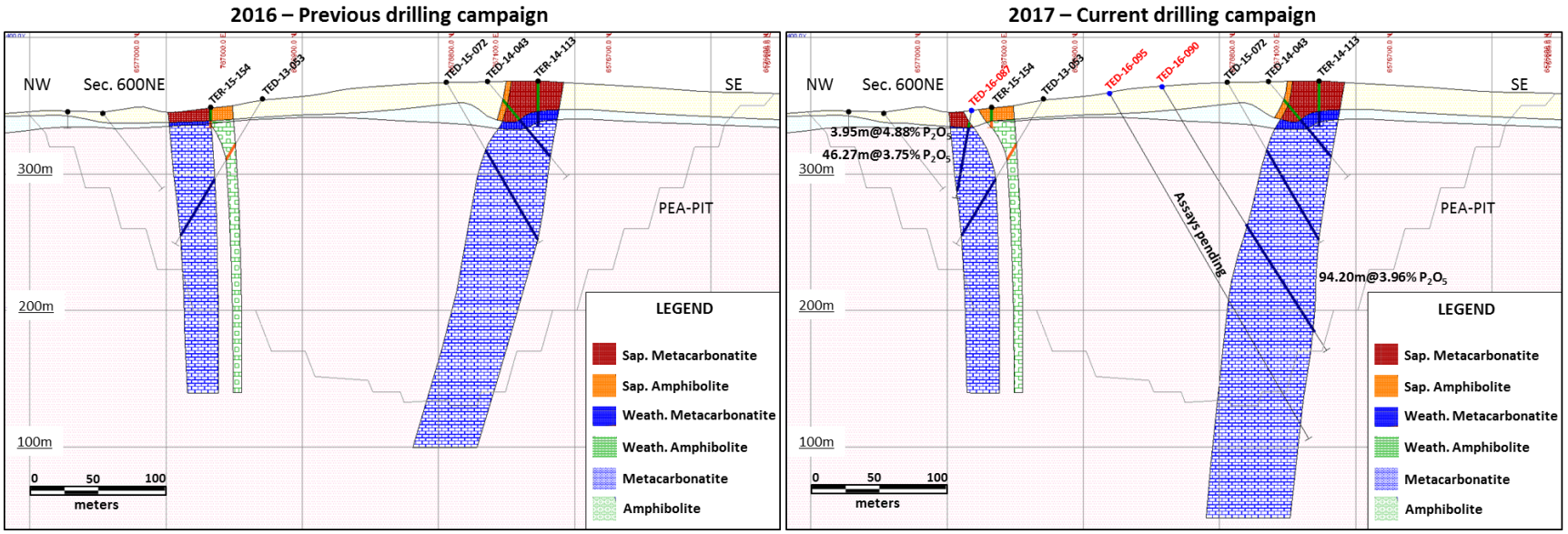

Figure 2: Drilling section 600NE of the Três Estradas Deposit, showing the thickening of the carbonatite at depth (right) relatively to the previous resource model (left).

Table 1 – Assay Results of the Drilling Campaign

(*Holes identifications initiated with TED are diamond holes and those initiated with TER are reverse circulation holes)

