



13 May 2025

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

## Brazil Phosphate - Progress Update May 2025

Most of the recent news flow has concerned the Santa Barbara Gold Project and the ramp up of operations to achieve strong earnings, but shareholders should remember that Agua Resources also has a very promising rock phosphate project in Brazil that is expected to come on stream in Q4 of 2025, enabling first sales in Q1 of 2026. Hence this update only covers recent progress in Brazil.

### HIGHLIGHTS

- A long-term lease for the Tres Estradas processing facility in Caçapava do Sul was signed on February 19, 2025, with limestone fertilizer producer Dagoberto Barcelos (DB).
- Mining and logistical service contract negotiations for the mining of the Tres Estradas resulted in a signing on 9<sup>th</sup> May.
- The Brazilian Development Bank of the Extreme South of Brazil (BRDE) has initiated a financing package application for the Tres Estradas mine startup.
- Auger exploration drilling is ongoing at Passo Feio and Vila Progreso, which are phosphate-bearing carbonatite prospects located within 20 km of the leased processing facilities.

**Sydney, Australia:** Agua Resources Limited ABN 94 128 256 888 (ASX:AGR) ('Agua' or the 'Company') is pleased to report on its progress on the Company's phosphate project in Rio Grande do Sul, Brazil.

**Executive Chairman, Warwick Grigor, commented:** *It's been a productive period for Agua in Brazil after signing the lease agreement with DB. The processing facility has been undergoing a number of modification and maintenance activities in preparation to the handover of the site. The association with DB will be instrumental to a smooth path to production, enabling significant cost and time savings on earlier estimates. More than that, having the association and the benefits of an established sales force and local presence will be instrumental in accelerating community acceptance of our activities and the uptake of the Pampafos product. The technical support offered by DB will be another great benefit. We couldn't be more pleased with the association to date and we look forward to being ready for production by the end of 2025. "*

## **TRES ESTRADAS MINE DEVELOPMENT**

The management of Aguia conducted an evaluation on the optimal approach to operate the mine, with a focus on logistics and road maintenance for transporting ore to the Caçapava do Sul processing plant. Management took into account the following considerations;

- purchasing new machinery/trucks/ infrastructure,
- bank financing for machinery/trucks/ infrastructure,
- leasing from manufacturers and building infrastructure,
- buying used machinery/trucks (under 3 years old) and building infrastructure,
- constructing a new greenfield project and
- engaging third-party service providers.

The results clearly demonstrate that outsourcing mining and logistics to a third party, as well as utilizing an existing processing plant, enhances Brazil's project NPV, decreases initial CAPEX, and mitigates risk by implementing a per-tonne payment structure upon delivery to the weighbridge at the Caçapava do Sul processing plant.

## **MINE SERVICES AGREEMENT**

### **Tres Estradas Mine Start-Up**

Negotiations for mining and logistical services at the Tres Estradas Mine site have resulted in the awarding of a contract to local company, Contrasapper. Tender evaluation and discussion included;

- mobilization and demobilization,
- early works: site facilities, infrastructure, access roads, vegetation removal, drainage systems, waste dump preparation,
- mining services: support, restoration, closure plans,
- logistics: transport from mine to processing facility and
- additional items: primary recovery on internal access, road repairs and maintenance.

## **DB PROCESSING FACILITY**

### **Processing Facility Agreement**

Aguia has entered into a 10-year lease agreement (plus 10 year option) with Dagoberto Barcelos (DB) for the use of their existing fertilizer plant located in Caçapava do Sul, which is situated approximately 110 km from Aguia's Tres Estradas phosphate mine site.

The updated lease terms have led to a one-month delay in the start date and rescheduled the BRL\$5 million upfront payment to May, June, and July, instead of January, February, and March as specified in the Memorandum of Understanding (MOU). The new payment terms of the contract signed on 21/2/25 are as follows;

- First payment - 27 February 2025. R\$ 120,000 (approx. A\$300,00),
- Second payment - 31 March 2025. R\$ 550,000 (approx. A\$152,000),
- Third payment 30 April 2025. R\$ 550,000 (approx. A\$152,000),
- Fourth payment 30 May 2025. R\$ 1,200,000 (approx. A\$333,000),
- Fifth payment 30 June 2025. R\$ 1,200,000 (approx. A\$333,000) and
- Sixth payment 31 July 2025. R\$ 1,380,000 (approx. A\$383,000).
- The total upfront payment as per MOU remains R\$ 5 million.

