

# BUILDING A BRAZILIAN FERTILISER COMPANY



June 2014

AGUIA Resources Limited

ASX Code: AGR

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## **Competent Persons Statement**

The information is extracted from the report entitled Quarterly Report and Appendix 5B released on 30 April 2014 and Tres Estradas Phosphate Project released on 29 May 2014 and are available to view on [www.aguiaresources.com.au](http://www.aguiaresources.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



# INVESTMENT HIGHLIGHTS



## ■ Building a Brazilian fertilizer company

- World class phosphate and potash assets;
- Brazil is an agricultural powerhouse dependent on fertilizer imports

## ■ Flagship Rio Grande Deposits Exhibiting High Quality & Lower Cost Characteristics

- Three new igneous phosphate discoveries in land holding over 390km<sup>2</sup> – Três Estradas (Nov 2011); Joca Tavares (June 2013); Porteira
- **Três Estradas**– *current focus* -
  - potential for high grade/clean concentrate;
  - expect simple open cut mining from surface;
  - potential for blending of high grade oxide material over life of mine;
  - potential to expand to SW (mineral resource covers 45% of mineralized strike);
  - preliminary metallurgical results indicate potential to produce commercial concentrate using standard methods;
  - excellent infrastructure exists in area (access to one of only two ports in Brazil with an acid terminal)

## ■ First Movers in Rio Grande Do Sul (RS) State – A Willing Market

- Established farming area – produces wheat, rice, soybean, corn, dry beans and lesser quantities of sugar cane and coffee
- State requires over 500K tpa of P<sub>2</sub>O<sub>5</sub> and imports 100%
- Located close to Uruguay and Argentina – all part of Mercosur (free trade bloc in South America)

## ■ Potential Longer Term Upside from Secondary Projects

- Atlantic Potash Project; Lucena Phosphate Project; Mata da Corda Phosphate Project

# AGUIA OVERVIEW: BUILDING A BRAZILIAN FERTILIZER COMPANY



## World Class Phosphate and Potash Assets

### Assets

#### ■ Rio Grande Phosphate:

- Igneous carbonatite-hosted deposit;
- 10MT Indicated and 21MT Inferred JORC Resource at **Três Estradas** (TE) – 55% of mineralized deposit not drilled yet;
- Second discovery at **Joca Tavares** (JT);
- Ideally located in area dependent on imports;
- Excellent infrastructure (TE is less than 1km from all railway links to the Rio Grande port – one of only two in Brazil that have an acid terminal);
- Potential for early cash flow

#### ■ Lucena Phosphate:

- Sedimentary deposit;
- Preliminary 55MT Inferred JORC Resource

#### ■ Atlantic Potash:

- Adjacent to Brazil's only operating potash mine



### Mining & Fertilizer Experts

**Alfredo Nunes** - Exploration Manager - Phosphate

- 20 years exploration and resources evaluation in Brazil and globally, including 13 years with Brazilian major Vale, from exploration to mine production.

**John Sinden** - Phosphate Processing Engineer

- Renowned consultant engineer with more than 45 years in the field of phosphate processing, leading phosphate rock to acid specialist.

# AGUIA OVERVIEW: BUILDING A BRAZILIAN FERTILIZER COMPANY



## Recent Management Changes; Elimination of Performance Shares

### Directors

**David Gower** – Interim Chairman

- Over 25 years experience in the minerals industry including senior positions with Falconbridge Limited and Noranda Inc.

**Prakash Hariharan** – Managing Director

- Chemical engineer with experience in Agrochemicals and a highly successful fund manager focused on the phosphate and potash sectors on both the ASX and TSX capital markets

**Dr. Fernando Tallarico** - Technical Director

- Over 20 years experience in Brazil in exploration and project generation for Noranda, Falconbridge and BHP Diamond South America.

**Allan Pickett** - Non-Executive Director

- Highly regarded Fertilizer Professional with 14 years experience with British Sulphur Consultants, the fertilizer and chemical division of CRU International Ltd.

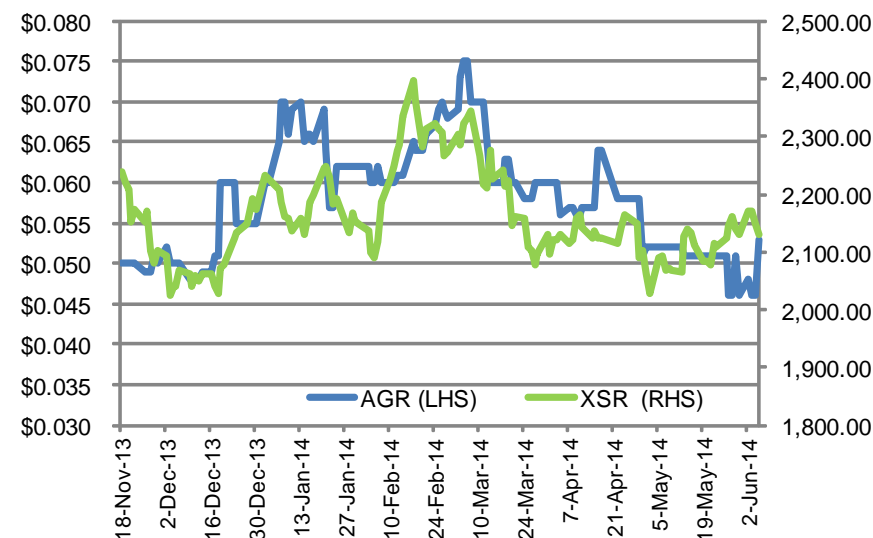
**Brian Moller**- Non-Executive Director

- Lawyer, specializing in capital markets, mergers and acquisitions and corporate governance, and has been a partner of the legal firm HopgoodGanim for 30 years.

**Alec Pismiris** - Non-Executive Director

- Over 25 years experience in the securities, finance and mining and industries. Currently a director of Capital Investment Partners, a company that provides corporate advisory services.

### Agua(AGR-AU) Stock Price Performance



### Capital Structure

Ticker - ASX	AGR
Shares Outstanding (May 2014)	213.9M
Market Cap at A\$0.046/share	A\$9.8M
Cash Balance (March 2014)	A\$1.2M
Unlisted Options (average price A\$0.29)	21.0M
Performance Shares (expire June 2015)	4.1M

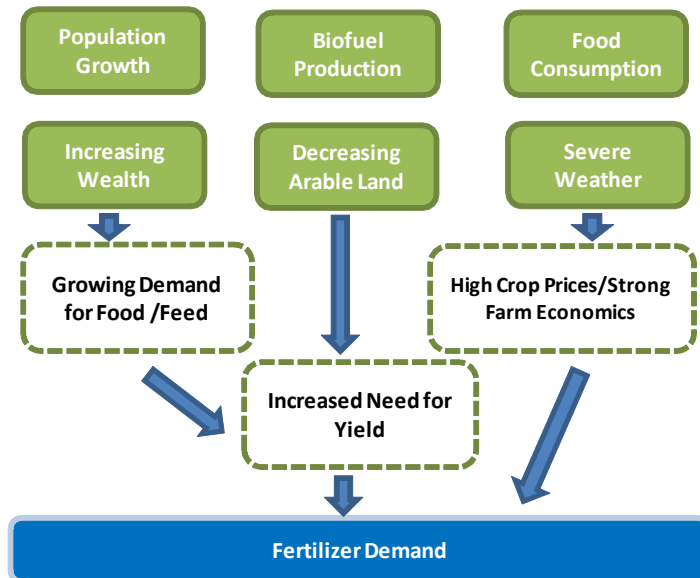
Source: FT.com, AGR



# THE NEED TO FEED: LONG-TERM INVESTMENT THESIS FOR FERTILIZER



## Compelling Drivers for Long Term Fertilizer Demand Growth



World Fertilizer Demand (Mt Nutrient)				
	N	P2O5	K2O	Total
09/10	102.2	37.6	23.7	163.5
10/11	104.1	40.6	27.5	172.3
11/12	107.8	40.6	27.7	176.1
<b>Change</b>	<b>3.5%</b>	<b>0.0%</b>	<b>0.9%</b>	<b>2.2%</b>
12/13e	107.5	40.3	28.5	176.3
<b>Change</b>	<b>-0.2%</b>	<b>-0.7%</b>	<b>2.7%</b>	<b>0.1%</b>
13/14f	110.1	41.2	29.3	180.5
<b>Change</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>2.4%</b>
17/18f	116.2	45.3	33.4	194.9
<b>Avg Ann Change</b>	<b>1.5%</b>	<b>1.9%</b>	<b>3.0%</b>	<b>1.8%</b>

Source: Heffer, IFA, June 2013

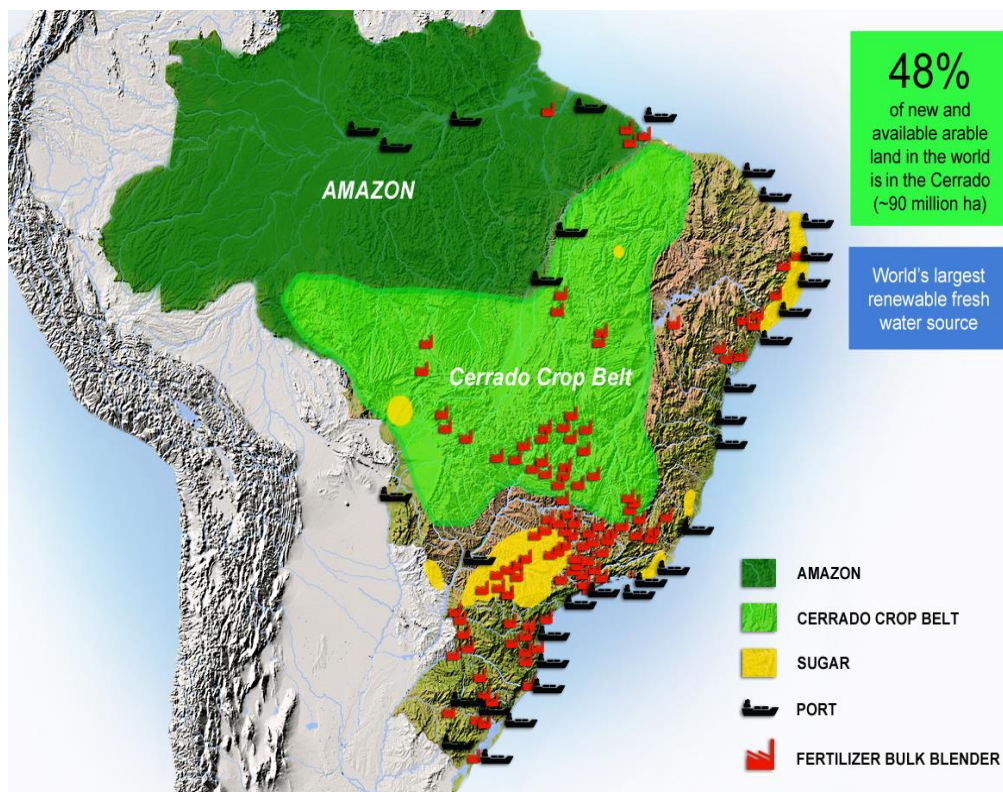
## Concentrated Supply the Key Concern; Markets Currently Balanced

- Near term Phosphate Rock market is balanced; Potash in oversupply
- Potash production is highly concentrated – 88% of reserves are in Canada, Russia and Belarus; 65% of global production from top 4 producers (2 marketing agencies)
- China is the largest producer of Phosphate Rock in the world (kept internal); however, Morocco dominates the export market (geopolitically sensitive area)

