



19 March 2020

ASX Market Announcements
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

POSITIVE RESULTS FROM AGRONOMIC TESTS ON THE NATURAL PHOSPHATE FROM TRÊS ESTRADAS PROJECT

Sydney, Australia, - Aguia Resources Limited ABN 94 128 256 888 (ASX:AGR) (**Aguia** or the **Company**) is pleased to report on the positive results of the first agronomic laboratory tests conducted on the Direct Application Natural Fertilizer (DANF) for its 100%-owned Três Estradas Phosphate Project (TEPP) situated in the State of Rio Grande do Sul (RS) in Southern Brazil.

Highlights

- **All results were well within the required specifications to produce a Natural Phosphate Product and exceeded expectations;**
- **The solubility results were excellent with a total P₂O₅ solubility of 22.9% in a 2% citric acid solution, which is close to the acidity levels of the Brazilian soils.**

Management Commentary

Aguia's Managing director Dr. Fernando Tallarico said: "The results from these first tests conducted in an agronomic laboratory are very positive and reinforce the fact that the Três Estradas Phosphate Project can produce a Direct Application Natural Fertilizer through a simple and environmentally friendly processing route. In particular, the phosphate solubility results are excellent and beyond the initial expectations, especially when dealing with a natural phosphate."

"Our team in Brazil is totally committed to developing an innovative and commercially viable project which will deliver a natural and superior product for local supply. The work is progressing as planned to ensure we hit all key milestones within the reported timeframes. These results are one such milestone. We expect to be regularly updating shareholders as developments unfold over the coming months."

Natural Phosphate Definitions

As previously reported in the ASX announcement “New Scoping Study of Phase 1 Três Estradas Phosphate Project Confirms Excellent Economics” lodged on 12 February 2020, Agua intends to deliver a Direct Application Natural Fertiliser (DANF) product at its Três Estradas Phosphate Project, to be classified as a "natural phosphate" by the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA).

According to the MAPA Normative Instrument N°39/2018 (NI39/2018), which defines the specifications for mineral fertilizers for agriculture, “natural phosphate” is a product which uses exclusively raw material of phosphate rock origin in its production, through a process of grinding and screening, which results in a safe product to be used in agriculture. The specifications of which are shown in Table 01.

Table 01 – Natural Phosphate definition according to NI39/2018.

FERTILIZER	MINIMUM NUTRIENT CONTENT AND FORM	NUTRIENT SOLUBILITY / GRANULOMETRY	PROCESS	OBSERVATION
Natural Phosphate	5% of P ₂ O ₅	Phosphorus determined as total P ₂ O ₅ and minimum of 15% of the total content soluble in 2% citric acid in the 1:100 ratio. Granulometry: particles must pass at least 85% through a 0.075 mm sieve (ABNT200).	Phosphate rock grinding and screening.	The total content of Calcium naturally present in the product can be declared when this content is equal to or greater than 1% (w/w).

To be certified as a natural phosphate, the product must undergo chemical analysis to confirm it meets the minimum specification and does not contain toxic heavy metals as defined in MAPA Normative Instrument N°27/2006 (NI27/2006). The NI27/2006 product limits, which consider the total P₂O₅ grade plus Mn micronutrient grade were calculated and are listed in the Table 02 below.

Table 02 – Calculated product limits of toxic heavy metals permitted in a fertilizer containing P₂O₅ and micronutrients.

Heavy Metal	Maximum allowed value in milligrams per kilogram (mg/kg) in total fertilizer mass
As	250
Cd	51
Pb	930
Cr	860
Hg	10

*mg/kg = ppm

Agronomic Lab Results

As part of the product registration with MAPA, agronomical laboratory tests have been carried out at the Instituto Brasileiro de Analises Agronomic Lab (IBRA) in accordance with MAPA guidelines. The agronomic tests were performed on a representative sample from the carbonatite saprolite ore (CBTSAP) that was previously assayed at ALS Global Lab in Belo Horizonte, returning a total P₂O₅ content of 9.08% (Table 03).

The P₂O₅ solubility in citric acid (2% concentration at a 1:100 ratio) is the nearest condition to the acidity found in Brazilian soils. The laboratory tests returned a solubility of 22.9%, which is above the minimum requirement of 15% (Table 03).

Table 03 – P₂O₅ solubility results.

Sample	ALS Lab	IBRA Lab	IBRA Lab	IBRA Lab	IBRA Lab	IBRA Lab	IBRA Lab
	P ₂ O ₅ Total	P ₂ O ₅ Acid. Cit.	P ₂ O ₅ NAC	P ₂ O ₅ H ₂ O	Solubility Acid. Cit.	Solubility NAC	Solubility H ₂ O
CBTSAP	9.08	2.08	1.36	0.56	22.9%	14.9%	6.1%

NAC = Neutral Ammonia Citrate

Sample CBTSAP was also tested for secondary macronutrients Ca and Mg and for elements which are potentially micronutrients; Co, Fe, Mn, Mo and Zn (Table 04).

Table 04 – Results for Ca, Mg and potential micronutrients.