Handover as per the agreement commenced in March with joint audit of the facilities and permitting. Aguia Fertilizantes S.A. moved its registered address to the processing plant at Br 392, Km 251, Caieiras, Caçapava do Sul, RS, CEP 96570-000, and registered it with the Ministry of Agriculture as a fertilizer manufacturing location (CNAE 20.13-4-020) in the month of March 2025

### **Marketing and Sales Agreement**

Brazil spans 851.5 million hectares, with 257 million hectares (30%) for agriculture. Fertilizer use grew by 4% between 2014 and 2023. In 2024, grain production was about 300 million tons, projected to reach 477 million tons by 2034/2035, indicating significant growth in fertilizer usage.

A comprehensive Marketing and Sales Plan has been developed to initiate the pre-sale of PAMPAFOS, a higher-grade product, in June 2025 upon receiving approval from the Ministry of Agriculture. Marketing efforts for the second registered trademark, LAVRATTO, featuring a lower phosphate content product, will commence in 2026 following the establishment of key technical parameters based on agronomic test results. The first delivery of PAMPAFOS is scheduled for the first quarter of 2026, coinciding with the commencement of production at the mine and plant, where it will be crushed, dried, and packaged in 50 kg and 1,000 kg bags.

Aguia's annual production is expected to reach 300,000 tonnes p.a. by 2027, meeting demand around Caçapava do Sul. As the numbers below suggest, there is plenty of addressable markets for our initial production. That leaves room for subsequent expansions.

- Within 200 km from DB Processing Plant:
  - Aguia could meet 10% of the potential  $P_2O_5$  demand.
- Between 200 to 300 km:
  - Aguia could meet 7% of the potential  $P_2O_5$  demand.
- Greater than 300 km away:
  - Aguia could meet 3% of the potential  $P_2O_5$  demand.
- State of Rio Grande do Sul:
  - Aguia could meet less than 2% of the potential  $P_2O_5$  demand.

Aguia is concluding negotiations with a group that has over 40 years of experience in selling fertilizer and limestone products in Rio Grande do Sul, Santa Catarina in Brazil and internationally in Uruguay. The group's representative is currently the President of the Limestone Producers industry body of Rio Grande do Sul.

### **Product**

Aguia is currently preparing the Pampofos within the guidelines of the Ministry of Agriculture, Livestock and Supply (MAPA) who has the following rules for soil reactivity:

- Reactive Natural Phosphate with at least 12%  $P_2O_5$  must pass a 0.3mm sieve with 50% minimum grain size.
- Mixed mineral fertilizer (6%  $P_2O_5$  plus sulfur) must meet the same granulometry.



*Rotary Dryer, Cacapava do Sul Processing Facility Asset to be leased by Aguia*

Agricultural limestone machines frequently used in agriculture can also apply reactive natural phosphate (Pampafos) and mixed mineral fertilizer to fields. For natural phosphate with less than 12%  $P_2O_5$  content, MAPA requires 85% to pass through a 0.075mm sieve to ensure finer granulometry for better plant availability. Testing is ongoing for the lower grade phosphate from Três Estradas and Mato Grande, which is planned to be mixed with sulphur and registered with MAPA, thereby increasing resource capacity.

### **Product 1: Reactive Natural Phosphate**

Product grade: 12%  $P_2O_5$

Suggested sale price range - A\$200-230 per tonne

Product grade: 10%  $P_2O_5$

Suggested sale price range - \$180-210 per tonne

### **Product 2: Mixed Natural Fertilizer**

Product grade: 6.27%  $P_2O_5$  plus sulphur

Estimated sale price – A\$110- 120 per tonne

Basis for pricing estimate: Aguia's Pampafos product price is based on imported chemical phosphate (45% grade). On April 14, 2025, the CFR price for chemical phosphate in Rio Grande do Sul, Brazil was US\$680 per tonne<sup>1</sup>.