# BRAZIL: NEAR-TERM INVESTMENT THESIS FOR FERTILIZER

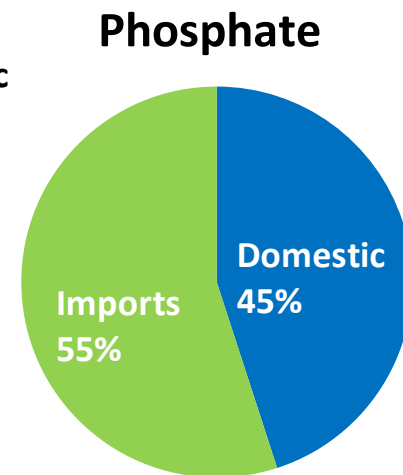
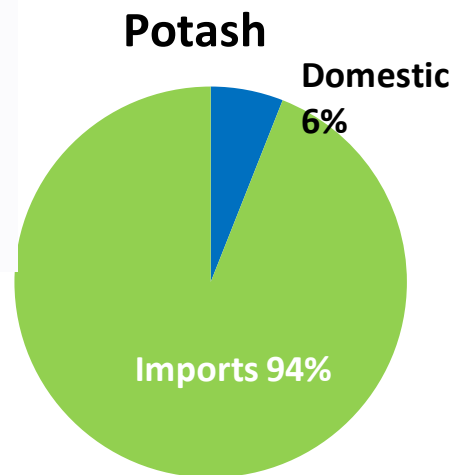


## Brazil: An Agricultural Powerhouse Dependent on Imports



- 4<sup>th</sup> largest consumer of fertilizer but only 4% of global fertilizer production
- 3<sup>rd</sup> largest consumer of P<sub>2</sub>O<sub>5</sub> (behind China/India), 2<sup>nd</sup> largest importer of DAP and MAP
- 2<sup>nd</sup> largest consumer of potash (behind China, in line with the US), largest importer in the world

- World's fastest growing fertiliser market
- Third largest global agricultural exporter
- Large renewable water resource, available arable land



Source: ANDA 2013 annual report



# BRAZIL: NEAR-TERM INVESTMENT THESIS FOR FERTILIZER



## Brazil: Logistics Advantage for Local Producers

### Suppliers of Phosphate Rock to Brazil



**AGUIA'S  
Rio Grande  
Phosphate  
Project**

- Most imported rock to Brazil is from North Africa with typical logistics costs of between \$50 - \$70/t
- The Bayovar mine in Peru (Vale) has higher logistics costs but low mining costs

***Sustained logistics advantage for local producers of > \$50/t***

### Estimated Logistics Costs of Rock Suppliers to Brazil (US\$/t)

	Volume 2011 (kt)	Plant to Port	Ocean Freight	Brazil Port Handling <sup>1</sup>	Total Logistics
Algeria	213	15	20	24	59
Israel	113	12	30	27	69
Morocco	607	11	19	24	54
Peru	456	8	37	29	74
Togo	42	8	20	24	52
Tunisia	29	13	22	25	60

<sup>1</sup> Includes Port Handling, AFMM (Brazilian Freight Tax @25% of freight and handling, and demurrage (at \$0.50/t/day, estimated at \$10/t)

# BRAZIL: NEAR-TERM INVESTMENT THESIS FOR FERTILIZER

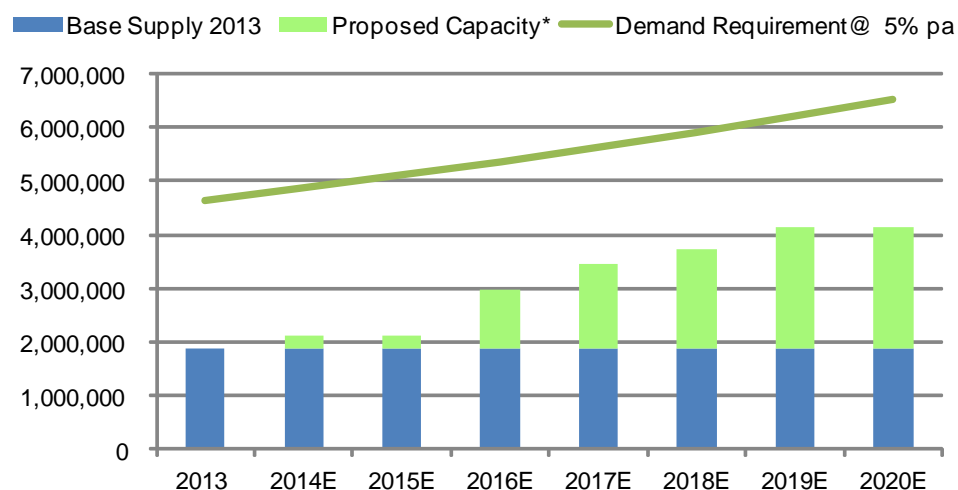


## Brazil Phosphate: P2O5 Balance is Forecast to Remain in Undersupply

- A number of initiatives are underway to decrease Brazil's dependence on phosphate imports – VALE, Galvani, Anglo American, MBAC and DuSolo Fertilizers (among others) have announced projects to add new capacity of phosphate rock, SSP, TSP and MAP in Brazil.
- **It will take many years to fill the gap-** Even if all proposed projects came on line on time (i.e. unrealistic due to ramp up requirements and potential delays as *a number of projects are on hold or with environmental concerns*), imports will still be required.

***In terms of phosphate rock production, Brazil's current rock production is 5.4Mt and the internal consumption is 12.9Mt (~4.6Mt P2O5), resulting in a 7.7Mt gap in the phosphate rock supply, which is higher than the forecasted growth of internal production by 2020.***

## Brazil Fertilizer P2O5 Supply\* & Demand Balance (mln t)



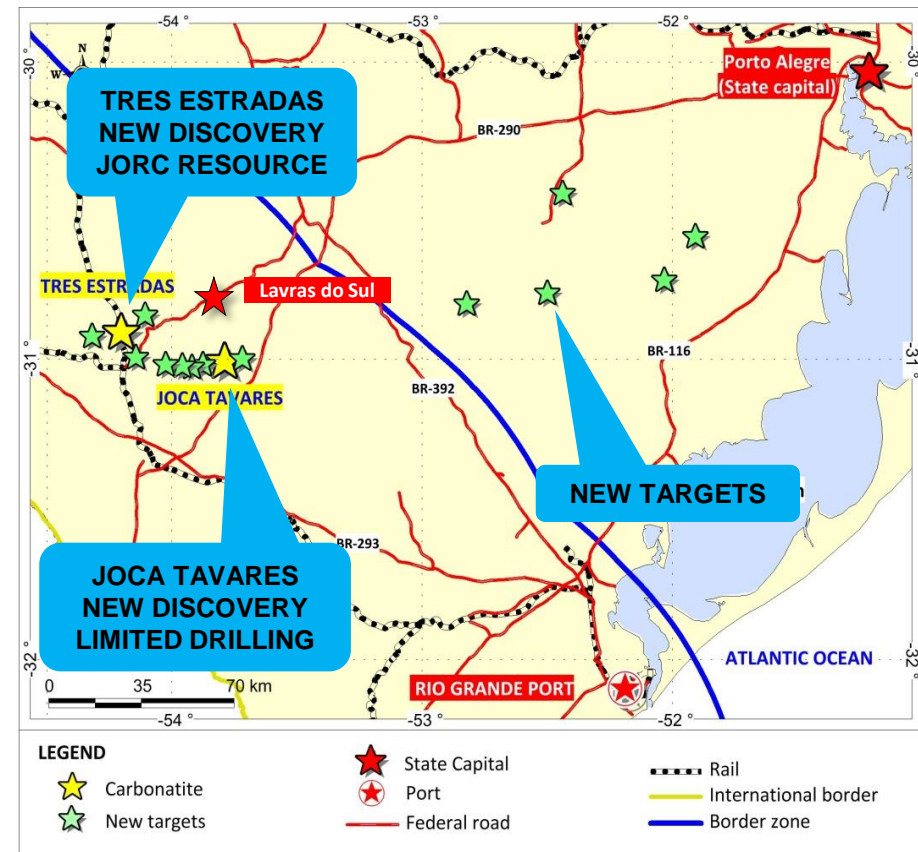
\* reflects announced capacity additions - not adjusted for ramp up time/delays

# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL



## The potential for a new world class phosphate province in southern Brazil

- Aguia has been first mover in region
- Large landholding over 390 km<sup>2</sup>
- Large resource base potential
- New discoveries:
  - **Três Estradas (TE)** - Nov 2011
  - **Joca Tavares (JT)** - June 2013
- Untested target ready for drill testing (Porteira)



Similar in style to Vale's Cajati/Jacupiranga mine

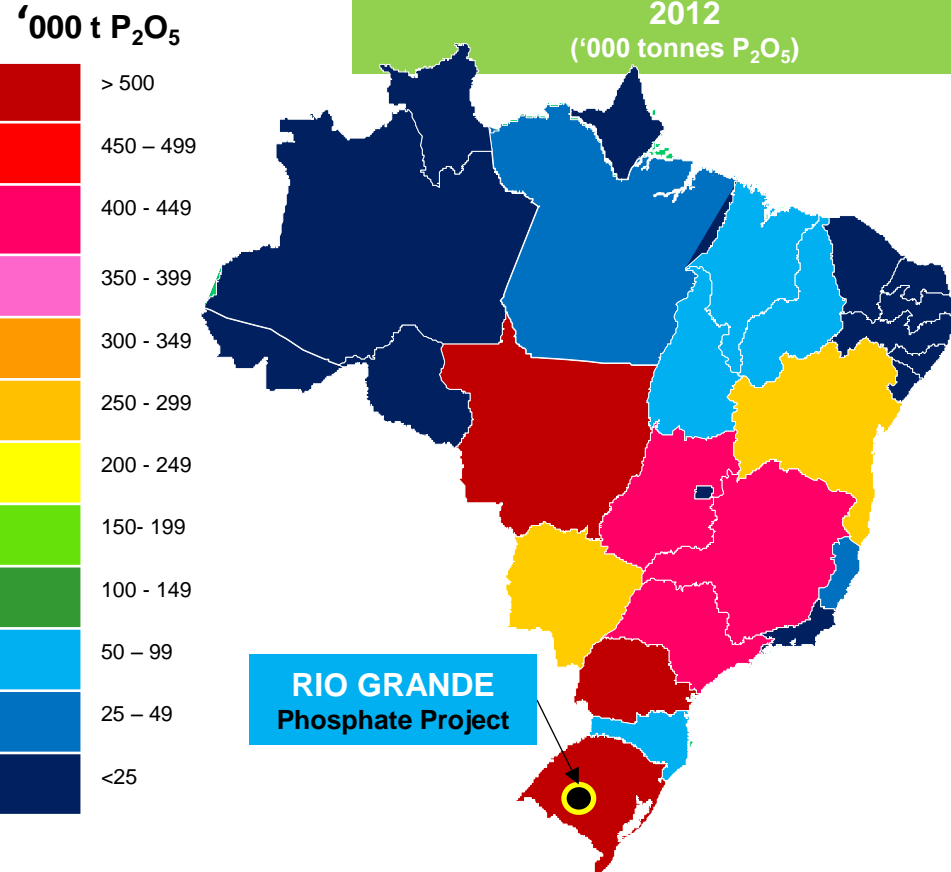


# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL

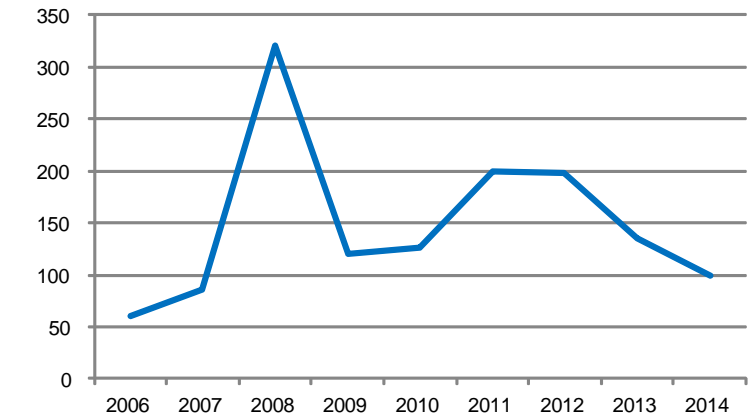


## South and South East Brazil are Key Phosphate Markets

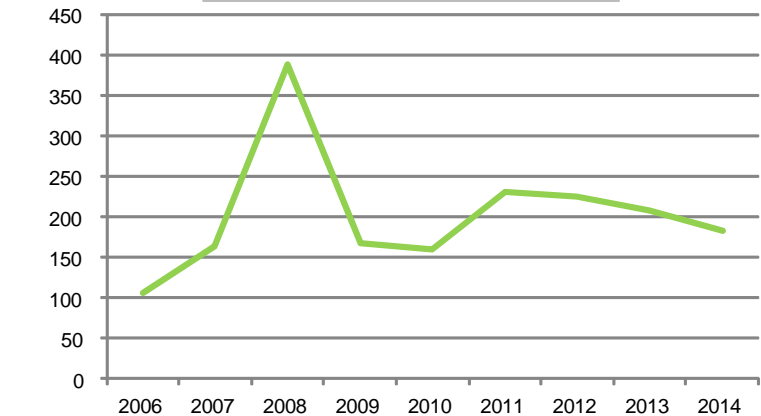
Phosphate Demand by State in Brazil, 2012 ('000 tonnes P<sub>2</sub>O<sub>5</sub>)



US\$/t Phosphate Rock Price, 2006 - 2014



US\$/t SSP Price, 2006 - 2014



- Average forecast demand for P<sub>2</sub>O<sub>5</sub> is growing at 4% p.a.; will take rock demand from 7.3 Mt in 2012 to 10.1 Mt by 2020.

