

23 April 2021

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

OPERATIONS AND CORPORATE UPDATE

Sydney, Australia: Agua Resources Limited (ASX: AGR) ('**Agua**' or the '**Company**') is pleased to provide shareholders with an update on the progress of the Company's pre-production phosphate and copper projects in the State of Rio Grande do Sul, southernmost Brazil.

COVID-19 Update

Approximately 30 million people have now been vaccinated in Brazil, almost 15% of the country's population. The State of Rio Grande do Sul (RS), where Agua's projects are located in southernmost Brazil, is leading the vaccination ranking with more than 2 million people vaccinated, representing about 20% of the State's population. RS has recently been hit with a second wave of the virus with lockdown measures implemented and only essential services available to consumers. Nevertheless, industry and factories continue to operate normally.

Agua's work has always continued throughout the pandemic unabated and the Company continues to function with most activities progressing to schedule. Our people all have the capacity to work from home and all meetings are being conducted via phone and video call. Our field work in remote areas has not been disrupted.

As Brazil is a Federation, the COVID-19 response is managed in RS by the State Government, which to date, has a very good record of being highly effective and responsive in managing the impact of the pandemic. We expect that this will continue.

Três Estradas Phosphate Project Update

Agua does not expect that construction of the Três Estradas Phosphate Project (TEPP) (set to commence during 2021) will be delayed by COVID-19 once the Installation Licence (LI) is granted, as construction, production and distribution will all take place in Lavras do Sul, a remoted rural municipality.

1. **Land acquisition and licence to construct:** the right to construct the mine is dependent on receipt of the LI which requires finalisation of project land acquisition. This is now at a very advanced stage and a comprehensive update will be provided shortly.
2. **Agricultural testing:** on the soybean and rice summer crops has now been completed and Agua expects to report on the results of these in the next couple of weeks. These results will further enhance Agua's marketing efforts to growers and agronomists.

Soybean is a widely grown crop in Agua's market region with access to huge export markets from the nearby Port of Rio Grande. Winter crop testing demonstrated Pampafos® to be 98% as effective when compared to conventional fertilisers but with a much lower cost of production.

[\(https://aguiaresources.com.au/asx-announcements/soybean-tests-confirm-high-quality-tepp-natural-fertilizer/\)](https://aguiaresources.com.au/asx-announcements/soybean-tests-confirm-high-quality-tepp-natural-fertilizer/)

The rising global price of soybean will most certainly cause high interest amongst growers regarding the soon to be released results of Agüia's summer soybean tests using Pampafos®, the cost of which can significantly undercut rival products. The release of these results will complete Agüia's soybean testing program.

3. **Phosphate marketing:** there has been an ever-growing positive response to the marketing of our Pampafos® natural phosphate fertiliser which has been in progress for around six months now. Over the past few weeks Agüia has received expressions of interest not only from growers but also from agronomists who consult to a significant number of growers and who in-turn collectively control relatively large tracts of land. Agüia recently hosted a Zoom meeting for over 70 interested parties including growers and agronomists. The Company continues to promote Pampafos® at agricultural fairs and conducts site visits to interested growers.



Figure 01 – Pampafos® packaging

4. **Project funding:** Agüia announced on 6 April 2020 that the TEPP met the criteria necessary for the Development Bank of Southern Brazil (Banco Regional de Desenvolvimento) (BRDE) to provide a letter of support for debt financing to fund up to 50% of the capital expenditure of the project (<https://aguiareources.com.au/asx-announcements/brde-gives-support-to-fund-50-of-te-phosphate-project-capex/>). Following that confirmation, the Company has worked with the bank to understand ways in which adequate collateral can be found to support the loan. That process is now complete, and we await the final decision of the BDRE Board. Details will be announced as soon as they become available. Together with the funds from the recently completed capital raise, Agüia will be well-funded to bring the TEPP to commissioning.

Management Commentary

Managing Director Dr. Fernando Tallarico said: *"We are very pleased with the progress Agüia is making in advancing the TEPP. Despite the restrictions imposed during the ongoing COVID pandemic, that were necessary and welcomed by Agüia, we were able to substantially advance the TEPP to a point that the commencement of the construction is now very close. We also stress that there is broad community and government support for this important project. As well, we have been able to unlock further value by progressing our Andrade Copper Project with this value reflected in the recently completed Scoping Study. We will continue to update our shareholders as the next milestones for both projects are achieved. Agüia is in excellent shape."*

**AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING
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About Agua:

Agua Resources Limited, ("Agua") is an ASX listed multi-commodity company (AGR:ASX) with pre-production phosphate and metallic copper projects located in Rio Grande do Sul, the southernmost state of Brazil. Agua has an established and highly experienced in-country team based in Porto Alegre, the capital of Rio Grande do Sul. Agua's first project, the Três Estradas Phosphate Project is expected to be in production by Q4 2021. Agua is committed to advancing its existing projects into production whilst continuing to pursue other opportunities within the sector.

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 law.