Sample	Ca (%)	Mg (%)	Co (ppm)	Fe (%)	Mn (%)	Mo (ppm)	Zn (%)
CBTSAP	6.54	0.41	114.9	11.33	1.11	81.19	0.02

Results regarding toxic heavy metals (As, Cd, Pb, Cr and Hg) were excellent with Sample CBTSAP passing all tests and all results within the specifications of a natural phosphate fertilizer as determined by MAPA (Table 05).

Table 05 – Results for toxic heavy metals.

Sample	As (ppm)	Cd (ppm)	Pb (ppm)	Cr (ppm)	Hg (ppm)
CBTSAP	5.97	< 0.09	267.6	50.09	< 0.1

AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING DIRECTOR OF AGUIA RESOURCES LIMITED

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About Agua:

Agua Resources Limited, ("Agua") is an ASX listed company whose primary focus is on the exploration and development of mineral resource projects in Brazil including copper and phosphate. Agua has an established and highly experienced in-country team based in Rio Grande State, Southern Brazil. Agua has multiple copper targets. It has recently undertaken extensive geophysical analysis and is awaiting the results of recent copper drilling. Agua is also in the pre-production stage of a low-cost natural phosphate fertiliser project which is the subject of its recently released Scoping Study. It is expected to be operational in early 2022.

JORC Code Competent Person Statements:

The information in this report 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.

Caution regarding forward-looking information:

This press release contains "forward looking information" within the meaning of applicable Australian securities legislation. Forward looking information includes, without limitation, statements regarding the next steps for the project, timetable for development, production forecast, mineral resource estimate, exploration program, permit approvals, timetable and budget, property prospectivity, and the future financial or operating performance of the Company. 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". 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, but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; other risks of the mining industry and the risks described in the Company's public disclosure. 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. 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 does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

APPENDIX A: JORC Code, 2012 EDITION - Table 1 REPORT TEMPLATE

Section 1 Sampling techniques and data (criteria in this group apply to all succeeding groups)

Criteria	JORC Code Explanation	Commentary																																
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> In the Três Estradas Project area procedures for soil sampling, rock chip samples, drilling samples (auger drilling, reverse circulation and diamond drilling) and bulk sample were compliant with mineral industry standards At Três Estradas Project a bulk sample was composed from auger samples, collected from 16 distinct auger holes positioned according with the block model for the pit and the sample grades were targeted as below to represent the CBTSAP lithotype <table border="1" data-bbox="974 470 1960 630"> <thead> <tr> <th>Typology</th> <th>RockCode</th> <th>Sample Type</th> <th>P₂O₅%</th> <th>CaO%</th> <th>MgO%</th> <th>Fe₂O₃%</th> <th>SiO₂%</th> <th>Al₂O₃%</th> </tr> </thead> <tbody> <tr> <td rowspan="3">CBTSAP</td> <td rowspan="3">110</td> <td>DH Core</td> <td>11.64</td> <td>18.73</td> <td>4.32</td> <td>19.68</td> <td>27.77</td> <td>4.75</td> </tr> <tr> <td>BLK Model-MR Pit</td> <td>10.97</td> <td>17.32</td> <td>4.78</td> <td>19.11</td> <td>29.83</td> <td>5.20</td> </tr> <tr> <td>Selection Target</td> <td>11.31</td> <td>18.03</td> <td>4.55</td> <td>19.40</td> <td>28.80</td> <td>4.98</td> </tr> </tbody> </table> The 530kg bulk sample was composed in nature and took from 16 auger holes form surface to 4 meters depth 	Typology	RockCode	Sample Type	P ₂ O ₅ %	CaO%	MgO%	Fe ₂ O ₃ %	SiO ₂ %	Al ₂ O ₃ %	CBTSAP	110	DH Core	11.64	18.73	4.32	19.68	27.77	4.75	BLK Model-MR Pit	10.97	17.32	4.78	19.11	29.83	5.20	Selection Target	11.31	18.03	4.55	19.40	28.80	4.98
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	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 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. 	<ul style="list-style-type: none"> Agua has followed standard practices in their geochemical surveys and drilling programs. They have followed a set of standard procedures in collecting samples, logging, and data acquisition for the project. Their procedures are well documented and meet generally recognized industry standards and practices. All logging is completed by Agua geologists and directly entered into a comprehensive database program. Digital and hard copies of all sampling and shipment documentation are stored in the project office at Lavras do Sul. The auger holes are twin to previous diamond drill holes with known coordinates and mineralized intersection 																																