Data Sources: ANDA, IFA

Source: ANDA Monthly Informative

# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL



## Current Phosphate Rock Mining is in South East Brazil and the Majority of Proposed Production is There as Well

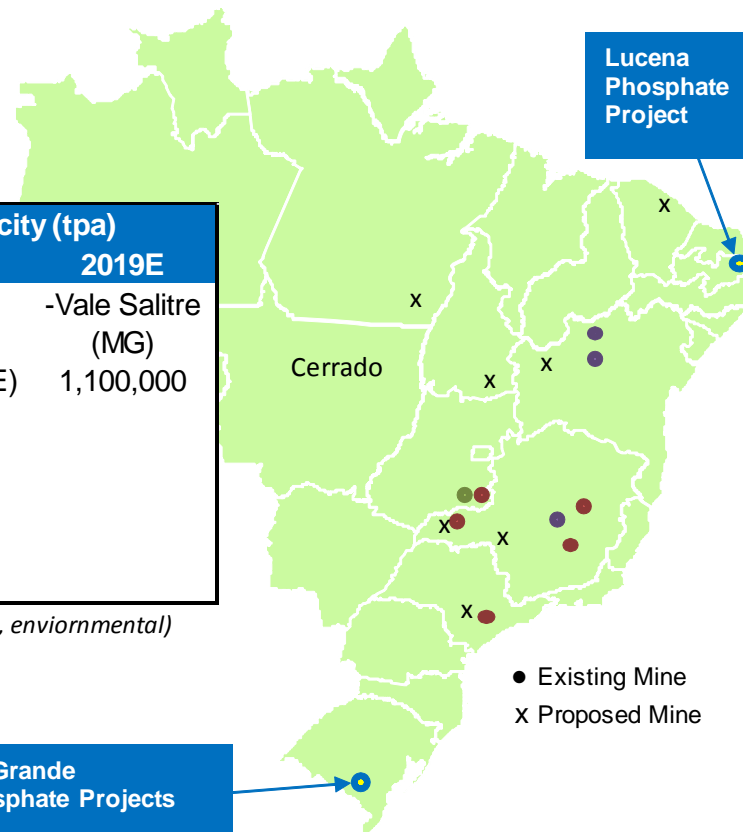
- Most new production is targeting the Cerrado region
- Note: new production will ramp up over time – table below reflects *announced* project capacities

Proposed Phosphate Projects in Brazil and Phosphate Rock Production Capacity (tpa)						
	2014E	2015E	2016E	2017E	2018E	2019E
<b>Project (State)</b>	-MBAC Itafos (MG) 685,000		-Anglo Catalao (GO) 1,400,000	-Galvani Angico Dias (BA) 145,000	-Galvani Santa Quiteria (CE) 800,000	-Vale Salitre (MG) 1,100,000
			-MBAC Santana 1 (PA) 900,000	-Galvani Salitre (MG) 1,200,000		

*Note: Projects are proposed; Expect 1-3 years to ramp up from start date; Potential for delays (funding, environmental)*

### Rio Grande projects benefit from:

- Strong demand with ~30% of all fertilizer consumption in the South
- No local production/competition
- Rail on site linking directly to Rio Grande Port that has an active fertilizer industry (one of only two acid terminals in the country)



Data Sources: ANDA, IFA, Company Documents

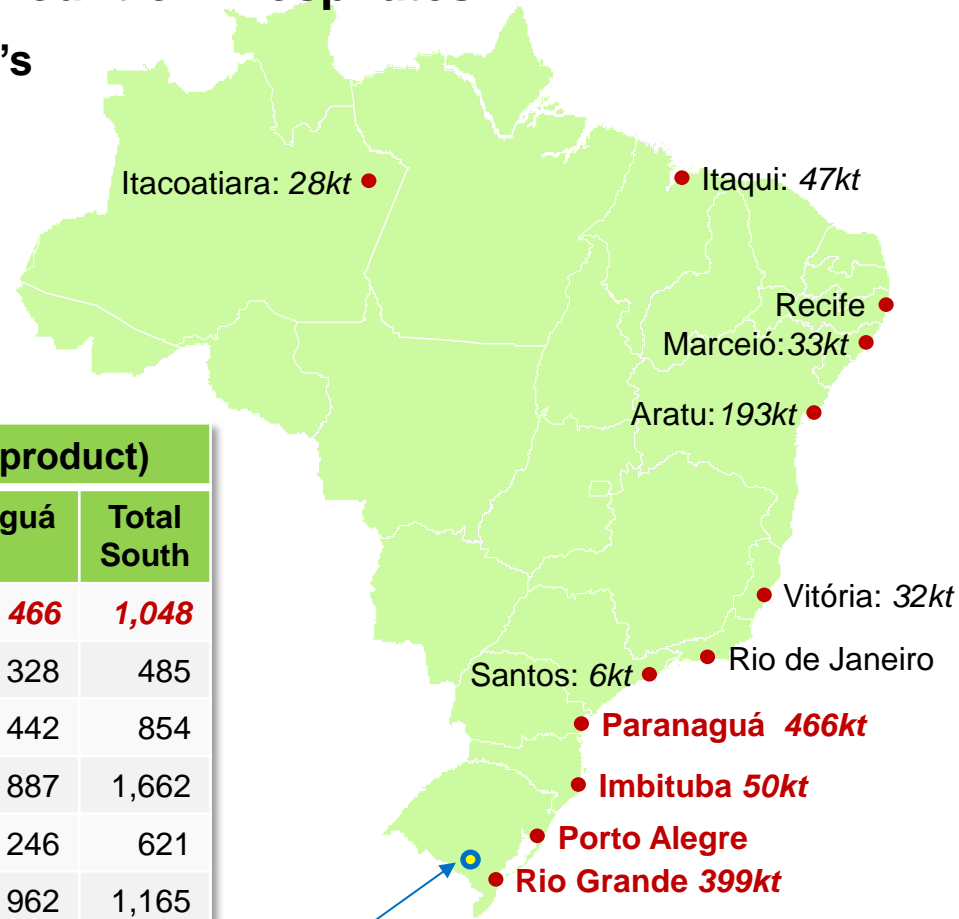
# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL



## Southern Brazil Imports a Significant Amount of Phosphates

**Southern Brazil accounted for 70% of Brazil's phosphate imports in 2013, including:**

- 75% of phosphate rock
- 56% of Single superphosphate (SSP)
- 78% of Triple superphosphate (TSP)
- 70% of Monoammonium phosphate (MAP)
- 88% of Diammonium phosphate (DAP) and
- 64% of phosphate-containing NPKs



### Phosphate Imports to Southern Brazil, 2013<sup>1</sup> ('000t product)

	Rio Grande	Porto Alegre	Imbituba	Paranaguá	Total South
<b>Phosphate Rock</b>	<b>399</b>	<b>0</b>	<b>50</b>	<b>466</b>	<b>1,048</b>
SSP	37	52	68	328	485
TSP	332	27	53	442	854
MAP	576	68	131	887	1,662
DAP	323	26	26	246	621
NPKs	104	0	99	962	1,165
Natural Phosrock	0	0	0	132	132
<b>Total</b>	<b>1,771</b>	<b>173</b>	<b>427</b>	<b>3,464</b>	<b>5,834</b>

Notes: 1 = Data Source – SIACESP; some Paranaguá imports go to SP state

**Rio Grande  
Phosphate  
Projects**



# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL



## Ready and Willing Market with Local Producers

- The three southern States consume ~1.1 Mt  $P_2O_5$  or ~ **30% of Brazilian consumption, with no phosphate mines in this region**

## Markets for Rock Concentrate

- SSP plants in southern Brazil could use 1.79M tonnes of rock when running at capacity. Currently all rock for SSP production in these states is imported

## Markets for SSP

- More SSP processing capacity is being considered by current producers > 600 kt.
- Current capacity for SSP in southern Brazil, Uruguay and Argentina is 2.79M t
- Depending on ultimate resource size, plan for either increased SSP or MAP / TSP production

## SSP Capacity in Brazil, Uruguay and Argentina

Total Capacity = 9.0 M t

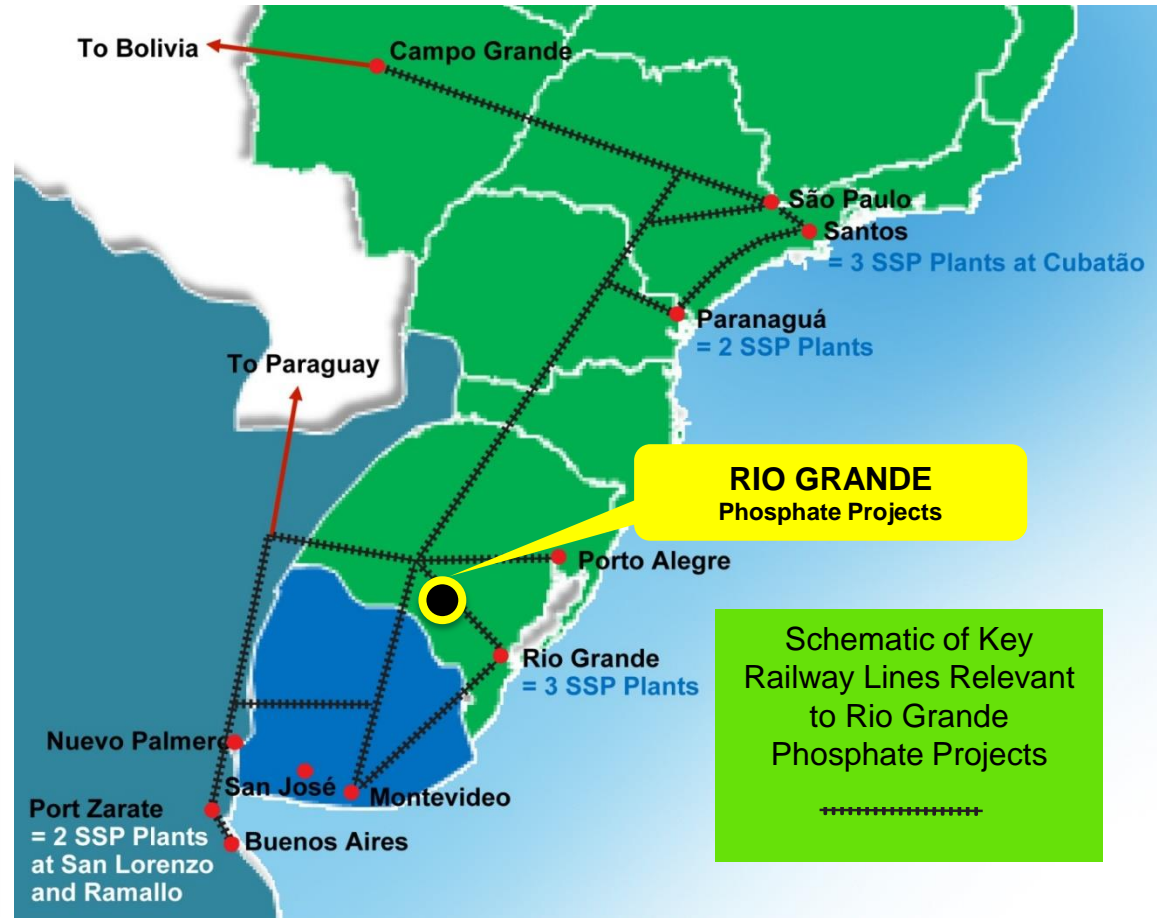


# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL



## Excellent Infrastructure and Access to Markets – All Rail Crosses Project Area

- Excellent infrastructure with good road, rail, power, port and services
- Railway within the project that goes north and south to Brazil and southwest to Argentina and Uruguay.
- Franchise owner is América Latina Logística
- Link to one of only TWO ports in Brazil with acid terminals (Rio Grande – 300km to East)