Hole_ID	From (m)	To (m)	Length (m)	P_2O_5%	CaO%	MgO%	Fe_2O_3%	SiO_2%	Al_2O_3%
TED-16-088	201.65	230.00	28.35	3.31	36.72	7.68	6.91	8.89	1.30
	235.93	243.40	7.47	3.77	37.41	6.63	7.65	9.50	1.74
TER-16-089	160.45	291.80	131.35	3.28	34.99	6.71	7.40	12.44	2.45
TED-16-090	118.00	212.20	94.20	3.96	34.05	9.14	7.85	9.9	1.67
TER-16-158	22.00	23.00	1.00	6.68	11.40	7.18	14.00	37.80	10.20
	24.00	25.00	1.00	3.65	4.91	5.29	12.10	47.20	14.90
	28.00	41.00	13.00	7.01	11.17	5.72	14.85	44.28	5.98
		Including	3.00	12.85	18.03	6.17	19.17	27.83	3.64
	45.00	52.00	7.00	3.79	30.57	8.30	7.79	14.06	2.32
TER-16-159	38.00	92.00	54.00	4.65	29.30	10.58	8.72	12.79	2.16
		Including	4.00	10.65	16.20	7.73	17.63	30.63	5.72
TER-16-160	40.00	44.00	4.00	3.04	30.68	5.82	7.19	19.60	3.70
	52.00	57.00	5.00	3.29	34.44	6.92	8.26	12.96	2.30
TER-16-161	12.00	40.00	28.00	5.11	20.98	5.89	13.73	28.66	4.69
		Including	6.00	9.07	13.13	5.82	17.45	39.18	3.83
TER-16-162	4.00	23.00	19.00	3.28	11.95	3.45	25.32	34.83	5.77
TER-16-163	Not mineralised								
TER-16-164	11.00	35.00	24.00	5.26	12.90	6.51	18.69	37.15	5.53
		Including	13.00	7.25	16.63	9.09	16.72	32.11	4.41
	35.00	100.00	65.00	3.49	35.10	7.17	7.79	11.73	1.78
TER-16-165	2.00	3.00	1.00	3.29	11.60	1.31	27.20	33.40	5.90
	8.00	17.00	9.00	3.29	11.24	3.58	22.31	37.32	6.14
	30.00	36.00	6.00	4.77	8.82	7.03	15.67	42.10	8.34
	45.00	46.00	1.00	3.12	19.40	7.32	15.40	40.30	3.62
	50.00	51.00	1.00	3.34	17.80	8.64	18.30	34.70	4.87
	56.00	58.00	2.00	4.29	19.85	6.85	201.50	28.45	4.47
	72.00	73.00	1.00	3.10	18.80	7.78	16.20	36.80	4.49
	85.00	95.00	10.00	3.29	27.50	7.15	8.89	23.52	5.02
TER-16-166	12.00	24.00	12.00	3.55	15.68	6.88	19.05	35.38	5.21
TER-16-167	0.00	20.00	20.00	6.31	13.44	5.84	14.67	39.13	7.13
		Including	7.00	12.98	21.20	7.44	16.97	26.29	3.63
	20.00	90.00	70.00	3.26	36.26	8.07	7.37	10.29	2.84
		Including	4.00	6.60	30.80	12.40	7.37	12.57	0.89
TER-16-168	18.00	21.00	3.00	3.12	38.67	4.03	5.87	12.94	2.03
	30.00	32.00	2.00	3.11	17.70	9.23	18.60	31.50	4.80
	38.00	42.00	4.00	3.15	17.03	9.86	16.30	30.63	5.58
	48.00	80.00	32.00	2.96	33.29	7.21	7.08	15.69	4.41
TER-16-169	Not mineralised								
TER-16-171	1.00	9.00	8.00	3.93	6.33	6.69	14.50	44.55	10.66
	19.00	28.00	9.00	3.31	28.41	6.77	9.00	21.57	5.52
TER-16-172	0.00	5.00	5.00	3.05	37.12	6.27	7.92	12.64	2.42
	8.00	39.00	31.00	3.07	35.59	7.14	7.70	13.07	2.94
	43.00	61.00	18.00	3.00	34.51	6.67	7.04	14.61	4.46
TER-16-173	0.00	31.00	31.00	9.00	12.97	9.13	18.35	32.05	5.87
		Including	8.00	11.12	15.59	7.30	19.68	27.23	6.09
		Including	5.00	11.53	15.92	8.64	18.44	30.20	4.08
	49.00	52.00	3.00	7.80	11.60	8.08	16.53	35.93	8.32
TER-16-174	2.00	7.00	5.00	3.37	5.89	4.31	14.04	47.50	12.08

