ASX RELEASE ASX: AGR

16 September 2014

MINING STUDY INDICATES HIGHLY COMPETITIVE CAPITAL AND OPERATING COSTS FOR AGUIA'S TRES ESTRADAS PHOSPHATE DEPOSIT IN SOUTHERN BRAZIL

- **Capacity to support production of 350,000 tonnes of single superphosphate annually**
- **Estimated Opex of US$177/t of single superphosphate (SSP) making it a significant low cost producer to one of the largest fertilizer markets in the world**
- **Mining study based on mineral resources defined for half of mapped strike length of Tres Estradas deposit**
- **Access to established local infrastructure will significantly reduce project build costs**
- **Significant potential for growth in mineral resource from further exploration of Tres Estradas and Joca Tavares**
- **Aguia's Board reviewing funding options to underpin exploration and development initiatives**

Sydney, Australia, 16 September 2014: Aguia Resources Limited (ASX: AGR) is pleased to announce that a Conceptual Mining Study undertaken by respected resource sector consultancy firm SRK Consulting (Canada) Inc. (SRK) indicates low cost parameters that should support robust economic potential for the company's Três Estradas (TE) phosphate project in southern Brazil.

SRK was engaged to evaluate the potential viability of an open pit mining project for TE on a conceptual basis. The proposed mining project is an open pit, truck-excavator operation. Phosphate mineralisation extraction will involve drilling and blasting, with phosphate bearing rock and waste rock hauled to an on-site concentrator and waste dump. The phosphate rock concentrate will be produced by flotation and will be transported via rail, which passes through the property, from the TE mining site to the port city of Rio Grande. It is planned that the phosphate concentrate will be upgraded to granulated single superphosphate (SSP) at a plant located in Rio Grande.

Well-established infrastructure located near TE will allow Aguia to reduce the development costs of the mine as services such as road, rail and power do not have to be constructed over long distances (Figure 1). The Rio Grande port also offers excellent infrastructure with available rail access and an existing acid terminal all of which support lower development costs. This area of Brazil is entirely dependent on imported phosphate, largely from North Africa, and demand for Aguia's product is expected to come from local fertilizer blenders.

The deposit, which outcrops at surface, is expected to support an open pit mining project with production of 350,000 tonnes per year of SSP. Initial Capital is estimated at US$218 million and operating costs are estimated at US$177/tonne of SSP.

The Mining Study was based on the mineral resources audited by SRK and effective 17 May 2013 (Table 1) which represents less than half of the mapped strike length of the TE deposit phosphate mineralisation. The biggest opportunity of the project is that the phosphate mineralisation on the TE property is open to the southwest and extends into permit 810.325/2012 for an additional 1.4 km of strike length with outcropping carbonatite (Figure 2). The company has not yet completed a systematic drilling program along the southern extension to prove the resource, but an extensive auger drilling program has been completed and returned several mineralized intercepts, e.g. 16 meters @ 14.40% P2O5 including 6 meters @ 20.1% P2O5 (see AGR announcements from August-23 and October-14, 2013). Based on SRK's visits and the mineral resource modelling work audited by SRK, the company has stated that "there is reasonable potential that the phosphate mineralization extends onto the permit #810.325/2012 property, and SRK defined an **exploration target** within the provisions of JORC Code. Assuming that the Três Estradas deposit extends to the southwest over a strike length between 0.5 and 1.0 km, the potential size of the exploration target is estimated between 13 and 27 Mt ranging in grades between 3.6% and 4.8% P_2O_5". The reader is cautioned that the quantities and grade estimates for the exploration target should not be misconstrued with a Mineral Resource Statement. Furthermore, the reader is cautioned that the potential quantity and grade estimates are conceptual in nature; that there has been insufficient exploration to define a mineral resource; and that it is uncertain if further exploration will result in the determination of a mineral resource. The drill program covering the exploration target is expected to be completed next quarter.

Aguia's Managing Director Prakash Hariharan commented: "This study by SRK indicates that Três Estradas has potential to be developed as a low cost supplier to the large farm belts of southern Brazil. The project has considerable upside value given the deposit is open and the company has new discoveries in the area that have potential to share the processing infrastructure. The company will complete the delineation of the TE resource prior to completing the economic analysis but the project's position on the cost curve indicates it is well positioned to generate significant cash flow for Aguia in the future.

This study also highlights that Aguia is well positioned within the lowest cost quartile of the phosphate juniors given the strength of the resource and its top-tier cost structure. Our aim is to deliver one of the finest phosphate resources in Brazil, a country that currently relies on imports to satisfy the shortfall of phosphate in the region.

