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## TEST RESULTS INDICATE CAPEX AND OPEX REDUCTIONS FOR TRÊS ESTRADAS BANKABLE FEASIBILITY STUDY

### Highlights:

- **Completion of test work programs indicate significant potential CAPEX and OPEX savings to be gained through process improvements and production efficiencies**
- **Optimal run of mine rate of 3Mtpy established for production of 300ktpy phosphate concentrate**
- **Focus on mining high-grade oxidized ore in initial years of operation**
- **Optimizations to crushing circuit, milling circuit, flotation circuit, filtration all expected to result in CAPEX and OPEX reductions**
- **Market study confirms no further processing required to produce commercial aglime suitable for local consumption as a by-product from phosphate production**
- **BFS targeted for completion March 2018**

SYDNEY, AUSTRALIA - October 18, 2017 - Brazilian fertilizer developer Aguia Resources Limited (ASX: AGR, TSXV:AGRL) ("Aguia" or "Company") is pleased to update shareholders on the progress of the Bankable Feasibility Study ("BFS") for its Três Estradas Phosphate Project in southern Brazil, and confirms that the BFS is on track for completion in or around March 2018.

Several important test work programs have been successfully completed, including: a column flotation commercial scale pilot plant program at Eriez - Pennsylvania, crushing and grinding test work at Metso – Brazil, solid-liquid separation of flotation concentrate and tailings at Pocock Industrial Inc. – Utah and geotechnical drilling and test work for foundation design with Prosonda, Brazil.

These recent results have delivered the information necessary to define the process flow diagrams, mass and energy balance, and most importantly, allow the Aguia engineering team to finalize the trade-off studies. The most significant results include:

- Confirmation of the optimal run of mine (ROM) rate at 3Mtpy with production of phosphate concentrate capped at 300ktpy.
- Validation of the phased approach to mine the higher grade oxidized ore in the initial years of the operation at a scale of approximately 1.4 Mtpy of ROM, with a process recovery of 87%, producing 300ktpy of phosphate concentrate grading 35% P<sub>2</sub>O<sub>5</sub>.

- Optimization of the crushing and grinding circuit for the initial phase of mining and processing the high-grade oxidized ore. The comminution test work at Metso shows that the oxidized ore is relatively soft (bond work index of approximately 5 kWh/t) and as such can be processed with an optimized sizer instead of the jaw crusher that was envisioned in the Preliminary Economic Assessment (“PEA”) (see announcement of July 12, 2016). This circuit improvement is expected to result in capital and operational cost savings in the oxide crushing circuit.
- Comminution test work at Metso also allowed the design of an optimized milling circuit for the oxide phase, which will employ only one rod mill for grinding with a capacity of 1.4Mtpy. This approach is anticipated to significantly reduce the capital and operating costs of the milling circuit compared to the 4.5Mtpy capacity SAG mill that was planned in the PEA.
- The recent results of the commercial scale pilot plant program developed at Eriez allowed the optimization of the flotation circuit in the oxide phase which will require only four columns, two roughers and two cleaners (see announcement of October 5, 2017). This will result in further capital and operational cost savings.
- Filtration test work developed at Pocock demonstrated that press-filtering of the phosphate concentrate prior to drying will allow a significant reduction of the size of the drying unit. This represents further savings on the drying operational costs that will also be significantly reduced by using locally sourced thermal coal instead of diesel as contemplated in the PEA.
- A market study has demonstrated that no further processing is required to produce commercial aglime from the tailings of the phosphate flotation circuit to meet local consumption requirements. This simplification of the circuit will result in further capital and operational cost savings while providing an ongoing secondary revenue stream from production.
- Filtration tests of the aglime conducted at Pocock demonstrate that press-filtering alone should dewater the aglime to achieve commercial specifications. This simplification will introduce significant capex and opex savings, particularly when compared to the 1Mtpy capacity dryer that was contemplated in the PEA.

Finally, the entire data set that was produced in this extensive program will support the engineering team in the equipment design and general arrangements of the processing units. In the coming weeks, Aguiá’s engineering team will be working on the mine plan parameters in parallel with defining the processing plant and infrastructure requirements.

**Aguiá’s Head of Engineering Guilherme Jácome commented,** “These crucial test work results and trade-off studies have provided us with precise information that allows us to implement material improvements to the entire production and process design at Três Estradas. We expect that the result will be a more efficient and competitive production facility that will cost materially less to build and operate than we envisioned a year ago when we completed the PEA.”

**Managing Director Justin Reid added,** “Our technical team’s diligence in gathering and carefully analysing each crucial component of the Três Estradas design will ultimately contribute to optimal project economics. With the BFS now entering its final phase, we are moving closer to our ultimate objective of becoming the only phosrock producer in southern Brazil.

“We expect a steady flow of corporate and operational updates through to the release of the completed BFS which is on track for March 2018. While Três Estradas continues to be our main focus, we continue early stage exploration programs on adjacent properties we optioned last year. All have compelling geological characteristics, and it is our intention to assess these more fully. We

believe these assets could hold considerable value that is yet to be fully realised.”

Accompanying this release is a table illustrating the status of important milestones to finalize the BFS. Aguaia will progressively update this chart through to the BFS being published.