Table 2 – Collar Details

Hole_ID	UTM_E	UTM_N	Elevation (m)	Length (m)	Status of coordinate	Datum	Azimuth	Dip
TED-16-088	767247	6577115	356	270.80	GPS	SAD-69 Z21S	150.00	-60.00
TED-16-089	767485	6577406	352	297.90	GPS	SAD-69 Z21S	150.00	-55.00
TED-16-090	767057	6576846	364	228.10	GPS	SAD-69 Z21S	150.00	-60.00
TER-16-158	767380	6576853	361	63.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-159	767295	6576834	365	96.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-160	767278	6576862	370	125.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-161	767248	6576924	371	40.00	GPS	SAD-69 Z21S	150.00	-60.00
TER-16-162	767242	6576825	367	73.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-163	767166	6576757	367	50.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-164	767082	6576703	368	100.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-165	767045	6576667	367	101.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-166	767014	6576641	361	45.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-167	766964	6576606	363	90.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-168	766232	6576267	324	80.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-169	766191	6576247	317	15.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-171	766372	6576330	326	30.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-172	766304	6576371	323	63.00	GPS	SAD-69 Z21S	0.00	-90.00
TER-16-174	767508	6576965	355	40.00	GPS	SAD-69 Z21S	0.00	-90.00

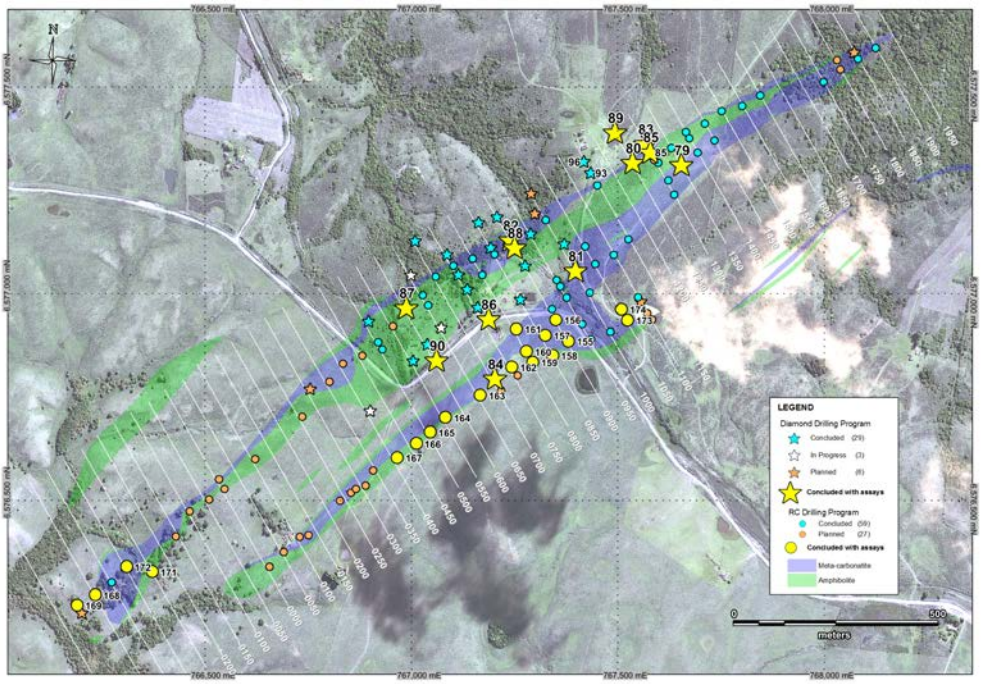

Figure 3: Map shows location and status of infill drilling along the Três Estradas deposit

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About Aguia:
Aguia Resources Limited, ("Aguia") is an ASX listed company whose primary focus is on the exploration and development of phosphate projects in Brazil. Aguia has an established and highly experienced in-country team based in Belo Horizonte, Brazil with corporate offices in Sydney, Australia. Aguia's key projects are located in Rio Grande do Sul, a prime farming area which is 100% dependent on phosphate imports. The Rio Grande phosphate deposits exhibit high quality and low cost production characteristics, and are ideally located with proximity to road, rail, and port infrastructure. Aguia's experienced management team has a proven track record of advancing high quality mining assets to production in Brazil.

