

15 December 2021

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

COPPER: WHY ITS NOT JUST ABOUT TONNES AND GRADES & ANDRADE DRILLING PROGRAM

Sydney, Australia, - Aguia Resources Limited ABN 94 128 256 888 (ASX: AGR) ('**Aguia**' or the '**Company**') is pleased to provide this summary of the progress and development of its Copper Portfolio throughout calendar year 2021 and to demonstrate that a profitable copper mine can be successfully developed, as well as details of a planned drilling program of the Andrade Deposit set to commence in early 2022.

Tonnes and grades are often said to be the 'Holy Grail' of copper investments. However, speculative investments are often made without consideration as to how mineralisation can be produced and marketed cost effectively. Many junior miners also continue exploring without considering a viable production plan. Four key attributes are necessary to cost effectively develop a viable copper mine: proximity to quality infrastructure; a deposit at surface which allows for open pit mining; metallurgical testing results which support cost effective production techniques and having sufficient tonnes and grades. Aguia's Andrade copper project has all of these attributes.

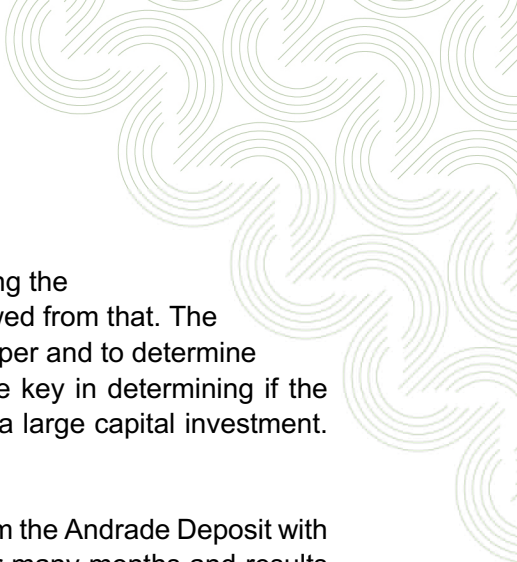
With respect to tonnage and grade, in March 2021 we reported that we were able to meet the requirements which permitted us to move from an *inferred* resource to a largely *indicated* resource. Put simply, Aguia produced an economically viable mine production plan with the JORC-compliant Mineral Resource consisting of 18.03 Mt of Indicated Resource grading 0.41% copper and 1.87 g/t Ag, and 3.98 Mt of Inferred Resource grading 0.53% copper and 2.06 g/t Ag.¹

Aguia is not aware of any new information or data that materially affects the previously reported information regarding mineral resources. All material assumptions and technical parameters continue to apply and have not materially changed.

With these tonnes and grades alone, Aguia has independently demonstrated an IRR of 43.5% on the estimated capital expenditure of A\$18.12 million. It should be noted that many copper production projects require hundreds of millions of dollars in capital investment.

Prime infrastructure combined with mineral deposits close to surface have long been hallmarks of Aguia's asset portfolio located in the vicinity of the town of Caçaapava do Sul in Southern Brazil with a population of 33,500, and in close proximity to the international Port of Rio Grande. However, it is the third attribute, metallurgical testing, which is perhaps less understood. It has a vital impact in establishing an economically viable project.

¹ <https://aguiaresources.com.au/asx-announcements/andrade-copper-updated-resource-estimate-scoping-study/>



The results of our metallurgical testing were highly significant in establishing the blueprint for the Andrade Copper mine and the financial metrics which flowed from that. The purpose of metallurgical testing is to understand the mineralogy of the copper and to determine the likely liberation of the copper species from the ore. These factors are key in determining if the processing of the ore can be done simply and cheaply or if it will require a large capital investment. Therefore, metallurgical testing is key to the economics of a project.

Last year, Aguia commenced metallurgical testing on selected samples from the Andrade Deposit with ALS Laboratories in Perth, Western Australia. The testing took place over many months and results can be summarised as follows:

- Indications were that 96% of the copper mineral could be liberated from the ore;
- The copper ore mineral was confirmed as chalcocite; a copper species which can be extracted through acid leaching which is the most cost-effective way to produce metallic copper; and
- The results were crucial to inform the Company on how to proceed with efficient copper processing techniques. This is an area of ongoing work.