Railway runs through the project

# RIO GRANDE DO SUL PHOSPHATE: NEAR-TERM FOCUS IN SOUTH BRAZIL



## Carbonatite-Hosted Igneous Deposits Similar to Vale's Cajati Phosphate Mine in Brazil

*Brazil mines are lower grade on average except Yara's Siilinjärvi mine.*

*Recall, local production in Brazil saves \$50-\$70/t in seaborne transport costs, facilitating production of lower grade material.*

*Igneous deposits typically produce cleaner, higher grade concentrate than sedimentary deposits.*

Current Producers									
Company	Ticker	Project Name	Location	Size mln t	Ore Grade P2O5 %	Last FY Prod. mln t	Con. Grade P2O5%		
Vale	VALE-N	Araxa	Brazil	147.5	11.60%	1.2	35%/33%		
Vale	VALE-N	Tapira	Brazil	717.3	6.70%	2.0	34.5%/35.5%		
Vale	VALE-N	Catalao	Brazil	60.5	10.30%	0.9	35.5%/36%		
Vale	VALE-N	Cajati	Brazil	125.4	4.65%	0.6	35.5%/36%		
Anglo American (73%)/Local	AAL-LN	Copebras (Ouvidor)	Brazil	303.4	13.08%	1.1	36%/36.5%		
<b>Average Brazil</b>					<b>9.27%</b>	<b>1.2</b>	<b>35%</b>		
Yara International	YAR-NK	Siilinjärvi	Finland	465	4.25%	0.8	36%/36.5%		
Foskor Limited	State Owned	Phalaborwa	South Africa	4144.9	6.71%	2.1	37%		
PhosAgro	PHOR-LN	Apatit Operation	Russia	2060.4	15.06%	7.9	39%/40%		
		Kukisvumchorr		411.6	14.64%		39%/40%		
		Yukspor		543.6	14.25%		39%/40%		
		Apatitovy Cirque		119.0	14.83%		39%/40%		
		Plateau Rasvumchorr		289.9	13.57%		39%/40%		
		Koashva		629.3	16.79%		39%/40%		
		Njorkpakh		59.0	14.92%		39%/40%		
Development Projects									
Company	Ticker	Project Name	Location	Size mln t	Ore Grade P2O5 %	Est. Rock Prod. mln t	Con. Grade P2O5%	Target Start Year	Mine Life Years
Vale	VALE-N	Salitre	Brazil	205.7	11.40%	2.0	n.a.	2014	19
Vale(50%)/Private	VALE-N	Anitapolis	Brazil	54	9.01%	0.3	n.a.	n.a.	n.a.
Agua Resources	AGR-AU	Rio Grande	Brazil		~4%	~0.3	27 - 30%	n.a.	n.a.
Arianne Phosphate	DAN-V	Lac a Paul	Canada	590.2	7.13%	3.0	39%	2016	25+
Phoscan Chemical	FOS-V	Martison	Canada	62.2	23.55%	2.0	36 - 37%	n.a.	n.a.
Taseko Mines	TKO-T	Aley Property	Canada	5.0*	3% - 5%*	n.a.	n.a.	n.a.	n.a.

Note- Size and grade of deposit taken from M+I Resource or P+P Reserves

\* deposits with focus other than P, size and grades taken from "Carbonatite-Associated Deposits" by Richardson and Birkett, 1996



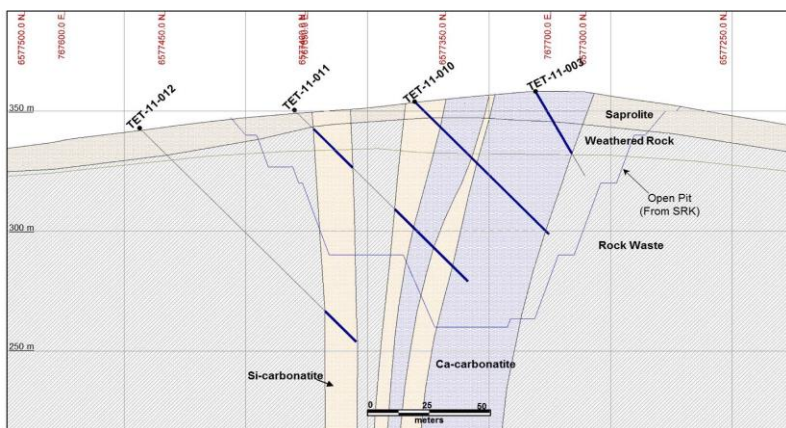
# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



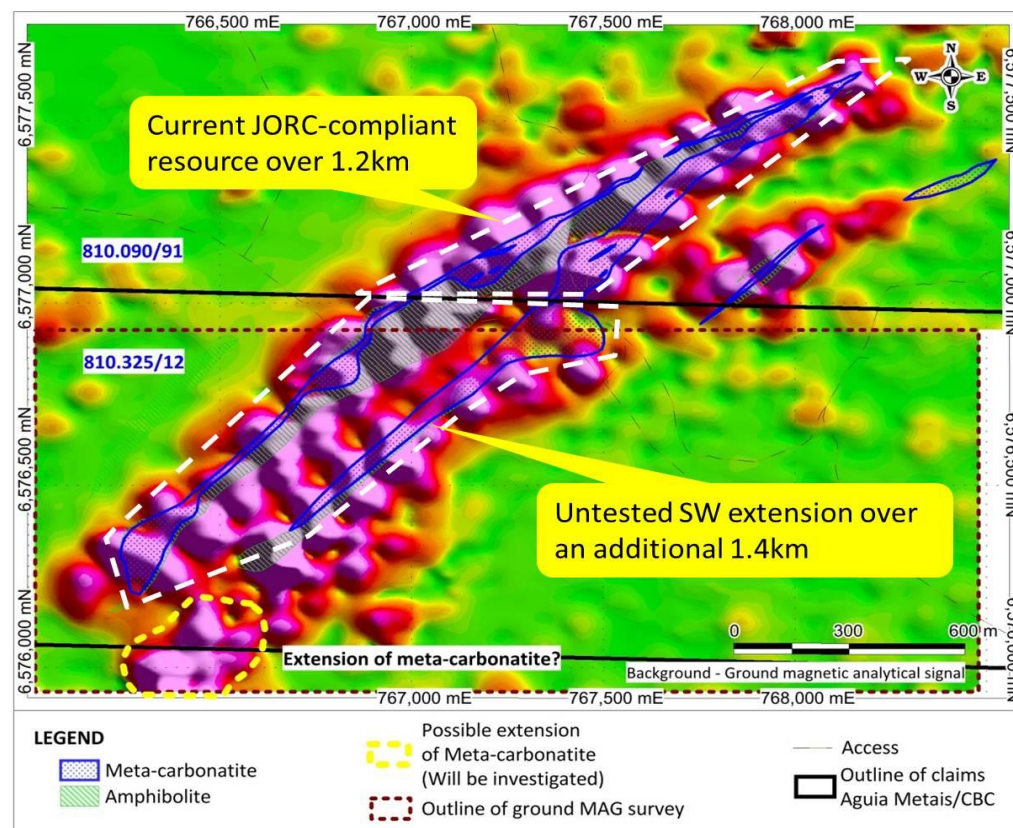
## Primary Focus on Três Estradas Deposit

Total JORC compliant resource of 30.5Mt @ 4.29% P<sub>2</sub>O<sub>5</sub><sup>1</sup> that includes both indicated (9.9Mt @ 5.03) and inferred (20.6Mt @ 3.94) resources and a higher grade oxide zone from surface of 1.81Mt @ 10.8% P<sub>2</sub>O<sub>5</sub><sup>2</sup>

- Mineral Resource only covers 45% or 1.2 km of potential 2.6 km of total mineralised strike
- 75% of higher grade oxide resource in Indicated category
- Significant potential to expand
- Simple open cut mining from surface



1 SRK Consulting: cut-off grade of 3.0% P<sub>2</sub>O<sub>5</sub>



2 See ASX Release of 30<sup>th</sup> April 2014

# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



## Preliminary JORC Resource (Indicated and Inferred)

Table 1: Audited Mineral Resource Statement\*, Três Estradas Phosphate Project, Rio Grande do State, Brazil, SRK Consulting (Canada) Inc., May 17, 2013

Lithotype	Tonnage T x 1000	P <sub>2</sub> O <sub>5</sub> (%)	CaO (%)	MgO (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	RCP <sup>†</sup>	P <sub>2</sub> O <sub>5</sub> AP <sup>‡</sup> (%)
<b>Indicated Mineral Resources</b>									
<b>Saprolite</b>									
AMPSAP (amphibolite)	123	5.29	10.85	6.90	15.84	39.88	8.49	2.14	5.29
CBTSAP (carbonatite)	1,242	11.50	19.92	3.56	20.53	25.45	4.88	2.10	11.41
<b>Weathered</b>									
WMCBT (carbonatite)	1,226	5.83	34.78	5.50	10.54	13.04	2.07	6.96	5.83
<b>Fresh Rock</b>									
MCBT (carbonatite)	7,301	3.80	35.34	7.17	7.96	10.72	1.90	9.49	3.80
<b>Total Indicated</b>	<b>9,891</b>	<b>5.03</b>	<b>33.03</b>	<b>6.51</b>	<b>9.96</b>	<b>13.22</b>	<b>2.38</b>	<b>8.16</b>	<b>5.02</b>
<b>Inferred Mineral Resources</b>									
<b>Saprolite</b>									
AMPSAP (amphibolite)	81	5.80	11.40	6.62	16.70	39.02	8.35	2.12	5.77
CBTSAP (carbonatite)	363	11.38	17.61	3.43	21.05	27.83	5.56	1.75	11.28
<b>Weathered</b>									
WMCBT (carbonatite)	254	4.80	36.61	5.96	8.92	10.89	1.88	8.45	4.80
<b>Fresh Rock</b>									
MCBT (carbonatite)	19,894	3.79	35.78	7.30	7.74	9.91	1.76	9.60	3.79
<b>Total Inferred</b>	<b>20,591</b>	<b>3.94</b>	<b>35.38</b>	<b>7.21</b>	<b>8.02</b>	<b>10.36</b>	<b>1.85</b>	<b>9.42</b>	<b>3.94</b>

\* Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates. The mineral resources are reported within a conceptual pit shell at a cut-off grade of 3.00 percent of P<sub>2</sub>O<sub>5</sub> for saprolite, weathered, and fresh rock mineralization. Optimization parameters include selling price of US\$200.00 per tonne of concentrate at 32 percent of P<sub>2</sub>O<sub>5</sub>, a metallurgical recovery of 70 percent of P<sub>2</sub>O<sub>5</sub>, 100 percent for mining recovery and 0 percent dilution, and overall pit slopes of 38 and 60 degrees.