Criteria	JORC Code Explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.). 	<ul style="list-style-type: none"> Aguaia has completed five drilling campaigns on the Tres Estradas area between 2011 and 2017. Drilling has included 139 core holes (20,509.5m), 244 reverse circulation (RC) holes (7,800.0m) and 487 auger holes (2,481.65m). All core holes were drilled using wireline coring methods. HQ size (63.5mm diameter core) core tools were used for drilling through weathered material and NQ size (47.6mm diameter core) tools were used for drilling through fresh rock. Core recovery has exceeded 90% in 97% of all core holes. RC drilling was used to complete 244 holes with a cumulative length of 7,800.0m. All RC holes were drilled vertically (-90°) using 140mm button hammer bit. Holes were primarily drilled dry.
Drill sample recovery	<ul style="list-style-type: none"> Whether core and chip sample recoveries have been properly recorded and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. 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. 	<ul style="list-style-type: none"> Digital and hard copies of all sampling and shipment documentation are stored in the project office at Lavras do Sul. Documentation includes geological logs, photographs and recovery records. Aguaia has followed standard practices in their core, RC, and auger drilling programs. They have followed a set of standard procedures in collecting cuttings and core samples, logging, and data acquisition for the project. There was no investigation about relationship between sample recovery and grade.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Regarding the auger samples, digital and hard copies of all sampling and shipment documentation are stored in the project office at Lavras do Sul. Documentation includes geological logs, sample photographs and portable XRF readings. Detailed geological logs are completed for every auger hole using an appropriate logging form. Sampling intervals in the CBTSAP lithotype are typically targeted for a 1.0m length.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography. 	<ul style="list-style-type: none"> The logging is qualitative in nature.
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> 100% of sampled material from auger was logged. The portable XRF was used in all samples collected from auger drilling for a preliminary grade control before composing the bulk sample
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> 100% of the sampled material from auger drill holes was used to compose a bul sample
	<ul style="list-style-type: none"> If non-core, whether riffled, tube 	<ul style="list-style-type: none"> Dry RC samples are split using a Jones riffle splitter

Criteria	JORC Code Explanation	Commentary
	sampled, rotary split etc. and whether sampled wet or dry.	
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> The ALS laboratory in Vespasiano is primarily an intake and preparation facility. Samples are crushed and pulverized into rejects and pulps.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Lab management system is consistent with ISO 9001:2008 requirements for sampling preparation.
	<ul style="list-style-type: none"> Measures taken to ensure that the sampling is representative of the in-situ material collected. 	<ul style="list-style-type: none"> 90% of all core samples falling within the range of 0.8m to 1.2m.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grainsize of the material being sampled. 	<ul style="list-style-type: none"> Sampling intervals in the amphibolite and the carbonatite are typically targeted for a 1.0m length but may fall within a range of 0.50m to 1.50m. Samples in the unmineralized gneiss host rock may have considerably longer lengths of up to 6.2m
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> Chemical analyses were conducted in the laboratories ALS laboratory and SGS Geosol, both labs located in Vespasiano-MG. Sample pulps from the Reverse Circulation, auger drilling and Diamond Drill programs are assayed by X-Ray fluorescence. The assaying regime is the standard for the determination of phosphate mineralizations. The technique is considered to be total. The CBTSAP bulk sample was tested in ALS laboratory in Vespasiano-MG Regarding the P2O5 solubility tests, the CBTSAP bulk sample was tested in the Agronomic Lab of the Instituto Brasileiro de Analises (IBRA) in accordance with Brazilian Ministry of Agriculture, Livestock and Supply (MAPA) guidelines for testing fertilisers
	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	<ul style="list-style-type: none"> The portable XRF is used for drilling samples to screen samples for further testing at the analytical laboratory Regarding the auger samples collected for bulk sample composing, the portable XRF was used in all samples collected for a preliminary grade control before composing the bulk sample
	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> For quality assurance and quality control of analyses (QA/QC), Agua uses a combination of reference samples, blanks, duplicate samples and umpire check assays. Agua follows a protocol for accepting/refusing each batch of assays returned from the analytical laboratory. Reference, blanks and duplicate samples were inserted into the stream of drill samples such

Criteria	JORC Code Explanation	Commentary
	established.	that one in 20 samples was a reference sample, one in every 30 samples was a blank sample, and one in every 30 samples was a duplicate sample.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> In 2012, SRK Consulting (Canada) Inc., was engaged by Agua to prepare a geological model and mineral resource estimate for the project, in accordance with the JORC code. The results of additional drilling were incorporated in an updated resource estimate released by Agua in January 2013. In early 2016, Millcreek was engaged by Agua to complete a new PEA for the Tres Estradas Phosphate Project. In accordance with accepted standards and best practises for certification of resources, Millcreek personnel have completed two site visits to the Tres Estradas Phosphate Project. The first site visit took place between March 17, 2016 and March 19, 2016. Twin holes were not performed in Tres Estradas Project Digital and hard copies of all sampling and shipment documentation are stored in the project office at Lavras do Sul. Documentation includes geological logs, core photographs, core recovery records, portable XRF readings and down-hole surveys. There were no adjustments on assay data.
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All drill collars are surveyed using differential GPS both before and after drill hole completion. Três Estradas, down hole surveys were completed on core holes using a Maxibore II down-hole survey tool. Readings are collected on three-meter intervals.
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> Coordinates are recorded in Universal Transverse Mercator (UTM) using the SAD69 Datum, Zone 21S.
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Differential GPS is considered a precise topographic survey methodology.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> Diamonds drillholes and RC drillholes were arranged in a regular grid varying from 25 x 50m to 100 x 50m grid.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Millcreek considers the exploration data collected by Agua to be of sufficient quality to support mineral resource evaluation.
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Sample compositing was applied.

