

02 November 2022

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

CONSTRUCTION LICENCE GRANTED FOR THE PHOSPHATE PROJECT

Sydney, Australia – Aguia Resources Limited ABN 94 128 256 888 (ASX: AGR) or "Aguia" or "the company" is a mining company operating in the State of Rio Grande do Sul, ("RS") the southernmost State of Brazil - the company has 2 well-developed projects: A Phosphate Project, which will produce *organic phosphate fertiliser*, and a Copper Project, which will produce *cathode copper*.

Aguia is delighted to announce to our shareholders that the construction licence has been granted for its Phosphate Project. The news was first made available by the State Secretary for the Environment at the Lavras Agricultural Fair. The Secretary described the project as "emblematic" in terms of its positive environmental and social aspects and welcomed the opportunity it brings for increased prosperity in the region. The Lavras' Mayor, and the State Secretary of Agriculture, among other authorities, were also present at the function.

The construction licence is a critical milestone in the environmental permitting of the mine because it provides the necessary authorisation to initiate construction and start developing the mine site. It represents a substantial de-risking in the path to construction and production. The next and final phase in the permitting process will be the Operation Licence, which is the site inspection conducted before the opening of the mine and processing plant. Its purpose is to ensure that the Phosphate Project was constructed following the approved design of the project and complies with the environmental, safety, health, and mining rules.

The Phosphate Project is located in the State of Rio Grande do Sul, one of the largest grain producers in Brazil. Currently, 100% of the State's phosphate needs are imported. Our Phosphate Project has a JORC-compliant measured and indicated resource of 83.21 Mt grading 4.11% P₂O₅ and another 21.8 Mt grading 3.67% P₂O₅ of inferred resource¹. After the ramp-up period of the mine and processing plant, we expect to produce about 300 thousand tonnes of *organic phosphate fertiliser* per year over the 18-year life of mine and consume less than 5% of the resources from this Project. We anticipate strong interest in our product from the local farmers during construction.

Our Phosphate Project is highly lucrative, with an expected annual EBITA of A\$ 14 million. Our *organic fertiliser, Pampafos*, will be produced at a low operational cost¹. By adopting sustainable approaches, we have substantially reduced operating costs. The processing plant is in the process of being certified as triple net-zero by EDGE, a green building certification system developed by the International Finance Corporation, part of the World Bank.

¹ Announcement BFS for TEPP Reaffirms Excellent Project Economics from 17/12/2020

Agua has secured a loan with the Development Bank of Southern Brazil (*Banco Regional de Desenvolvimento do Extremo Sul - BRDE*) for approximately half of the Project Capex².

The Project's environmental permitting is under discussion in a public civil action (PCA) sponsored by the Brazilian Federal Public Prosecutor's Office (FPPO). Although we had a first favourable decision³, which had been appealed⁴ and granted⁵, there is still an injunction request pending of decision that could prevent the Company from starting construction until the court makes a decision. Both the federal prosecutor currently representing the FPPO in the PCA and the federal trial court judge in charge of the case responded positively to Agua's attempt to negotiate with all parties involved to resolve the matters under dispute as soon as possible.

Management Commentary

Managing Director Dr Fernando Tallarico said: *"I am extremely proud to announce to our shareholders the granting of the Construction License, which is a key milestone in our path towards production. The granting of this permit reaffirms the high quality of our technical and environmental studies. We want to thank the FEPAM's (the State Environmental Agency) team for the hard work and dedication in helping us to bring development to southern Brazil"*.

**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 multi-commodity company (AGR:ASX) with preproduction 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 is committed to advancing its existing projects into production whilst pursuing 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 data compiled by Dr Fernando Tallarico. He 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 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

² Announcement Agua Secures A\$3.75m Loan to Fund TEPP Capex from 8 June 2021.

³ Announcement Favourable First Instance Decision in TEPP Legal Proceedings from 11 May 2022.

⁴ Announcement Updated on Legal Proceedings from 23 June 2022.

⁵ Announcement Updated on Legal Proceedings from 1 September 2022.

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, other factors may cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will 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.