<sup>†</sup> CaO/ P<sub>2</sub>O<sub>5</sub> ratio.

<sup>‡</sup> P<sub>2</sub>O<sub>5</sub> contained in apatite.



# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



## Encouraging Preliminary Beneficiation Results

- Metallurgical recoveries up to 58.4% and concentrate grades up to 30.8% P<sub>2</sub>O<sub>5</sub><sup>1</sup>
- Results indicate the potential to produce a commercial concentrate using standard methods and reagents available in the market
- Further optimisation test work to commence 2<sup>nd</sup> half 2014

Sample Number & Description (100 kg samples)		Head Grade		Overall Metallurgical Results		
		P <sub>2</sub> O <sub>5</sub>	Recovery	P <sub>2</sub> O <sub>5</sub>	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub>
<b>EB-06, Oxidised Carbonatite</b>		<b>16.2%</b>	58.4%	<b>30.8%</b>	9.5%	10.1%
<b>EB-07, Fresh Carbonatite</b>		<b>4.2%</b>	58.1%	<b>27.0%</b>	3.3%	1.5%

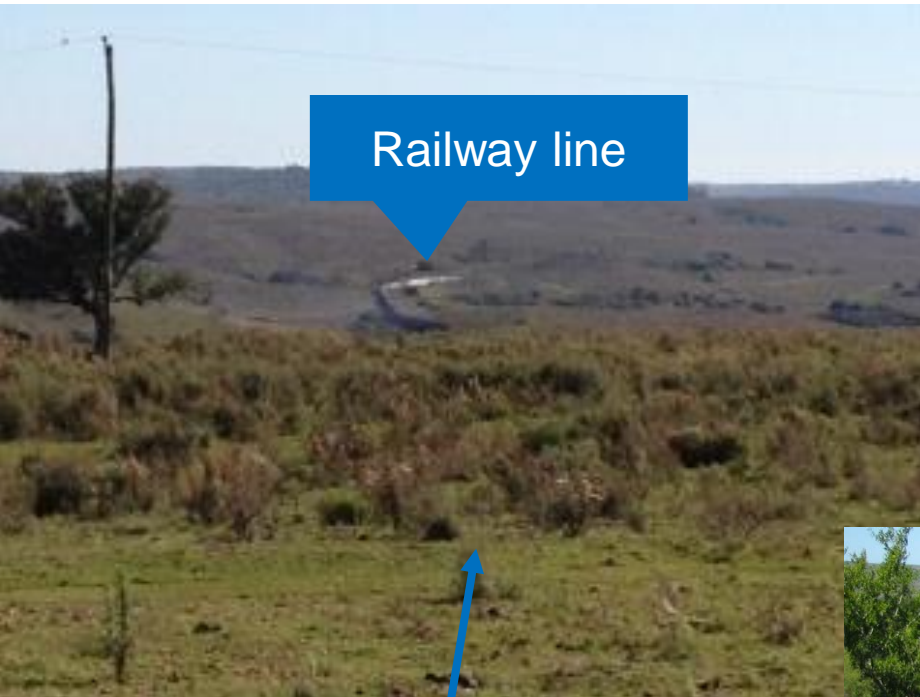
  

Name of Deposit	Location	Tonnage (Mt)	Head Grade	Recovery	Concentration Grade	Stage
<b>Siilinjärvi (Yara)<sup>2</sup></b>	Finland	465	4.2%/4.3%	84%	36%/36.5%	Production
<b>Cajati (Vale)<sup>2</sup></b>	Brazil	100	4.6%/4.7%	78%	35.5%/36%	Production
<b>Três Estradas (Aguaia)</b>	<b>Brazil</b>	<b>31<sup>3</sup></b>	<b>4.4%</b>	<b>58%</b>	<b>27-31%<sup>4</sup></b>	<b>Exploration / Development</b>

<sup>1</sup> See ASX Release of 29<sup>th</sup> May 2014 <sup>2</sup>JSA Consultoria e Assessoria Técnica, Company data <sup>3</sup> Indicated and inferred resource calculated from 40% of potential target length and to 100 metres depth <sup>4</sup> Based on optimised locked-cycle testwork using mechanical flotation cells. The introduction of column flotation (as used in operating mines) to float the fine grained apatite is the next stage of the testwork programme, and will require pilot scale testing.



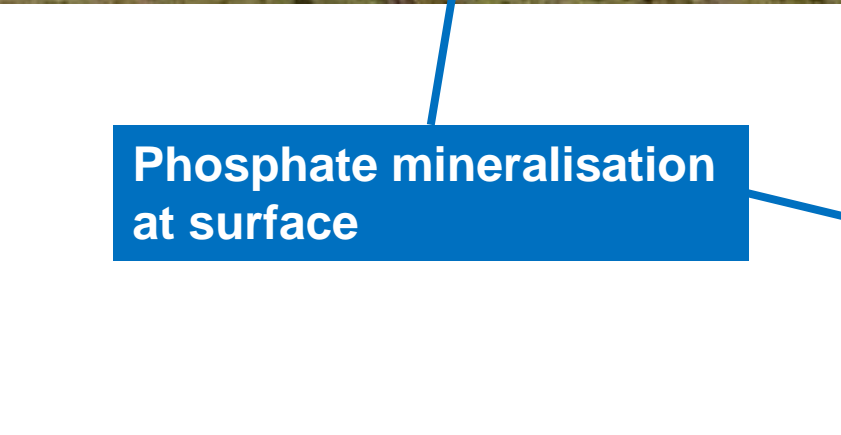
# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



Railway line

## Railway and Easy Access

Três Estradas is in rolling open countryside, mostly scrub, with some light grazing



Phosphate mineralisation  
at surface

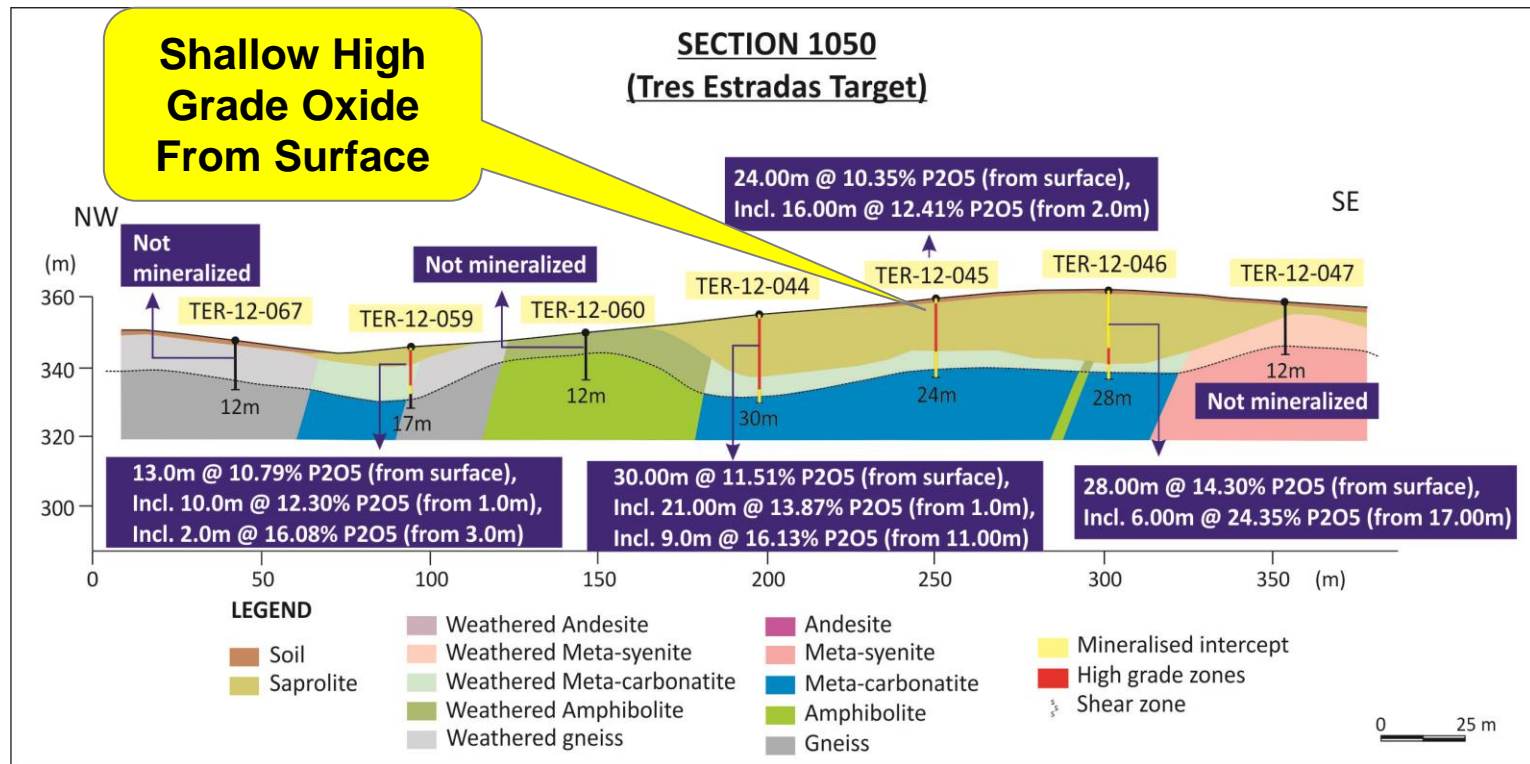


# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



## High Grade Oxide Ore At Surface; Potential to Increase Grade Over Life of Mine

- High grade oxide material at surface
- Considering mining and stockpiling upfront and blending with fresh rock over LOM
- Mine from surface - open cut with low strip ratio





# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



**Looking at Three Development Options; Proximity to Port with Acid Terminal is Key**

*Três Estradas is ~500m from all railroad that links to the Rio Grande Port, one of only TWO in Brazil with an acid terminal -> transport phosphate rock to the port rather than build an acid storage facility on site*



## Option 1

- Oxide: strip and stockpile
- Fresh rock: mine and blend with stockpiled oxide
- Produce 250kt-300kt per year => sell rock concentrate



## Option 2

- Send rock concentrate to the Rio Grande (RG) Port and produce SSP without having to build a sulphuric acid plant
- Import acid and use existing acid terminal at the RG Port
- Granulation done by third party



## Option 3

- Option 2 + build the granulation plant at the port



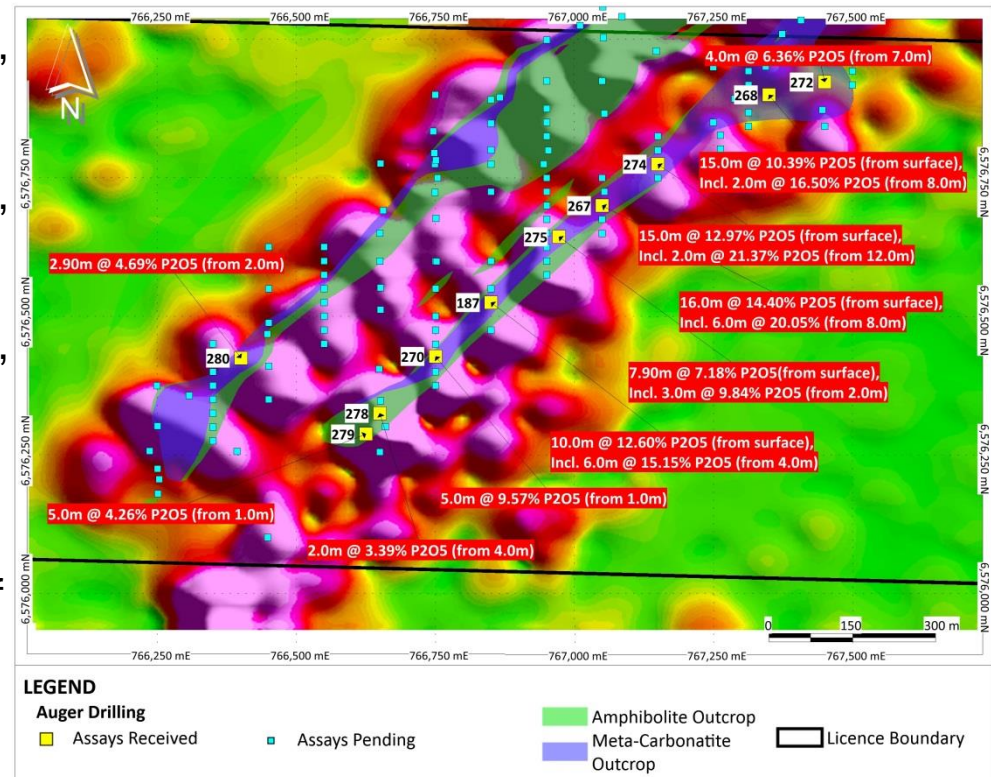
# RIO GRANDE DO SUL PHOSPHATE: TRÊS ESTRADAS



## Potential Expansion to the South

Initial shallow auger drilling from Três Estradas South has returned excellent results with grades up to +20%  $P_2O_5$ . All holes in carbonatite have ended in mineralisation.