Criteria	JORC Code Explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> In general terms, the geological unit contacts are sub-vertical and the holes are dipping 60°. Intercepts were produced at 45° average angle which isn't the best condition, but it's considered acceptable for mineral resource estimate purpose.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The relationship between the drilling orientation and the orientation of key mineralized structures don't indicate necessarily sampling bias.
Sample Security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The core and chips were transported by the company's personnel from the drill site to the core storage facilities. Drill boxes are labelled with hole number and depth interval and the core is photographed prior to logging. Regarding the CBTSAP bulk sample, the company hired a shipping company to transport the sample from the company facilities at Lavras do Sul till the destination in laboratory. No damage or loss was identified when sample was received in the lab.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> In 2012, SRK Consulting (Canada) Inc., was engaged by Agua to prepare a geological model and mineral resource estimate for the project, in accordance with the JORC code. In early 2016, Millcreek was engaged by Agua to complete a new PEA for the Tres Estradas. Phosphate Project. Audits and reviews of sampling techniques were performed in these works.

Section 2 Reporting of Exploration Results (criteria listed in the preceding group apply also to this group)

Criteria	JORC Code Explanation	Commentary																																								
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The three mineral rights combined cover a total area of 2,075.34ha. Agua holds 100% interest in the three mineral rights permits covering the Tres Estradas Phosphate Project area. <table border="1"> <thead> <tr> <th>ANM Permit</th> <th>Issuing Date</th> <th>Period</th> <th>Expiry Date</th> <th>Area (ha)</th> <th>Status</th> <th>Municipality/State</th> <th>Title Holder</th> </tr> </thead> <tbody> <tr> <td>810.090/1991</td> <td>8/16/2010</td> <td>2</td> <td>8/16/2012</td> <td>1,000.00</td> <td>Final Report Presented</td> <td>Lavras do Sul/RS</td> <td>Agua Fertilizantes S.A.</td> </tr> <tr> <td>810.325/2012</td> <td>5/03/2017</td> <td>3</td> <td>5/03/2020</td> <td>900.95</td> <td>Permit Extension</td> <td>Lavras do Sul/RS</td> <td>Agua Fertilizantes S.A.</td> </tr> <tr> <td>810.988/2011</td> <td>4/15/2015</td> <td>3</td> <td>4/15/2018</td> <td>84.39</td> <td>Extension Submitted</td> <td>Lavras do Sul/RS</td> <td>Falcon Petróleo S.A.</td> </tr> <tr> <td colspan="4"></td> <td>Total Area</td> <td>2,075.34</td> <td colspan="2"></td> </tr> </tbody> </table> <ul style="list-style-type: none"> The permit 810.325/2012 is currently operating under a permit extension. Falcon has requested for an extension of the permit 810.988/2011 which is currently under ANM's review. The Final Exploration Report regarding the permit 810.090/1991 was filed with ANM in September 09th, 2012. 	ANM Permit	Issuing Date	Period	Expiry Date	Area (ha)	Status	Municipality/State	Title Holder	810.090/1991	8/16/2010	2	8/16/2012	1,000.00	Final Report Presented	Lavras do Sul/RS	Agua Fertilizantes S.A.	810.325/2012	5/03/2017	3	5/03/2020	900.95	Permit Extension	Lavras do Sul/RS	Agua Fertilizantes S.A.	810.988/2011	4/15/2015	3	4/15/2018	84.39	Extension Submitted	Lavras do Sul/RS	Falcon Petróleo S.A.					Total Area	2,075.34		
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810.988/2011	4/15/2015	3	4/15/2018	84.39	Extension Submitted	Lavras do Sul/RS	Falcon Petróleo S.A.																																			
				Total Area	2,075.34																																					
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Lavras do Sul was originally developed in the 1880's as a gold mining camp on the Camaquã of Lavras River. In 1959, more detailed studies were organized by the ANM, which were followed in the 1970s by major survey and sampling programs of all mineral occurrences by the Companhia de Pesquisa e Recursos Minerais (CPRM – The Geological Survey of Brazil). In recent years there have been renewed exploration activities for gold and base metals in the region by Companhia Brasileira do Cobre (CBC), Amarillo Mining, Companhia Riograndense de Mineração (CRM) and Votorantim Metais Zinco SA. Phosphate mineralization was first observed at Três Estradas in a gold exploration program being conducted jointly by Santa Elina and CBC. Santa Elina was prospecting for gold in ANM #810.090/1991, conducting soil, stream sediment and rock geochemistry, ground geophysical surveys (magnetometry and induced polarization) and a limited drilling program. Exploration results for gold were not encouraging and Santa Elina pulled out of the joint venture with CBC. However, the phosphate chemical analysis from two core boreholes in the ANM #810.090/1991 area yielded results of 6.41% P₂O₅ from soil and 6.64% P₂O₅ from core. This information was communicated to CPRM. Following petrographic studies, apatite mineralization occurring in carbonatite was confirmed. In July 2011, CBC entered into a partnership with Agua Metais Ltda, a subsidiary of Agua Resources Ltd., to explore and develop phosphate deposits in Rio Grande do Sul State. 																																								