### BFS Progress Update

Milestone	Status	Outcome
Infill Drilling Program	Complete	<ul style="list-style-type: none"> <li>• Drilling results incorporated into new JORC and NI 43-101 compliant Mineral Resource of 83.2MT of Measured plus Indicated resources at a 4.11% P<sub>2</sub>O<sub>5</sub> grade using a 3.0% cut-off and 21.8MT of Inferred resources</li> </ul>
Trade Off Studies	Complete	<ul style="list-style-type: none"> <li>• Reduced target ROM from 4.5Mtpy to 3.0Mtpy</li> <li>• Phosrock production capped at 300ktpy</li> <li>• Phased production plan to focus on mining high grade oxide in initial years of operation which will reduce CAPEX</li> <li>• Oxide phase ROM 1.4Mtpy with process recovery of 87% will produce 300ktpy</li> <li>• Selection of locally sourced thermal coal for fuel instead of diesel which will reduce OPEX by ~\$14/t</li> </ul>
Mine Site Revision	Complete	<ul style="list-style-type: none"> <li>• 74% reduction of water reservoir</li> <li>• 56% reduction of tailings dam</li> <li>• 38% reduction of waste piles</li> <li>• New plan submitted to FEPAM as part of EIA review</li> </ul>
Pilot Plant Testing	Complete	<ul style="list-style-type: none"> <li>• Oxide mineralization produced a concentrate grading 35% P<sub>2</sub>O<sub>5</sub> yielding a total circuit recovery of 87%</li> <li>• Fresh carbonatite pilot flotation plant circuit produced a concentrate grading 32% P<sub>2</sub>O<sub>5</sub> yielding a total circuit recovery of 80%</li> <li>• Proves metallurgical performance very similar to other operating carbonatite mines</li> <li>• Flotation circuit will only require four columns which will be less expensive to build and operate</li> </ul>
Comminution Tests	Complete	<ul style="list-style-type: none"> <li>• Confirms oxidized ore is relatively soft so can be processed with optimized sizer instead of jaw crusher</li> <li>• Crushing and grinding circuit will be less expensive to build and operate</li> <li>• Optimized milling circuit for oxide phase will only require one rod mill instead of more expensive SAG mill</li> </ul>
Filtration Tests	Complete	<ul style="list-style-type: none"> <li>• Press filtering of phosphate concentrate prior to drying will reduce the size of the drying unit which will be less expensive to build and operate</li> <li>• Press filtering of the calcite by-product will be sufficient to dewater the aglime to meet commercial specifications and a 1Mtpy capacity dryer previously contemplated will not be required</li> </ul>
Aglime Market Study	Complete	<ul style="list-style-type: none"> <li>• A survey of the local aglime consumer market confirms no further processing required to produce commercial aglime from the calcite by-product which will generate a secondary revenue stream</li> </ul>
Equipment Design and Specifications	Ongoing	<ul style="list-style-type: none"> <li>• Main equipment under design such as crusher, flotation cells and dryers</li> <li>• Minor equipment to be designed including specifications</li> </ul>
Mine Plan Parameters	Ongoing	<ul style="list-style-type: none"> <li>• Mine planning in progress including mine fleet design, mine support and mine dewatering</li> <li>• Mine fleet optimization considering 2 fleets for saprolite and carbonatite phases</li> </ul>
Infrastructure Requirements	Ongoing	<ul style="list-style-type: none"> <li>• Energy supply negotiations with energy supplier, mainly for transmission line and main substation</li> </ul>

		<ul style="list-style-type: none"> <li>• Access road design in progress</li> <li>• Waste dam and waste piles under design</li> </ul>
Capex / Opex	Pending	<ul style="list-style-type: none"> <li>• Main quotations to be initiated considering ~ 70% of firm quotations in the market</li> </ul>
Phosrock marketing study	Pending	<ul style="list-style-type: none"> <li>• To be initiated in order to update phosrock price forecast</li> </ul>
Final BFS Report	Pending	<ul style="list-style-type: none"> <li>• Final write up and revision planned for February 2018 and issuance of the report in March 2018.</li> </ul>

#### *Qualified Person*

*The technical information in this press release has been reviewed and approved by Dr. Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario, Technical Director for Aguia and a Qualified Person as defined by National Instrument 43-101. Mr. Tallarico consents to the inclusion of his name in the release.*

#### **For further information, please contact:**

**Justin Reid, Managing Director**

E: [jreid@aguiaresources.com.au](mailto:jreid@aguiaresources.com.au)

T: +1 416-216-5446

#### **Spyros Karellas, Investor Relations North America**

E: [spyros@pinnaclecapitalmarkets.ca](mailto:spyros@pinnaclecapitalmarkets.ca)

T: +1 416-433-5696

**Released through: Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448**

**Follow Aguia on Twitter: [@Aguia\\_Resources](https://twitter.com/Aguia_Resources)**

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#### About Aguia:

*Aguia Resources Limited, ("Aguia") is an ASX and TSXV 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.

#### *Cautionary Statement on Forward Looking Information*

*This press release contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation. Forward-looking information includes, without limitation, statements regarding the results of the trade-off study and other studies, the progress of the BFS, the metallurgical results, production targets, the anticipated timetable, permitting, forecast financial information, and ability to finance the project, and the prospectivity and potential of the Tres Estradas project.*

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". The material factors and assumptions underlying the forward-looking information of the Mineral Resource Statement results have been outlined above and will be detailed in the associated technical report.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks inherent in the mining industry and risks described in the public disclosure of the Company which is available under the profile of the Company on SEDAR at [www.sedar.com](http://www.sedar.com), on the ASX website at [www.asx.com.au](http://www.asx.com.au) and on the Company's website at [www.aguiarresources.com.au](http://www.aguiarresources.com.au). These risks should be considered carefully.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Persons reading this news release are cautioned that such statements are only predictions and there can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company disclaims any intent or obligation to update or revise any forward looking statements whether as a result of new information, estimates, options, future events, results or otherwise and does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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