The metallurgical results were pivotal in reaching the conclusion that we not only had a feasible project but a very profitable one, with an IRR of 43.5%, NPV of A\$108.01 million, and a CAPEX of A\$18.12 million. Ultimately these three attributes as outlined above all converged for Aguia into the making of a very profitable mine at Andrade, especially when compared to other copper projects.

But back to tonnes and grades. What of our 1,540km² of copper tenements? Obviously, this is where our potential to increase tonnes and grades will come from. How did we choose them? Our selection of these tenements was ultimately based on our exploration model, namely the exhausted copper mine at nearby Camaqua which was mined for over 100 years. Based on this model we were able to rank a variety of geological attributes which indicated whether or not a tenement is prospective, and if it merits further exploration investment. Most of the properties we have acquired either have copper showings at surface or were subject to previous exploration programs. These very factual attributes are usually coupled with important geophysical signatures, and these were identified by the airborne survey undertaken by the Brazilian Geological Survey.

This in turn, forms the basis of the identification of our copper targets which have recently increased to 10, including Andrade. And it is from the Andrade JORC Resource and ultimately these prospective targets that we will now move into a significant phase of the economics of the Andrade copper project, that is to start drilling with the aim to potentially increase the tonnes and grade of the deposit.

It's often assumed you need to have very large tonnage and high grade to start a mine, but this can be a misconception. A small project can also be very lucrative. Our projected EBITA is currently A\$19.1 million per annum. The size and the category of a Mineral Resource is usually a function of the drilling budget as bringing the resource up to measured and indicated categories usually requires a lot of drilling. Mineral deposits usually start small and grow as a function of continuous drilling and improvement of the geological model.

Andrade Drilling Program

Having all the attributes of the mine in place, Aguia is now ready to commence a comprehensive infill drilling program at Andrade with the aim of increasing the tonnes and grade of the Deposit. Holes drilled will be subject to an independent review and resource update, which, because we already have an independently reviewed Copper Scoping Study for Andrade completed, Aguia is in a somewhat unique position of being permitted to report the corresponding updated financial metrics.

Management Commentary

Managing Director Dr. Fernando Tallarico said: *“The groundwork for establishing a profitable copper mine at Andrade has already been achieved. It is now time for Aguia to undertake a copper drilling program at Andrade which we expect will commence in early 2022. With our recently completed placement, we are very well-funded to add to our resource base and to further demonstrate Andrade’s viability through infill drilling.”*

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

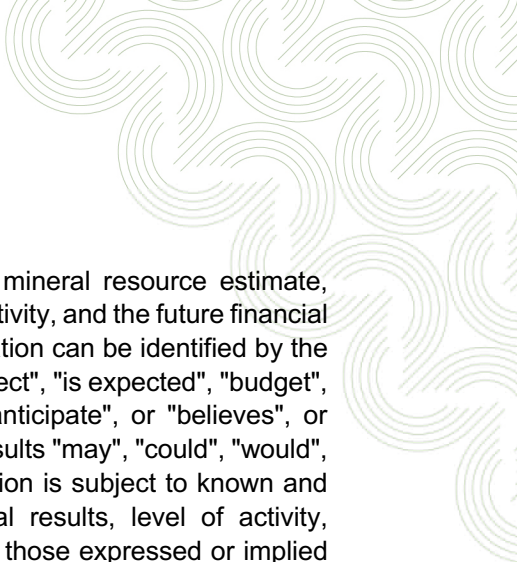
Aguia Resources Limited, (“Aguia”) is an ASX listed multi-commodity company (AGR:ASX) with pre-production phosphate and metallic copper projects located in Rio Grande do Sul, the southernmost state of Brazil. Aguia has an established and highly experienced in-country team based in Porto Alegre, the capital of Rio Grande do Sul. Aguia is committed to advancing its existing projects into production whilst continuing to pursue other opportunities within the sector.

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 law.