- 16.0 metres @ 14.4%  $P_2O_5$  from surface, including 6.0 metres @ 20.1%  $P_2O_5$
- 10.0 metres @ 12.6%  $P_2O_5$  from surface, including 6.0 metres @ 15.5%  $P_2O_5$
- 15.0 metres @ 13.0%  $P_2O_5$  from surface, including 2.0 metres @ 21.4%  $P_2O_5$
- 15.0 metres @ 10.4%  $P_2O_5$  from surface
- Follow up RC drilling planned for 2<sup>nd</sup> half 2013 targeting a JORC resource upgrade

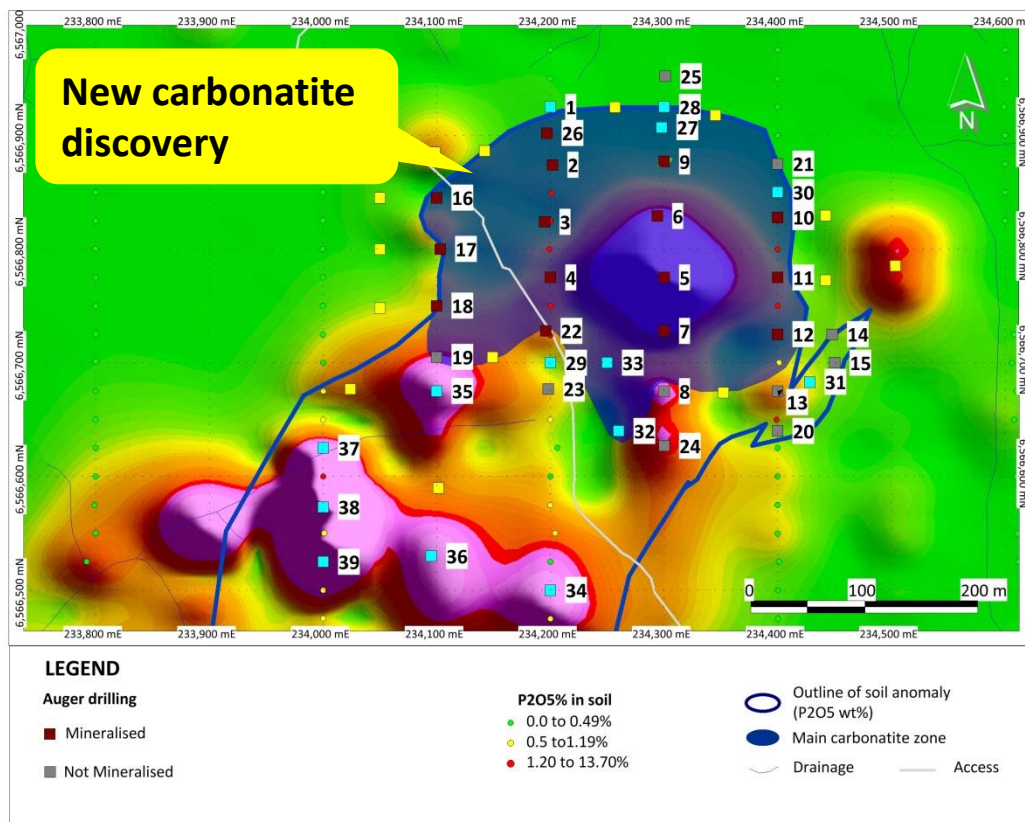


# RIO GRANDE DO SUL PHOSPHATE: JOCA TAVARES



## New Discovery 40km from Três Estradas

Initial scout auger drilling has returned excellent results in carbonatite from surface with grades up to +13% P<sub>2</sub>O<sub>5</sub>. All holes in carbonatite have ended in mineralisation.



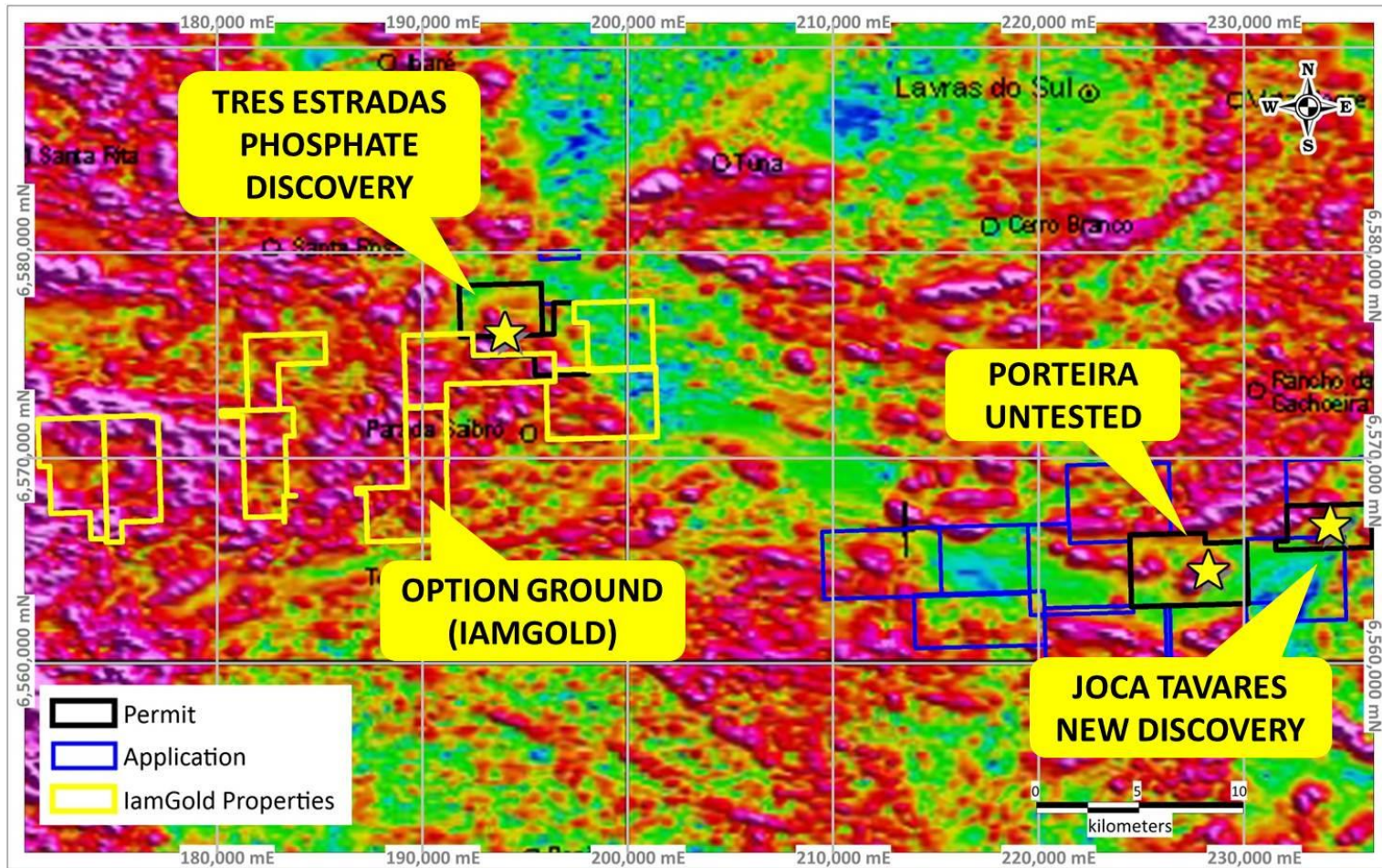
- 14.7 metres @ 10.8% P<sub>2</sub>O<sub>5</sub> from surface
- 9.0 metres @ 11.5% P<sub>2</sub>O<sub>5</sub> from surface
- 3.8 metres @ 13.7% P<sub>2</sub>O<sub>5</sub> from surface
- 3.5 metres @ 12.1% P<sub>2</sub>O<sub>5</sub> from surface
- 4.6 metres @ 8.2% P<sub>2</sub>O<sub>5</sub> from surface
- Carbonatite dimension delineated by drilling 350 metres x 350 metres and growing
- Follow up RC drilling planned for 2<sup>nd</sup> half 2014 targeting an initial JORC resource



# RIO GRANDE DO SUL PHOSPHATE: LARGE EXPLORATION UPSIDE



Potential for a World Class Carbonatite Province - More Discoveries





# ATLANTIC POTASH PROJECT



## HIGHLIGHTS

- Adjacent to Brazil's only operating potash mine - Taquari-Vassouras Mine (Vale) produces <10% of country's consumption, with reserves in place until 2019.
- Concurrently Vale is developing its **Carnallita Potash Project** for 1.2Mt solution-mined KCl from carnallite and has cancelled its Rio Colorado potash project in Argentina
- AGR controls a large land holding of ~ 130,000 hectares
- Excellent Infrastructure in place
- Basin Consolidation – Opportunity
- Recently renegotiated option agreement with Lara Exploration (drill by June 30, 2015)