<sup>1</sup> Safras and Mercado Weekly Price Report . Safras & Mercado is the leading consultancy for Brazilian agribusiness. With highly specialized professionals, Safras & Mercado monitors national and international agricultural markets on a daily basis, providing exclusive information to clients in the public and private sectors, distributed in dozens of countries.



## TRES ESTRADAS PROJECT RESOURCES

Phosphate JORC 2012 Mineral Resources & Reserves (M & I Phosphate Resource disclosed in the Updated BFS, released 21 March 2023 with high natural  $P_2O_5$  grade in the oxidised ore (sapolite) (8.8%  $P_2O_5$  on average) at the deposit.

Table 1: Summary of Mineral Resource Estimate						
Audited Mineral Resource Estimate Table* - Tres Estradas Phosphate Project Effective Date September 8, 2017 - Block Model: 12 m x 6 m x 10 m						
Resource Classification	Domain	Tonnage (t x 1000)	$P_2O_5$ (%)	CaO (%)	$P_2O_5$ as Apatite (%)	CaO as Calcite (%)
Measured	AMSAP	55	6.63	10.75	15.7	19.19
	CBTSAP	796	10.18	18.2	24.11	32.49
	WMCBT	1,686	4.24	34.07	10.03	60.82
	MCBT	33,004	3.85	34.26	9.12	61.15
	MAMP	655	3.72	19.09	8.81	34.08
<b>Total Measured</b>		<b>36,196</b>	<b>4.01</b>	<b>33.59</b>	<b>9.5</b>	<b>59.95</b>
Indicated	AMSAP	653	5	11.49	11.85	20.5
	CBTSAP	3,834	9.21	16.24	21.82	28.99
	WMCBT	1,026	4.38	34.57	10.39	61.71
	MCBT	36,984	3.67	35.08	8.69	62.62
	MAMP	4,517	3.98	19.63	9.43	35.04
<b>Total Indicated</b>		<b>47,014</b>	<b>4.18</b>	<b>31.72</b>	<b>9.91</b>	<b>56.63</b>
<b>Total Measured + Indicated Resources</b>		<b>83,210</b>	<b>4.11</b>	<b>32.53</b>	<b>9.73</b>	<b>58.07</b>
Inferred	CBTSAP	45	5.41	20.17	12.82	36.01
	WMCBT	45	3.93	33.86	9.32	60.44
	MCBT	20,247	3.65	34.72	8.64	61.98
	MAMP	1,508	3.89	19.21	9.22	34.3
<b>Total Inferred</b>		<b>21,845</b>	<b>3.67</b>	<b>33.62</b>	<b>8.69</b>	<b>60.01</b>

\*Mineral resources are not mineral reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect relative accuracy of the estimates. Mineral resources are reported within a conceptual pit shell at a cut-off grade of 3%  $P_2O_5$ . Mineral Resource classification of Tres Estradas Project was performed by Millcreek Mining Group March 13, 2018, as verified by GE21 on NI43-101 Technical Report format named "Tres Estradas Phosphate Project, Rio Grande do Sul, Brazil dated on April 4, 2018".

Mr. Steven B. Kerr, C.P.G., Principal (Geology), Millcreek Mining Group is responsible

Table 2: Proven and Probable Reserves										
Block dimensions 12x6x10 (m)										
Mine Recovery 98%, Dilution 2%										
(Effective date 08/01/2020)										
Litho	Class	Mass	$P_2O_5$	CaO	MgO	SiO <sub>2</sub>	K <sub>2</sub> O	Fe <sub>2</sub> O <sub>3</sub>	MnO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>
		Mt	%							
CBTSAP	Proved	0.64	10.2	18.1	5.2	28.5	0.45	19.1	0.89	4.7
	Probable	3.67	9.2	16.2	4.6	31.8	0.39	18.4	0.87	5.9
AMPSAP	Proved	0.04	6.7	10.9	9.5	37.3	0.71	15.3	0.68	7.3
	Probable	0.67	4.9	11.4	7.6	39.9	1.07	15.4	0.47	8.6
	Total Proved	0.68	10.0	17.7	5.5	29.0	0.5	18.9	0.9	4.9
	Total Probable	4.34	8.5	15.5	5.1	33.1	0.5	17.9	0.8	6.3
<b>Total Proved and Probable</b>		<b>5.02</b>	<b>8.8</b>	<b>15.7</b>	<b>5.1</b>	<b>32.5</b>	<b>0.49</b>	<b>18.1</b>	<b>0.82</b>	<b>6.1</b>