The information in this announcement that relates to Exploration Targets, 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 the company. Dr Tallarico has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Tallarico consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Work is being carried out using RC and diamond drilling, with samples being analysed by laboratory analyses suitable for the carbonatite mineralisation being targetted • Drill hole locations are detailed in a table in the text of this release, and shown graphically on a plan
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Hole locations are picked up using hand-held GPS. Sampling is carried out using comprehensive Aguia protocols and QAQC procedures as per industry best practice

Criteria	JORC Code explanation	Commentary
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Mineralisation is generally visual • RC samples are collected and assayed at 1m intervals, with a representative 2kg sample of all intervals being collected for XRF assay at the laboratory. • Half core diamond drill samples in mineralized material are generally collected at 1m intervals and sent to the laboratory for assay; however lengths will vary to generally between 0.5 and 1.5m to honour geological boundaries where required. • In all cases drilling samples are sent to SGS laboratories in Belo Horizonte and analysed using method XRF79C_10 – Lithium tetra borate fusion. Elements assayed for include SiO_2, Al_2O_3, Fe_2O_3, CaO, MgO, TiO_2, P_2O_5, Na_2O, K_2O, MnO and LOI, which is considered suitable for the type of mineralisation
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse Circulation – Drilling utilized a face sampling Hard Formation Bit with Tungsten buttons and a diameter of 5 ½ inches. No downhole surveys were completed. • Core Drilling - Drilling utilized HQ equipment for weathered material and NQ for fresh rock. Downhole surveys are performed on 3-metre intervals using a Maxibore down-hole tool. No core orientation has been carried out.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• RC – recoveries are monitored by samples weight. The minimum recovery is 85%. • Core Drilling - Recovery by sample and by drill run was recorded; core recovery generally exceeds 97%
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Diamond Drilling - Due to the coherent nature of the fresh rock and homogenous nature of the mineralisation sample recovery is not an issue. In the saprolite recovery is maximised using short drill runs and best drilling practices. • RC – Dry samples are collected through a cyclone and riffle splitter ensuring homogenisation and representative sampling. Wet samples are dried, and then homogenised and sampled by hand.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Mineralisation is homogenous throughout the mineralized intervals, with no relationship between sample recovery and grade on any type of drilling.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• RC – logging is to a detail considered suitable for inclusion in resource estimations • Diamond – logging is considered suitable for inclusion in resource estimations, metallurgical studies and preliminary mining studies. The lack of orientated core and geotechnical logging prior to cutting precludes the use in detailed

Criteria	JORC Code explanation	Commentary
		mining studies
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• RC logging includes lithology and weathering • Diamond logging includes rock type, alteration, structure and qualitative magnetism. No core orientation has been carried out, with structural measurements being limited to alpha angles only. All core is photographed dry before being cut
	• *The total length and percentage of the relevant intersections logged*	• 100% of the relevant intersections of all drilling are logged
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Solid core is sawn in half, with half being sent for assay and half being retained for reference. Friable core is split down the center line using a spatula or similar tool, with half being retained and half sent for assay.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• RC- One metre samples are collected from the cyclone, with moist samples being split using a plastic liner and metal cross-blade device, and dry samples being split through a riffle splitter. Saturated samples are dried before homogenization. Two representative samples of between 500g and 2kg are collected, with one for assay and a second for reference. • For all sampling and drilling, samples are dried and crushed, and then milled to 75% passing 80 mesh using LM mills at the laboratory.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The sample preparation techniques are industry standard and are considered appropriate for the mineralisation being investigated
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Industry standard procedures are employed, including ensuring non-core samples are adequately homogenized before assay and archive samples are collected
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• No field duplicate samples or second half sampling was done. The target mineralization is largely homogeneous.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample sizes are considered appropriate to the grain size of the material being assayed
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• The XRF method used is industry standard and considered appropriate for the analysis of apatite-hosted phosphate mineralisation. • Sample preparation and analysis was completed at SGS's Belo Horizonte laboratory in Brazil using standard crushing and pulverization techniques. • The prepared pulps are analysed by a lithium borate fusion XRF spectroscopy for major oxide elements (P2O5, Al2O3, CaO, Fe2O3, K2O,