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Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Três Estradas Phosphate Project is situated in the Santa Maria Chico Granulitic Complex (SMCGC), part of the Taquarembó domain (Error! Reference source not found. below). The SMCGC exposes the deepest structural levels within Brazil and may represent the western edge of the Precambrian Rio de la Plata Craton. The Três Estradas deposit consists of an elongated carbonatite intrusion (meta-carbonatite and amphibolite) with a strike of 50° to 60°. The meta-carbonatite and amphibolite form a tightly folded sequence with limbs dipping steeply from 70° to vertical (90°). The surface expression of the intrusion is approximately 2.5 km along strike with a width of approximately 300m. The Late Archean to Early Proterozoic intrusion is intensely recrystallized and metamorphosed to amphibolite assemblages. The carbonatite intrusion is bound mostly by biotite gneiss along with meta-syenite along its northeast and southeast boundaries Phosphate mineralization, occurring as the mineral apatite (Ca₅(PO₄)₃(F,Cl,OH)), is the primary mineralization of economic interest at Três Estradas. Apatite is the only phosphate-bearing mineral occurring in the carbonatites. At Três Estradas phosphate mineralization occurs in both fresh and weathered meta-carbonatite and amphibolite. Phosphate also becomes highly enriched as secondary mineralization in the overlying saprolite. 																