Mineral Reserves were estimated using the Geovia Whittle 4.3 software and following the economic parameters: Sale price for DANF@9% $P_2O_5$  = AUD\$72.00 and for DANF@5% $P_2O_5$  = AUD\$43.20 Exchange rate AUD\$ 1.00 = R\$ 2.85.  
Mining costs: AUD\$2.32/t mined, processing costs: AUD\$4.81 /t milled and G&A: AUD\$3.34/t DANF. Mineral reserves are the economic portion of the Measured and Indicated mineral resources.  
Dilution 2% and Recovery 98%  
Final slope angle: 34°  
Waste = 2.50Mt  
Inferred = 0.03Mt @ 5.2% $P_2O_5$  Inferred Resources were not included in the Mineral Reserves. The inferred is not a Mineral Reserve. It needs confirmation to become Mineral Reserves.  
Strip Ratio = 0.5 t/t - (Waste+inferred)/Ore  
The Competent Person for the estimate is Guilherme Gomides Ferreira, BSc. (MEng), MAIG, an employee of GE21

## EXPLORATION UPDATE

The exploration plan contemplates focusing on the phosphate-bearing carbonatite tenements in the Caçapava do Sul area to be processed at the leased DB processing facility. The phosphate-bearing carbonatite can be drilled quickly and shallowly with an auger drilling program.

### Mato Grande

The Mato Grande phosphate-bearing carbonatite deposit is located 2 km from the processing facility in Caçapava do Sul. The ANM exploration term report was submitted on 11 December 2024, to transition into the exploitation phase. The next steps for the tenement include applying for an environmental license.

### Paso Feio

Passo Feio is a series of phosphate-bearing carbonatite deposits located 20 km from the processing facility in Caçapava do Sul. Recent auger drilling was conducted at the northern end of the tenement, targeting a distinct carbonatite occurrence separate from the previously tested main site. The auger drill proves to be an effective tool for identifying carbonatite and amphibolite within igneous and metamorphic host rocks, especially considering the limited presence of outcrops. In line with the exploration strategy employed at Tres Estradas, ground magnetic surveys are planned to accurately delineate these geological features.

**AUTHORISED FOR ISSUE TO ASX BY THE BOARD OF AGUIA RESOURCES LIMITED**

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**About Aguia:**

Agua Resources Limited ("Agua") is an ASX-listed multi-commodity company (AGR:ASX) with a pre-production phosphate project and extensive copper exploration targets 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.

In July 2024, Agua announced the completion of the takeover of unlisted public company Andean Mining Limited which has a portfolio of 100%-owned, high-grade gold, silver and copper projects in the Republic of Colombia, South America:

- **Santa Barbara Gold Project:** high-grade mesothermal gold project with a 30 tonnes per day pilot plant that has treated 500 tonnes of ore, with average recoveries of 20 g/t Au. Agua has successfully recommission the plant at a capacity of 30 tonnes per day and is part way through the expansion.
- **Atocha:** high-grade silver/gold exploration project with reported drill intercepts that include 20.14g/t Au and 723g/t Ag over a true width of 0.8m in drill hole AT-21-02.
- **El Dovio:** high grade copper/gold project: VMS-style mineralisation, with 34 drill hole intercepts that include 8.14g/t Au, 6.92% Cu, 39.41g/t Ag and 1.46% Zn over 5.80 metres in drill hole D13-05 and an exploration adit having been completed.

**Competent Person**

Raul Sanabria, M.Sc., P.Geo., EurGeol., and a Competent/Qualified person ("QP") as defined by Australian JORC (2012 Edition) and Canadian National Instrument 43-101, has reviewed and approved the technical information contained in this document.

**JORC Code Competent Person Statements:**

The technical information contained in this press release has been prepared and reviewed by Raul Sanabria, M. Sc., P.Geo, EurGeol, member in good standing of the APEGBC and EFG, and Qualified Person as described in NI43-101 Canadian Guidelines and Competent Person as described in JORC Guidelines for standards of public reporting technical information relevant to exploration results. Mr Sanabria 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'. Mr. Sanabria consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.