Criteria	JORC Code explanation	Commentary
		MgO, MnO2, SiO2, TiO2, Na2O and LOI (Method code XRF79C and PHY01E). • In specific cases, samples were also analysed for a suite of 31 elements using an aqua regia digestion and inductively coupled plasma - mass spectrometry (Method code ME-MS81). • The preparation and analytical procedures are appropriate for the type of mineralization sampled and are reliable to deliver the total content of the analysed compounds.
	• *make and model, reading times, calibrations factors applied and their derivation, etc.*	• Where utilised, hand held XRF is a Delta Analyser CS-4000 by Innov-X Systems
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument*	• There is a calibration plate supplied by INOVV-X-Systems for the calibration of the Portable X Ray Fluorescence equipment.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Aguia has prepared two certified phosphate reference materials (standards) from material collected from the Tres Estradas deposit – these comprise a mid and high grade standard and are considered appropriate to the mineralisation being drilled • This is in addition to fine and coarse blank standards prepared from barren quartz veins. • One each of the above company supplied standards is included in each batch of 48 samples, in addition to a pulp duplicate. • One batch of 48 samples is sent monthly for umpire laboratory testing. • Umpire testing is performed at At ALS Chemex in Lima, Peru, where they are analyzed for a suite of elements using method code XRF12pt/XRF24) • Additionally, Aguia relies on the analytical quality control measured implemented by the ISO accredited laboratory used.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• The AGR procedures consists an internal double check and, when required an independent verification during the independent audit process.
	• *The use of twinned holes.*	• Given this is the initial programme at TE South no twin holes have been drilled
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Data is manually entered onto logging sheets on site by Aguia geologists. This data is then entered into a digital database consisting of Excel workbooks. Assay data from the laboratory is merged into the downhole sample sheets. All original logging sheets and digital data are stored. Digital data is regularly backed up. • Data is yet to be externally audited; external audits of previous drilling has confirmed the

Criteria	JORC Code explanation	Commentary
		veracity of work carried out
	• *Discuss any adjustment to assay data.*	• There is no adjustment to assay data
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• All borehole collars were surveyed according to the local UTM coordinate system (South American Datum 1969 – SAD69, Zone 21S), using differential GPS equipment before drilling started, and once drilling had been completed.
	• *Specification of the grid system used.*	• SAD 1969 UTM system, Zone 21S
	• *Quality and adequacy of topographic control.*	• A topographic survey of the project area was completed using differential GPS technology. • The survey consisting of lines spaced 25 metres apart, and control lines spaced 100 metres apart. • The topographic survey generated contour lines at 1-metre intervals in the meta-carbonatite area. Contour lines at 5-metre intervals were obtained for the remaining area using shuttle radar topography mission (SRTM) and orthorectified Geoeye images with 0.5 metre resolution.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• RC Drilling – RC holes, all vertical, at Tres Estrada South are being drilled on 50m spaced lines, with spacing along drill lines determined by carbonatite outcrop • Diamond Drilling - Diamond holes (inclined) at Tres Estradas are being drilled on 100m spaced lines, with spacing along drill lines determined by carbonatite outcrop
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• The data spacing and distribution is considered suitable for the style of mineralisation being tested, and will be suitable for use in Mineral Resource and Reserve estimations
	• *Whether sample compositing has been applied.*	• For the purposes of reporting of results no sample compositing has been applied
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The bulk nature of the mineralisation indicates that sampling bias will not be introduced by changing drilling direction
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Given the bulk and homogenous nature of the mineralisation it is considered that there is no sampling bias
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Aguia. Samples are stored on site. Assay samples are sent by freight express to the relevant laboratories.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Tres Estradas – Audit by SRK Consulting in early 2013 and late 2014 indicated that techniques utilised by Aguia were in line with generally