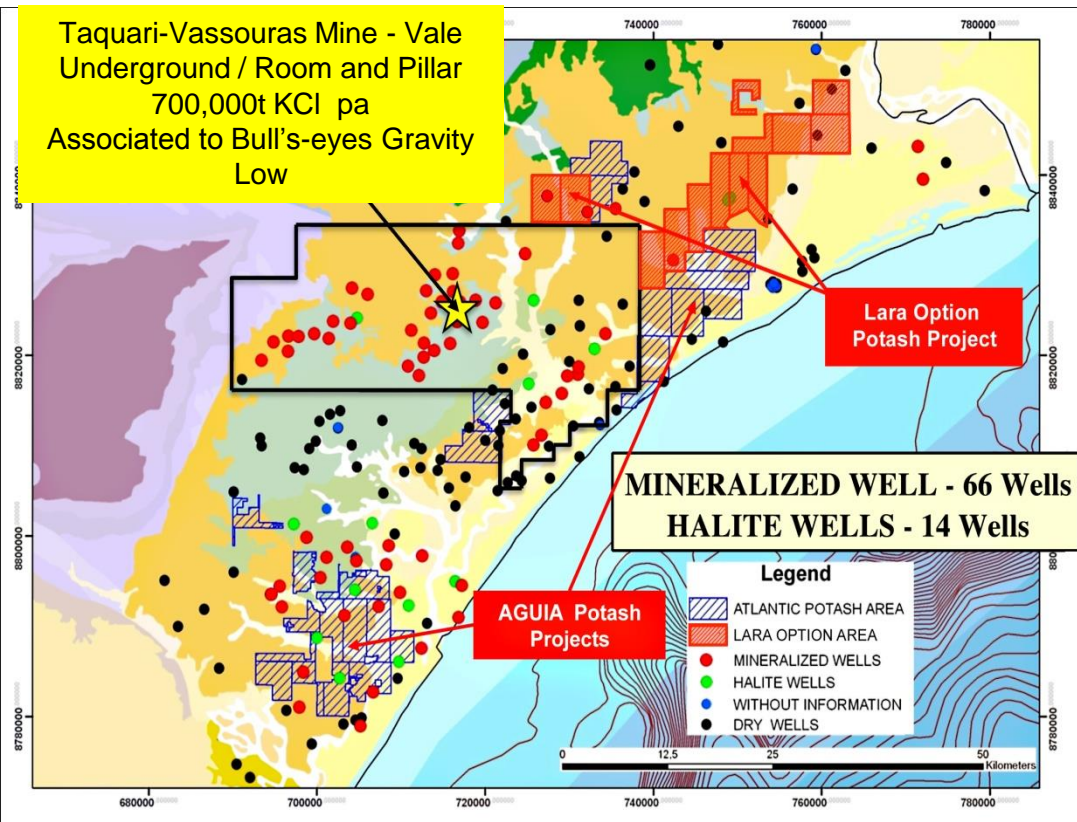




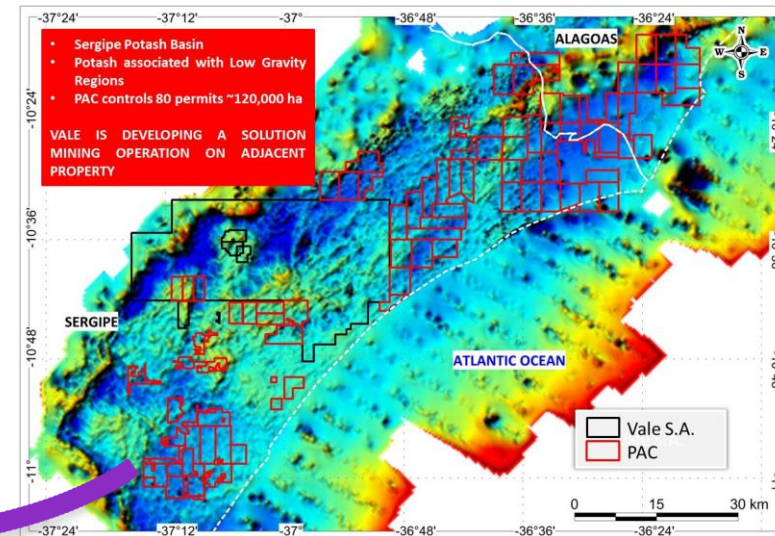
# ATLANTIC POTASH PROJECT



## Discovery Potential



- Historical exploration data obtained from Brazilian Geological Survey
- Petroleum exploration and production data – more than 300 wells analyzed
- Seismic data – basin is well covered with public 2D seismic data (2D lines- 32,000 km)
- Locations for further drilling under review



Source: Brazilian Oil and Gas Agency

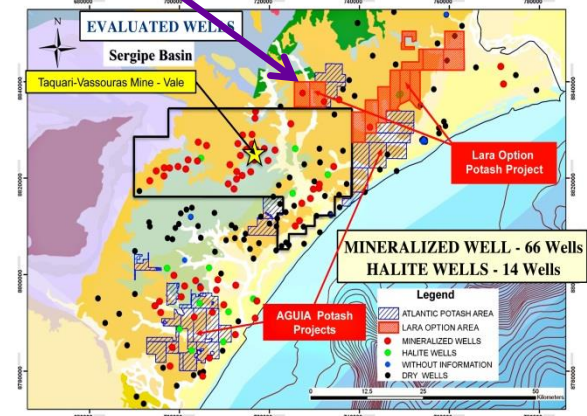
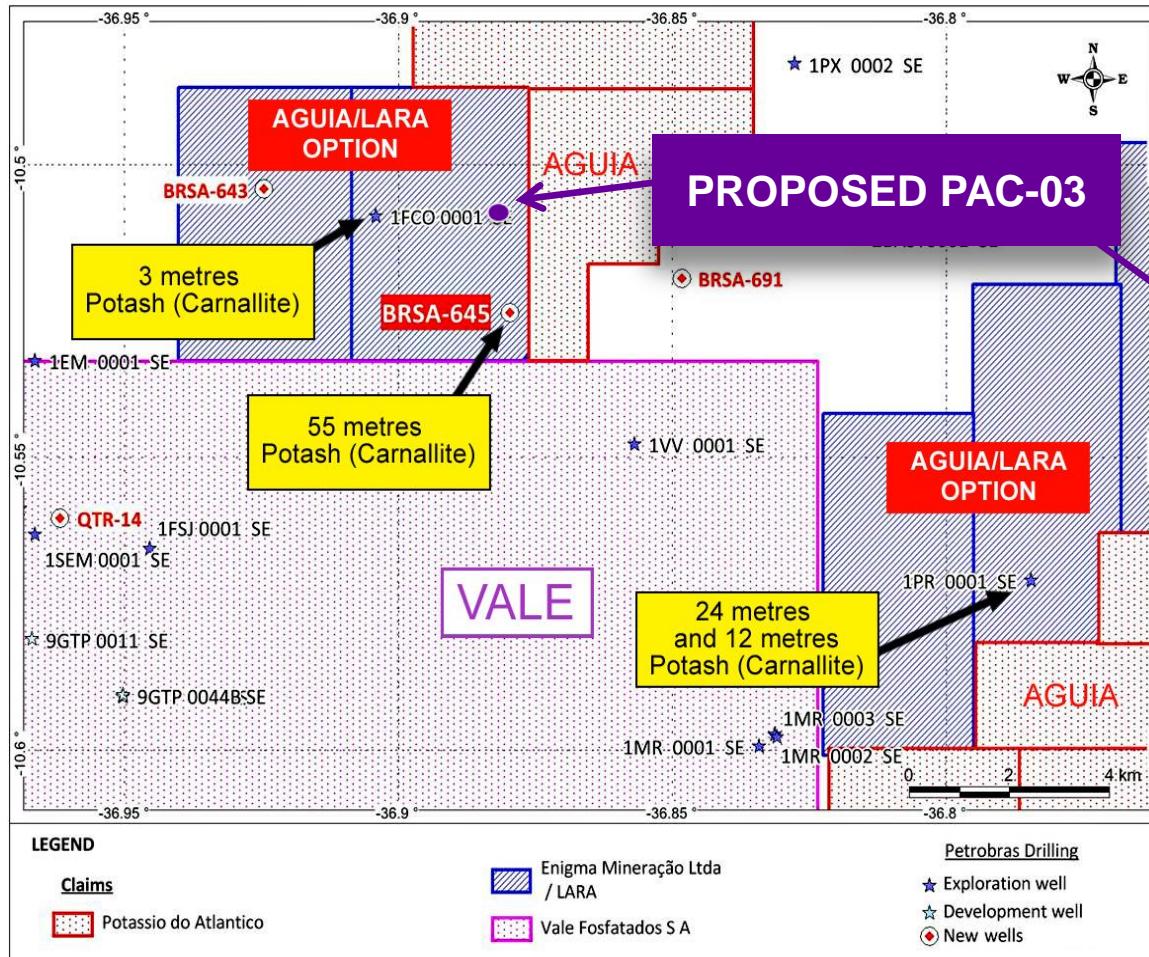


# ATLANTIC POTASH PROJECT



## Resource Potential

- Planned Drilling: PAC-03, located 120m east of historical hole BRSA-645 that intersected 55metres potash (note: no coring; presence of potash interpreted from down-hole geophysical logging); target depth 1,300m.





# LUCENA PHOSPHATE PROJECT



## JORC Inferred Resource Estimate for Sedimentary Deposit in Paraíba State

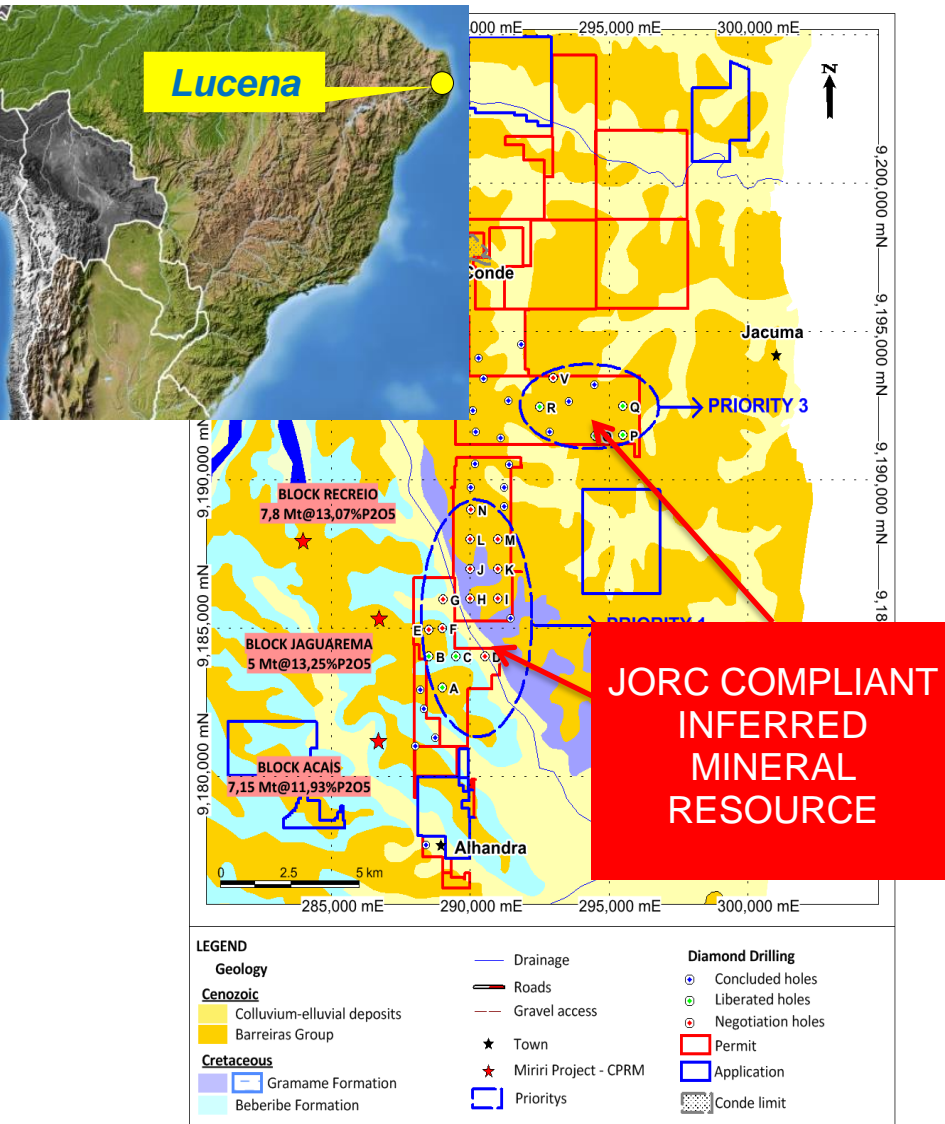
- Initial JORC compliant inferred resource of 55Mt @ 6.42% P<sub>2</sub>O<sub>5</sub><sup>1</sup>

**Table 1: Audited Mineral Resource Statement\*, Lucena Phosphate Project, Paraíba State, Brazil, SRK Consulting (Canada) Inc., April 4, 2013**

Lithotype	Tonnage	P <sub>2</sub> O <sub>5</sub>	CaO	MgO	Fe <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>
	T x 1000	(%)	(%)	(%)	(%)	(%)	(%)
<b>Inferred Mineral Resources</b>							
MIN1	6,151	4.94	2.02	0.61	7.71	58.92	15.77
MIN2	48,992	6.60	12.83	1.52	5.36	49.45	11.87
<b>Total Inferred</b>	<b>55,143</b>	<b>6.42</b>	<b>11.63</b>	<b>1.42</b>	<b>5.63</b>	<b>50.51</b>	<b>12.31</b>

\* Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates. The mineral resources are reported within a conceptual pit shell at a cut-off grade of 3.00 percent of P<sub>2</sub>O<sub>5</sub>. Optimization parameters include selling price of US\$200.00 per tonne of concentrate at 32 percent of P<sub>2</sub>O<sub>5</sub>, a metallurgic recovery of 70 percent of P<sub>2</sub>O<sub>5</sub>, 100 percent for mining recovery and 0 percent dilution, and overall pit slope of 38 degrees.

