



28 December 2017

## **BRAZIL AGRICULTURE SECTOR BREAKS RECORDS IN 2017 AND CONTINUES TO GROW**

**Sydney, Australia** December 28<sup>th</sup>, 2017 - Brazilian fertilizer developer Agua Resources Limited (ASX: AGR, TSXV: AGRL) (“Agua” or the “Company”) is pleased to provide an update to shareholders on the record breaking performance of the Brazilian agriculture sector in 2017.

In the second half of 2017, Brazil has emerged from a difficult two-year period of recession and the economy is projected to grow in 2018 and 2019. The agriculture and agribusiness sectors have been the biggest contributor to economic recovery, now representing 23.5% of GDP, the highest level in 17 years according to Brazilian farm lobby, National Confederation of Agriculture and Livestock (“CNA”). Job creation in agriculture and meat packing was the highest in 5 years and were the only segments of the economy to increase jobs.

The 2016/2017 total harvest in Brazil is projected to reach 238 million tonnes, more than double the harvest just ten years ago. During the last ten years, farmed acreage in Brazil has increased by 26% while overall productivity has increased by 55%, a clear indicator that significant gains in Brazilian agricultural success are derived from technology and implementation of modern farming methods rather than deforestation. Brazilian agriculture products now account for more than 46% of all Brazilian exports.

Brazilian soybean and corn production has reached record breaking levels this year and planting for the current harvest is tracking ahead of average compared to the last five years. A positive outlook for these major agriculture commodities has translated into higher levels of spending on farming inputs such as seeds, fertilizers and pesticides. Input retailers are reporting revenues up to 20% higher in 2017 compared to last year. With bumper harvests and strong prices, farmers are investing more into soil correction and enhancing the nutritional aspect of their crops to maximize productivity and yields

### **Headwinds Remain in the Fertilizer Sector**

Despite robust markets for agriculture, most global fertilizer stocks struggled in negative territory in 2017, underperforming benchmark indexes. Completion of capacity expansion in excess of global demand growth has pushed prices for the key fertilizer nutrients nitrogen, phosphate and potassium (“NPK”) to multi-year lows. While nitrogen and potash have started to experience some price recovery, phosphate continues to lag. Global phosphate capacity grew at 3% in 2017, outstripping global phosphate demand growth of 2%.

Brazil remains a bright spot for the three NPK nutrients, with demand growing for the third consecutive year. In 2016, Brazil's phosphate imports grew more than 11% year over year and are projected to increase another 12% in 2017. Despite new phosphate capacity expansion coming online in Morocco and Saudi Arabia, the robust fertilizer market in Brazil continues to underline the Aguia development story. Proximity to market and significant logistics savings position Aguia to become a significant new domestic phosphate source in the farming region of southern Brazil which is currently 100% reliant on phosphate imports.

### **Management Commentary**

"2017 has been a crucial year for the development of the Três Estradas phosphate deposit as we enter the transition from the exploration and development phase to de-risking and execution," Technical Director, Dr. Fernando Tallarico commented. "The infill drilling program that ran from December to June, successfully converted Inferred resources to the Measured and Indicated category, confirmed the homogenous nature of the deposit along strike and at depth and identified a new shallow zone of mineralisation along the southeast border of the proposed Três Estradas pit shell."

"Our Brazilian based technical team supported by local expert consultants have been carefully analyzing and evaluating results as part of the BFS, an exercise which has resulted in the identification of process improvements and production efficiencies that will be used to determine the optimal production plan given the prevailing price landscape and market demand."

Managing Director Justin Reid added, "The spectacular results from this year's harvests in Brazil demonstrate how important the agriculture sector is for the country. Our work at Aguia this year shows we have a key domestic phosphate asset ideally located in an intensive farming region of Brazil that is 100% dependent on imports. Brazil's phosphate imports have exhibited double digit growth for two years running and Três Estradas has the potential to become an important local supplier of phosrock and calcite in the region."

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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.