Drill Hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material 	<ul style="list-style-type: none"> Três Estradas project have 383 drillholes including diamond drillholes and RC drillholes. Tables and map below present the location and average grades by intercept domain type. <table border="1" data-bbox="855 820 1637 1024"> <thead> <tr> <th>Drilling</th> <th>Count</th> <th>Cumulative Meters</th> <th>Assay Intervals</th> </tr> </thead> <tbody> <tr> <td>Core Holes</td> <td>139</td> <td>20,509.5</td> <td>16,046</td> </tr> <tr> <td>RC Holes</td> <td>244</td> <td>7,800.0</td> <td>7,800</td> </tr> <tr> <td>Total</td> <td>383</td> <td>28,309.5</td> <td>23,846</td> </tr> </tbody> </table> 	Drilling	Count	Cumulative Meters	Assay Intervals	Core Holes	139	20,509.5	16,046	RC Holes	244	7,800.0	7,800	Total	383	28,309.5	23,846
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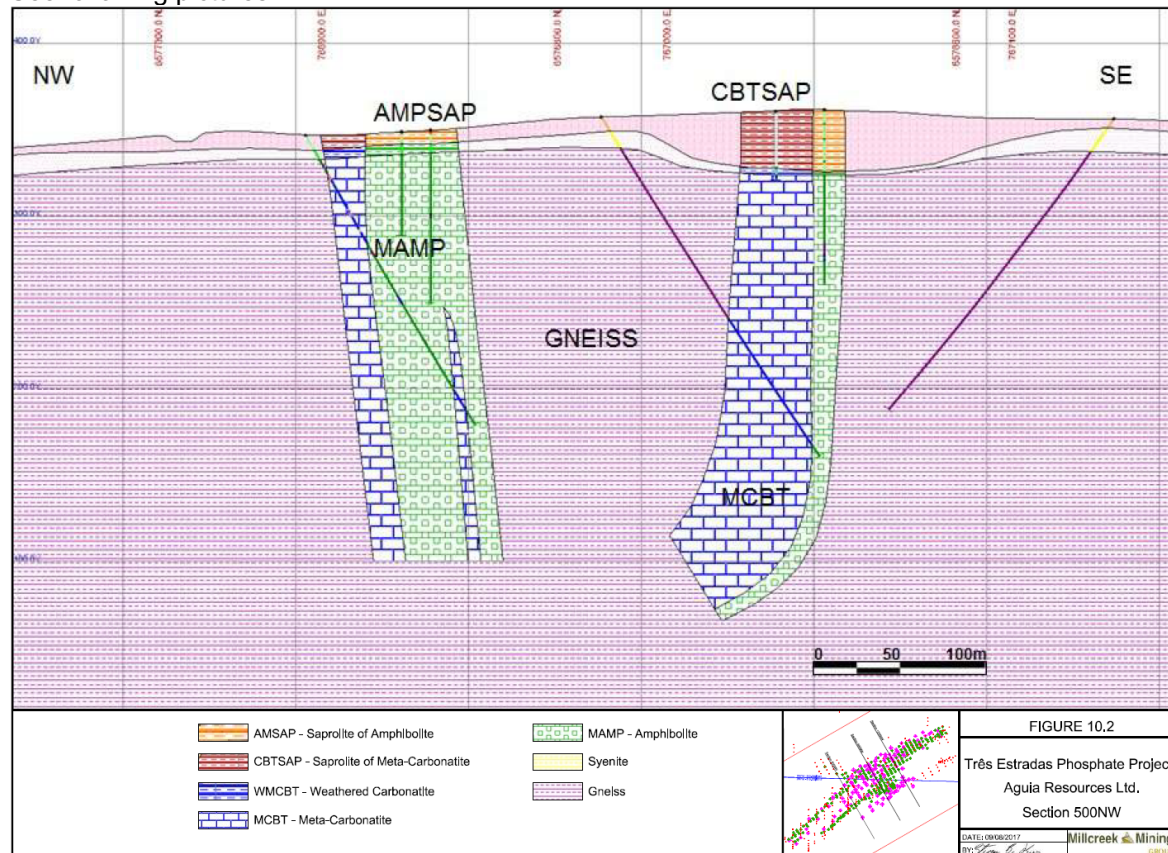
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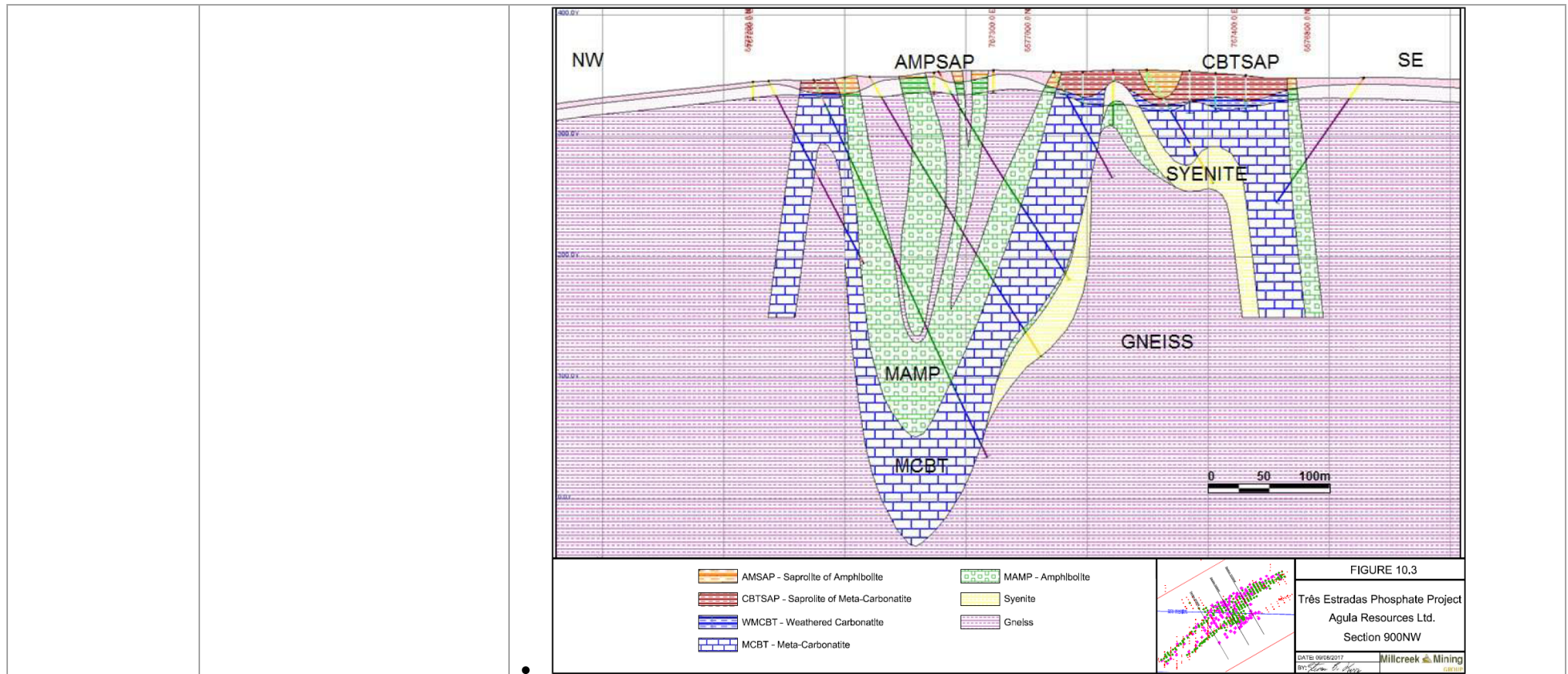
Criteria	JORC Code Explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> Intercept limits was guided by lithological interpretations during core-logging.
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Metal equivalents were not reported
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. 	<ul style="list-style-type: none"> Intercepts were produced at 45° average angle which isn't the best condition, but it's considered acceptable for mineral resource estimate purpose.
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> In general terms, the geological unit contacts are sub-vertical, and the holes are dipping 60°.
	<ul style="list-style-type: none"> If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg. 'downhole length, true width not known'). 	<p>Intercepts were produced at 45° average angle.</p>