In the coming months Aguia will focus on expanding the mineral resources at Três Estradas and undertaking delineation drilling of the neighbouring Joca Tavares project with the objective of outlining at least 75 million tonnes of phosphate mineral resources between the two deposits. This will be followed by an update of the Mining Study prepared by SRK and the preparation of a preliminary economic assessment.

In addition, a high priority is to undertake a pilot plant test program including column flotation to optimise the global recoveries of the phosphate mineralization from Três Estradas. Column flotation has been a crucial step to demonstrate recoveries above 70% and increased concentrate grades at all operating phosphate mines in Brazil."

Funding options

Mr Hariharan indicates, "Aguia's Board is reviewing a number of funding options to ensure the company is sufficiently well capitalised through the next phase of exploration and project development that will be announced shortly. We are committed to building a world class phosphate project in South Brazil to address the needs for a region deficient in these nutrients."

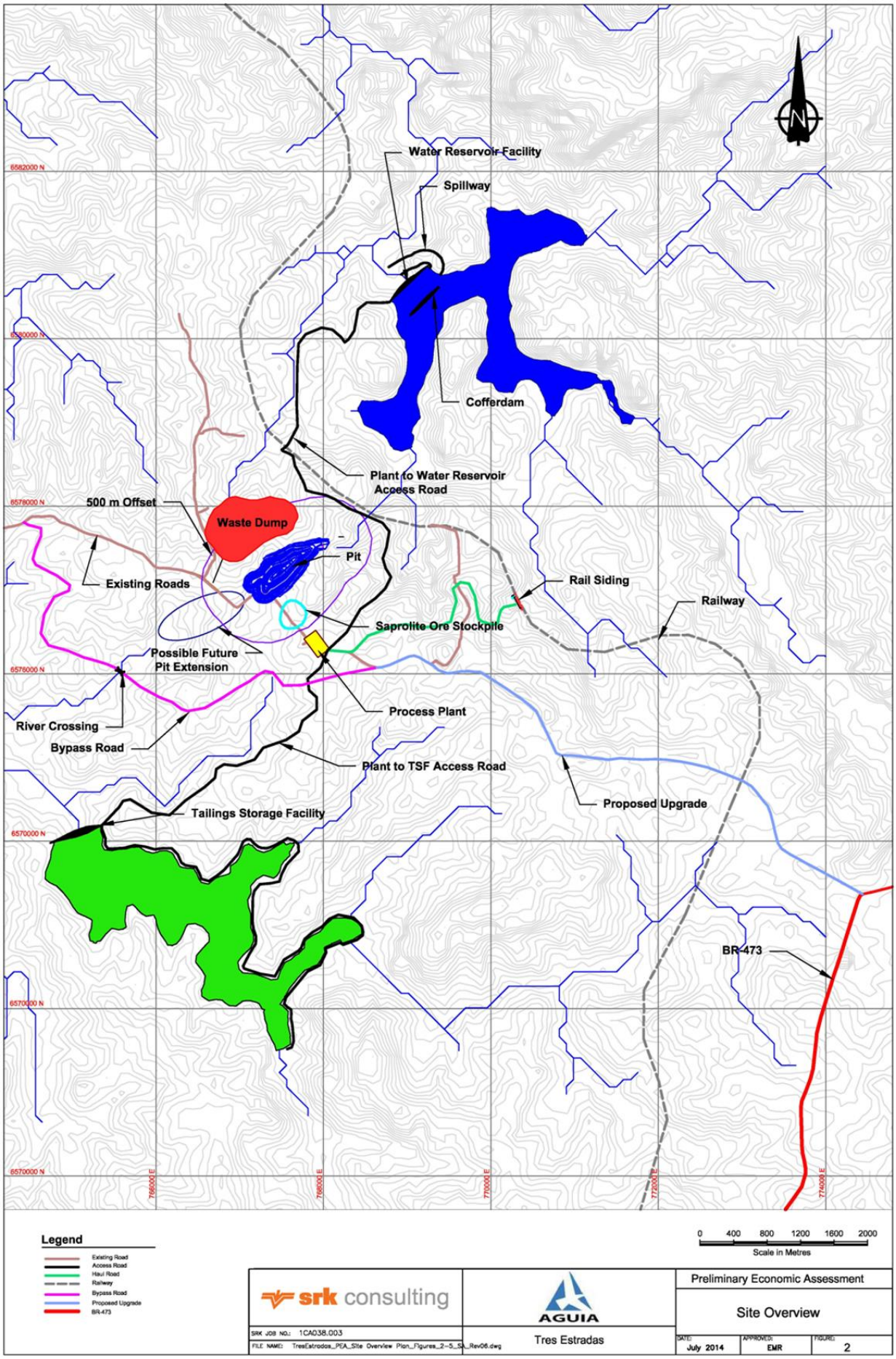

Figure 1 – Três Estradas Mine Site Overview.