Criteria	JORC Code explanation	Commentary
		accepted industry best practices. The same audit found no issues with the data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Tres Estradas Permit 810.090/91, irrevocable right to 100% under an exercised option agreement with Companhia Brasiliera de Cobre (CBC). On July 1, 2011, CBC and Aguia Metais Ltda., a subsidiary of Aguia in Brazil, executed an option agreement providing the irrevocable purchase option of these mineral rights by Aguia Metais (or its affiliate or subsidiaries). On May 30, 2012 Aguia Metais exercised the purchase option concerning these mineral rights by means of its affiliate Aguia Fertilizantes S/A (Aguia Fertilizantes). On July 10, 2012, CBC and Aguia Fertilizantes executed an irrevocable agreement providing the assignment of these mineral rights to Aguia Fertilizantes. On July 20, 2012 CBC filed a request before the DNPM applying for the transfer of these mineral rights to Aguia Fertilizantes. The 2nd two-year term expired on August 16, 2012, with the Final Exploration Report now under review by the Government, approval of which will allow the Company a further year (from the date of approval) to submit an Economic Exploitation Plan. • Tres Estradas South Permit 810.325/12, irrevocable right to 100% under an exercised option agreement with Companhia Brasiliera de Cobre. Granted April 29, 2013, initial 3-year term expiry April 29, 2016. The partial report with time extension request was filed February 23, 2016.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Tres Estradas and Tres Estrada South Discoveries of phosphate rich rocks at TE were made by a joint exploration programme between Companhia Brasileiraa do Cobre and Santa Elina in 2007/2008 during a gold exploration programme. This involved an integrated geochemical/ geological/geophysical and drilling programme. The gold results were disappointing, causing Santa Elina to withdraw from the JV, however +6%

Criteria	JORC Code explanation	Commentary
		phosphate values were noted in assaying of soils and drill core.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Tres Estradas and Tres Estradas South The mineralisation is a carbonatite hosted phosphate deposit, with apatite as the phosphate bearing mineral. The NE-SW trending carbonatite is probably Mid-Proterozoic in age, and has been affected by Neo-Proterozoic shearing and metamorphism. It is hosted in the Santa Maria Chico Granulite Complex, within the Taquarembo Domain of the Achaean to Proterozoic Sul-rio-grandense Shield.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drillhole information is listed in the appropriate tables in this document, and presented in maps and sections
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Drill intersections are length weighted. A nominal 3% P_2O5 lower cut-off is used, and there is no upper cut applied to intersections.
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• Not applicable
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	• RC drilling is targeting the flat lying upper oxide mineralisation – these holes may be terminated in mineralisation once fresh rock has been intersected • Diamond drilling is targeted to intersect the full width of the interpreted steeply dipping carbonatite bodies
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its*	• RC drilling is generally perpendicular to the flat-lying oxide blanket, and oxide intersection

Criteria	JORC Code explanation	Commentary
	nature should be reported.	widths will reflect the true thickness of the oxide layer. • Diamond holes are drilled at an acute angle to the steeply to vertically dipping carbonatite bodies, hence downhole widths will be greater than true widths. For drillholes drilled at -60°, true mineralisation widths will generally be in the order of 40-60% of downhole intersection lengths – this is shown in more detail on included cross sections.
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Down hole lengths are reported • Relationships between true lengths and true thickness are shown in cross sections
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to maps and sections in release
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Results from all drillholes have been reported
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Geological mapping and interpretation is used as a base for included drill hole plans and sections
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• As presented in the text of this report
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• As presented in the text of this report

Section 3 Estimation and Reporting of Mineral Resources

Not applicable to this release – this does not include mineral resource estimations

Section 4: Estimation and Reporting of Ore Reserves

Not applicable to this release

Section 5: Estimation and Reporting of Diamonds and Other Gemstones

Not applicable to this release