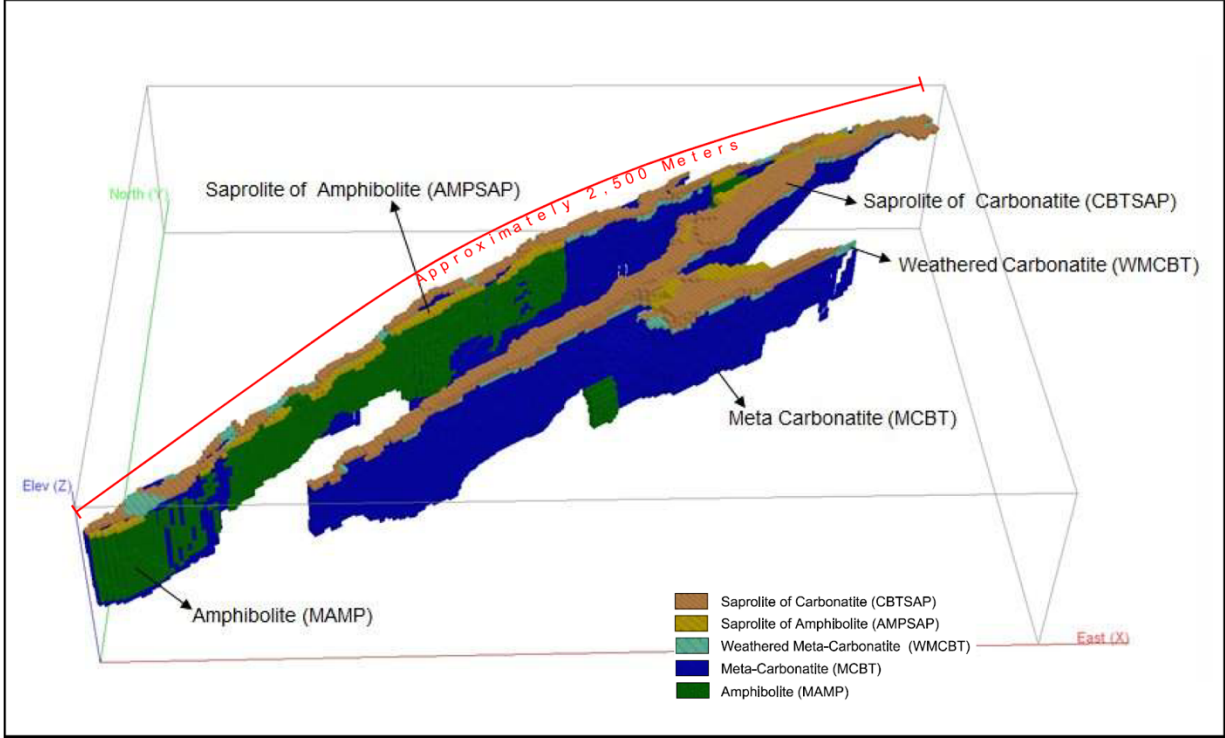
Diagrams

- 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.

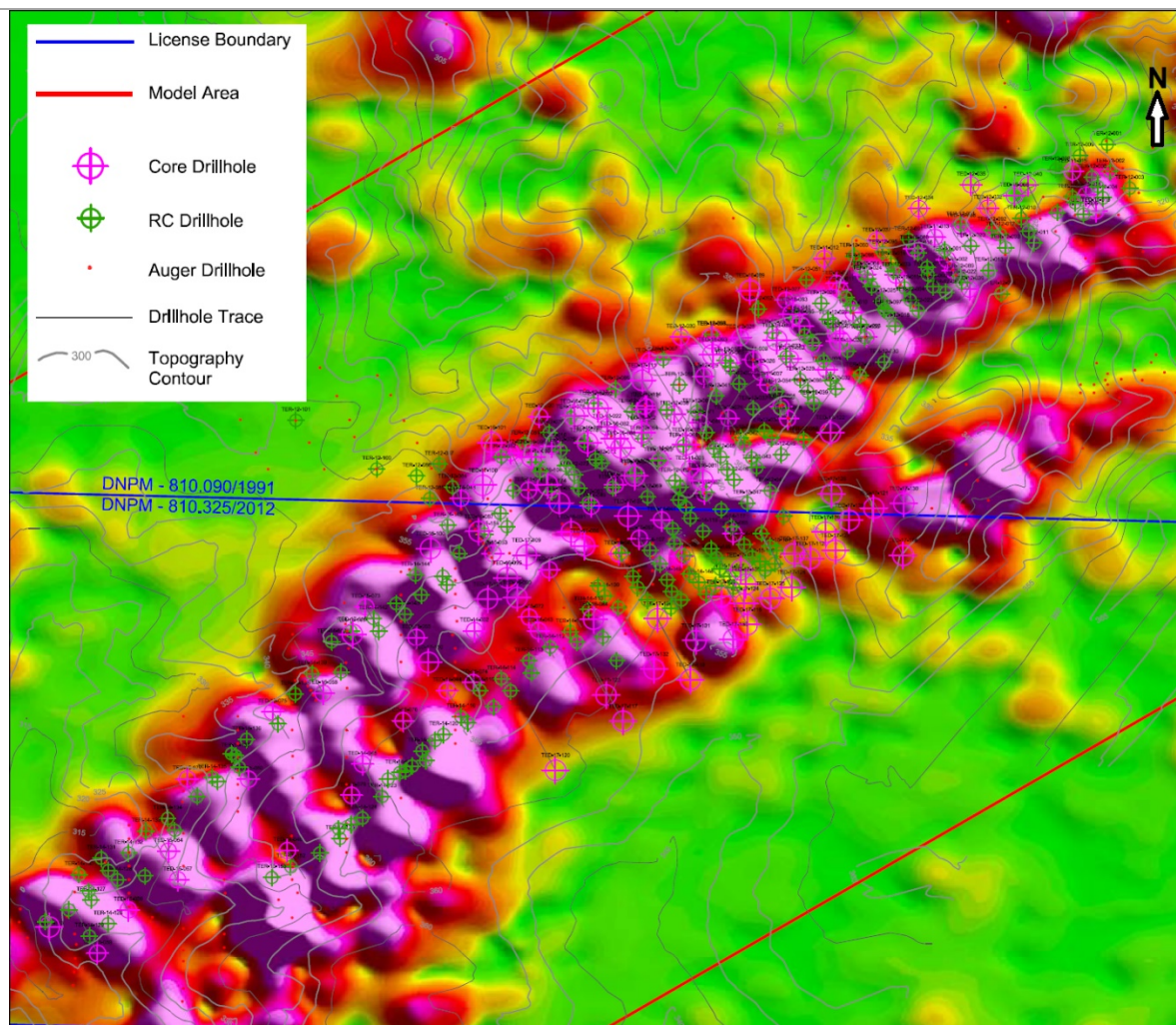
- See following pictures:





Criteria	JORC Code Explanation	Commentary
		 <p>The diagram is a geological cross-section showing several distinct rock units. From top to bottom, the units are: Saprolite of Amphibolite (AMPSAP), Saprolite of Carbonatite (CBTSAP), Weathered Carbonatite (WMCBT), Meta Carbonatite (MCBT), and Amphibolite (MAMP). A red line across the top of the section is labeled 'Approximately 2,500 Meters'. The axes are labeled: North (Y) at the top, Elev (Z) on the left, and East (X) on the right. A legend in the bottom right corner identifies the colors for each unit: brown for Sapolite of Carbonatite (CBTSAP), tan for Sapolite of Amphibolite (AMPSAP), light green for Weathered Meta-Carbonatite (WMCBT), blue for Meta-Carbonatite (MCBT), and dark green for Amphibolite (MAMP).</p>
<p>Balanced reporting</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The drilling databases are highly organized with drilling Intercepts and it's grade x length reports are properly stored and readily available within on the drillhole database.

<p>Other substantive exploration data</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> One historical trench exists on the tenement, cut perpendicular to the meta-carbonatite. According to Agua, this trench was dug over 10 years ago by Santa Elina while prospecting for gold in the area. Within the trench Agua sampled three vertical channels. Within each channel, two samples were collected from bottom to top. The P₂O₅ results from these samples vary from 24.10% to 28.80%. Agua made use of data from an airborne geophysical survey completed by CPRM, using rectified imagery for Total Magnetic Field (TMF), signal amplitude of TMF, First Derivative of the TMF, Uranium Concentration and Total Count of Gamma spectrometry. The magnetic anomalies identified in the airborne survey assisted in delineating areas of interest and led to Agua completing a ground-based magnetic survey over the entire northern tenement area in March, 2012. The survey was carried out by AFC Geofisica, Ltda. from Porto Alegre, Brazil. The survey comprised 104 line kilometres oriented north south. Survey lines and control lines were spaced at 25m and 100m apart respectively.
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- Drillhole location map and total magnetic field geophysical survey map
- Mineral processing and metallurgical testing for the Tres Estradas Phosphate project has been ongoing since 2012. Over that time the understanding of the metallurgical properties and characteristics of the ore and its response to various processes to concentrate and recover phosphate has gradually improved as a series of studies have steadily increased their relevance and level of detail. The most current level of work reflects a well-developed and considered approach to phosphate recovery that is optimized and verified to a level suitable to support a selection of a process route as well as the basis for preliminary
- equipment sizing.
- In 2015 a beneficiation bench-scale study was conducted on carbonatite and saprolite ore samples by SGS.

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		<p>This study confirmed phosphate recoveries of the previous study. Additionally, the slimes (-20µm) fraction were very significant, with similar chemical composition to the coarse fractions, which if discarded would result in high losses of P₂O₅.</p> <ul style="list-style-type: none"> • Eriez began their engagement with a program in 2016 that produced concentrates from various ore types at a commercially viable level of performance using column flotation. Preliminary bench-scale testing was performed using mechanical test cells in order to optimize the process approach, which was then tested using columns. • Metallurgical and process testing has culminated in Eriez’s most recent pilot-plant testing for flotation (2017), supported with a recent comminution study. A multi month study, using bulk samples and performed at Eriez Flotation Division’s pilot-plant facilities in Pennsylvania, USA, has confirmed the earlier bench-scale work as well as further improvements in the process design to improve grade - recovery projections
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> • Millcreek considers the exploration data collected by Agua to be of sufficient quality to support mineral resource evaluation.