# LUCENA PHOSPHATE PROJECT



## Potential for Increased Resource

- JORC compliant inferred mineral resource of 55.1Mt @ 6.42% P<sub>2</sub>O<sub>5</sub><sup>1</sup>
- The mineral resource only covers a portion of the project area with room to expand
- An extensive land position, located close to existing infrastructure including roads, water, power and ports.
- CPRM discovered shallow phosphate mineralisation up to 22% P<sub>2</sub>O<sub>5</sub> in several deposits to the west
- Further work under review



**H1 2014**

- Beneficiation test work on Três Estradas
- Preliminary Economic Assessment

**H2 2014**

- Drilling on Três Estradas South
- Drilling on Joca Tavares

# PEER COMPARISON: PHOSPHATES



Company (By Development Stage)	Ticker	Crncy	Location	Deposit Type	Stage	Last Price	52 wk High	52 wk Low	Shares O/S Mln	Market Cap (CAD) Mln	Gross In- Situ Tonnes M+I Only	P2O5 % M+I Only	Gross In- Situ Tonnes Inferred	P2O5 % Inferred
<b>Construction/Production</b>														
MBAC Fertilizer Corp.	MBC-T	CAD	Brazil	Sedimentary	Const.	0.49	2.48	0.45	152.0	73.7	145.0	8.2%	39.3	5.0%
<b>Advanced</b>														
GB Minerals	GBL-V	CAD	Guinea Bissau	Sedimentary	Const.	0.12	0.19	0.05	66.4	7.6	92.6	28.7%	18.3	28.7%
Stonegate Agricom	ST-T	CAD	Idaho	Sedimentary	Perm.	0.14	0.50	0.13	194.2	26.2	29.8	30.0%	4.6	29.9%
Arianne Phosphate	DAN-V	CAD	Quebec	Igneous	Perm.	1.12	1.69	0.95	85.2	95.4	754.0	6.8%	142.2	5.0%
UCL Resources Ltd.	Private	n.a.	Namibia	Sedimentary	Perm.	n.a.	n.a.	n.a.	n.a.	n.a.	226.9	20.2%	1608.0	18.9%
Legend International Hldgs	LGD-AU	AUD	Australia	Sedimentary	Perm.	0.32	0.40	0.20	444.1	142.6	202.8	14.9%	313.3	15.2%
<b>Intermediate</b>														
Celamin Holdings	CNL-AU	AUD	Tunisia	Sedimentary	DFS	0.04	0.08	0.02	235.7	8.3	n.a.	n.a.	130.0	20.5%
Minbos Resouces Limited	MNB-AU	AUD	Angola	Sedimentary	DFS	0.00	0.03	0.00	257.2	1.0	46.5	16.9%	344.8	8.2%
Minemakers Limited	MAK-AU	AUD	Australia	Sedimentary	DFS	0.08	0.18	0.08	247.5	20.9	300.0	18.2%	542.0	18.0%
New Agribusiness & Chem	ANB-AU	AUD	Australia	Sedimentary	PFS	0.11	0.24	0.09	211.1	23.3	n.a.	n.a.	19.3	19.0%
Great Quest Metals	GQ-V	CAD	Mali	Sedimentary	PFS	1.29	2.54	0.53	48.9	63.1	n.a.	n.a.	50.0	24.3%
Cominco Resources	Private	n.a.	ROC	Sedimentary	PFS	n.a.	n.a.	n.a.	n.a.	n.a.	483.7	11.3%	50.0	9.0%
Sunkar Resources	SKR-LN	GBp	Kazakhstan	Sedimentary	DFS	0.02	0.10	0.00	299.4	12.3	483.9	10.5%	643.8	10.1%
<b>Early</b>														
Phoscan Chemical	FOS-T	CAD	Ontario	Igneous	PEA	0.32	0.35	0.25	156.8	49.4	62.2	23.5%	55.7	21.9%
Rum Jungle Resources	RUM-AU	AUD	Australia	Sedimentary	PFS	0.10	0.19	0.09	385.5	37.1	178.0	15.5%	370.0	14.9%
Aguia Resources Limited	AGR-AU	AUD	Brazil	Igneous/Sed	PEA	0.05	0.09	0.05	213.9	10.9	9.9	5.0%	75.6	5.7%
DuSolo Fertilizer	DSF-V	CAD	Brazil	Sedimentary	PEA	0.23	0.31	0.13	100.7	22.7	0.3	15.1%	4.1	14.4%
Chatham Rock Phosphate	CRP-NZ	NZD	New Zealand	Sedimentary	Res.	0.22	0.36	0.22	155.2	31.7	n.a.	n.a.	80M m3	290kg/m3
Focus Ventures	FCV-V	CAD	Peru	Sedimentary	Res.	0.28	0.35	0.06	53.1	14.6	n.a.	n.a.	n.a.	n.a.
Strata Minerals	SMP-V	CAD	Australia/Utah	Sedimentary	Res.	0.20	0.70	0.05	21.4	4.3	n.a.	n.a.	n.a.	0.3%-4.0%*

Source: Company Reports, Yahoo Finance, Bloomberg



# PEER COMPARISON: PHOSPHATES



				Engineering		Mining		Product & Processing			Cost Metrics		
Company	Deposit	Mine Type	Location	Last Study	Stage	Strip Ratio	Mine Life Years	Phosrock Product Mln tpa	Product Grade P2O5%	Recovery Ratio %	Init. CapEx US\$ mln	Sustaining Capex US\$ mln	OpEx (ex. Trans) US\$/t
<b>Phosrock Producing Projects</b>													
<b>Sedimentary Deposits</b>													
Stonegate	Paris Hills (LPZ)	UG	Idaho	DFS	Perm.	0.0	19	0.9	29.50%	100%	121	134	69
UCL Resources Limited	Sandpiper Marine	DR	Namibia	DFS	Perm.	0.0	20	3.0	28.00%	n.a.	355	86	60
GB Minerals	Farim (BPRC)	OP	Guinea Bissau	DFS	Const.	7.4	25	1.0	32.00%	76%	166	138	69
Celamin Holdings	Chaketma	OP	Tunisia	PEA	DFS	5.4	53	1.5	30.00%	70%	364	n.a.	55
Minbos	Cabinda	OP	Angola	PEA	DFS	2	10	0.8	33.00%	77%	157	n.a.	40
Cominco Resources	Hinda	OP	ROC	PEA	PFS	1.45:1	20+	4.0	32.00%	63%	616	n.a.	35
New Agribusiness & Chemical	Korella	OP	Australia	PEA	PFS	n.a.	6	0.6	30.00%	n.a.	42	n.a.	60
Rum Jungle Resources	Ammaroo	OP	Australia	Res.	PFS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Phosphate Australia	Highland Plains	OP	Australia	Res.	DFS	n.a.	n.a.	3.0*	32.00%*	76%*	422*	n.a.	56*
Central Australian Phosphate	Arganara	OP	Australia	Res.	PEA	n.a.	n.a.	0.2*	25%-30%*	n.a.	n.a.	n.a.	80*
Chatham Rock Phosphate	Chatham Rise	DR	New Zealand	n.a.	Res.	n.a.	15*	1.0*	n.a.	n.a.	n.a.	n.a.	65*
DuSolo Fertilizer	Bomfim	OP	Brazil	Res.	PEA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Strata Minerals	Cardabia/Diamond Mtn	OP	Australia/Utah	n.a.	Res.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average</b>						<b>3.7</b>	<b>21</b>	<b>1.5</b>	<b>30.94%</b>	<b>75%</b>	<b>263</b>	<b>n.a.</b>	<b>58</b>
<b>Igneous Deposits</b>													
Ariane Phosphate	Lac à Paul	OP	Quebec	DFS	Perm.	0.8	26	3.0	38.9%	90%	1215	385	80
PhosCan	Martison	OP	Ontario	Old PFS	PEA	2.8	n.a.	2.0*	36%-37%*	70%*	n.a.	n.a.	n.a.
Agua Resources	Tres Estradas	OP	Brazil	Res.	PEA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average</b>						<b>1.8</b>	<b>26</b>	<b>2.5</b>	<b>38.90%</b>	<b>80%</b>	<b>1215</b>	<b>385</b>	<b>80</b>
<b>Phosphate Upgraded Product Projects</b>													
<b>Sedimentary Deposits</b>													
MBAC Fertilizers	ItaFos (SSP)	OP	Brazil	DFS	Const.	2.9	19	0.3	28.00%	53%	323	n.a.	162
	Santana (SSP)	OP	Brazil	PFS	DFS	2.8	32	0.3	34.00%	55%	427	209	113
Legend International	Paradise (MAP/DAP)	OP	Australia	DFS	Perm.	n.a.	30	2.0	32.50%	n.a.	830	n.a.	262
Sunkar Resources	Chilisai (MAP/DAP)	OP	Kazakhstan	Prelim. DFS	DFS	n.a.	50	5.1	17.00%	n.a.	1942	n.a.	232
Minemakers	Wonarah (SPA)	OP	Australia	PEA	DFS	4.5	20	1.0	20.00%	n.a.	1,606	n.a.	278
Great Quest Metals	Tilemsi (NPK, DAPR)	OP	Mali	PEA	PFS	6.8	20	1.0	33.24%	n.a.	156	135	79
<b>Average</b>						<b>3.5</b>	<b>26</b>	<b>1.4</b>	<b>27.11%</b>	<b>54%</b>	<b>756</b>	<b>383</b>	<b>150</b>

\* - Based on company estimates from company presentations and website

Source: Company Reports



ENQUIRIES:

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ASX Code: AGR



# APPENDIX 1: BRAZILIAN BORDER ZONE RIO GRANDE TE AND JT PROJECTS



**The Option:** Aguia has an option to acquire the Rio Grande Projects TE and JT 100% for 5 million shares.

**The Issue:** An historical throw-back to defence issues that concerned the former military government (1964 – '85) is that legally any mine located within 150km of the Brazilian border has to be majority owned by Brazilians. Recent governments have pushed back on the law: it was 300km, and there are moves to reduce it from 150km to 50km. ***TE and JT are within the 150km zone but outside the 50km zone.***

**The Solution:** Should the option be exercised to acquire the tenements 100% for 5m shares, the Company will be required to enter into a joint venture with a Brazilian owned company to develop the tenements. Accordingly the Company has set up ***Agua Fertilizers***, in which Aguia Resources owns 49%, and Brazilian interests 51%, and with shareholder agreements which channel all economic benefits back to Aguia resources.

***Precedents Exist.*** There are currently 5 producing mines in the border zone with foreign ownership using similar strategies and a further 7 companies (including Aguia) in the exploration phase

Explorer	Current Producing Mines in the Border Zone			
	Producer	Brazilian Entity	Mine Name	Product
Anglo Gold				
Yamana Gold	Aura Minerals	Mineração Apoena	São Vincente	Gold
Lara Exploration	Aura Minerals	Mineração Apoena	São Francisco	Gold
Magellan Minerals	Anglo American	Anglo Ferrous Amapá Mineração	Mine 66	Iron Ore
Amarillo Gold Corp.	Eldorado Gold	Unamgen Mineração e Metalurgia	Vila Nova	Iron Ore
IamGold	Rio Tinto	Mineração Corumbaense Reunida S.A.	Corumba	Iron Ore
Agua Resources Ltd.				