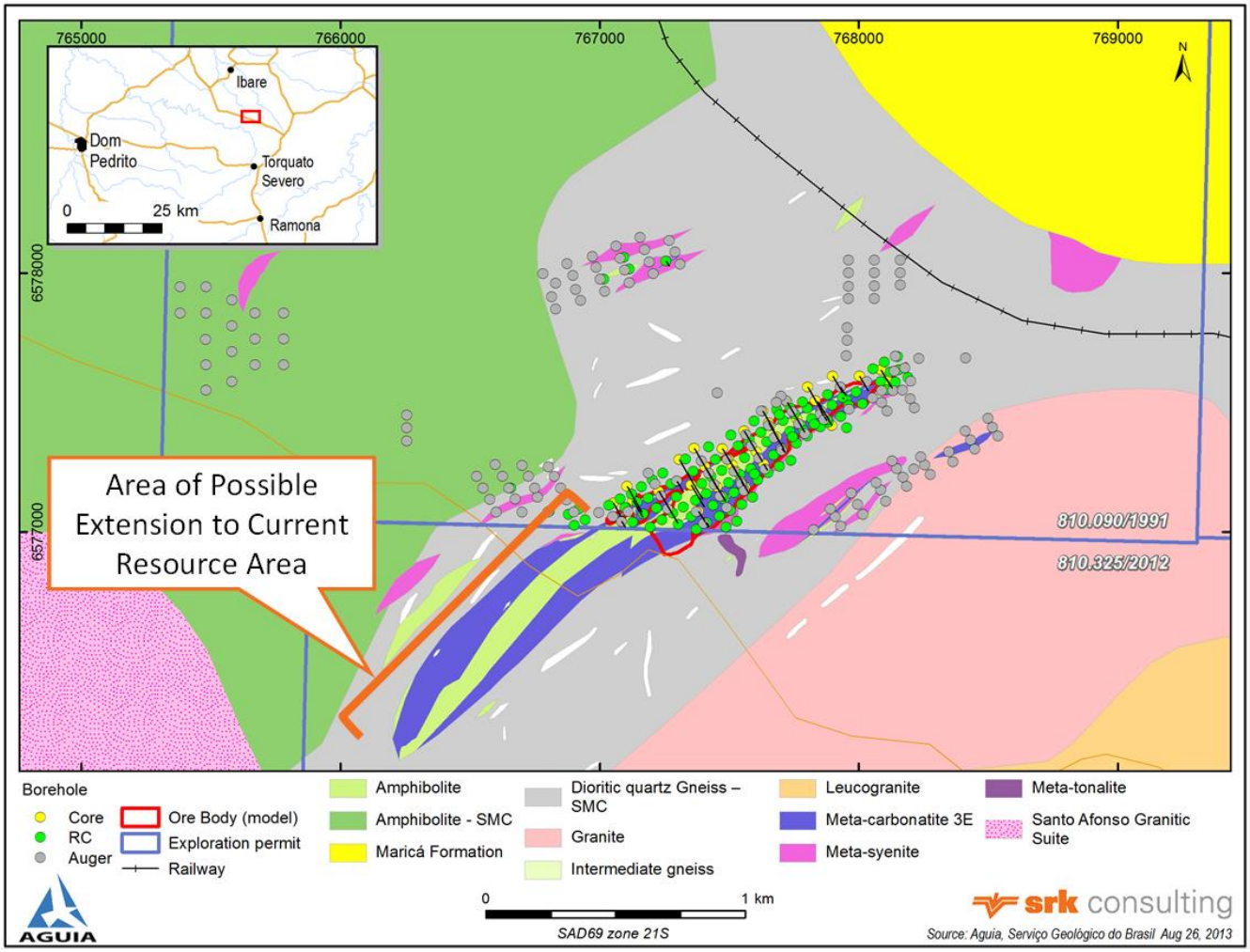

Figure 2. Drilling on the Três Estradas Phosphate Project.

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

Lithotype	Quantity	Grade							
	000' Tonnes	P_2O_5 (%)	CaO (%)	MgO (%)	Fe_2O_3 (%)	SiO_2 (%)	Al_2O_3 (%)	RCP†	P_2O_5AP‡ (%)
Indicated Mineral Resources									
Saprolite									
SAMM (amphibolite)	123	5.29	10.85	6.90	15.84	39.88	8.49	2.14	5.29
SCBT (carbonatite)	1,242	11.50	19.92	3.56	20.53	25.45	4.88	2.10	11.41
Weathered									
WCBT (carbonatite)	1,226	5.83	34.78	5.50	10.54	13.04	2.07	6.96	5.83
Fresh rock									
MCBT (carbonatite)	7,301	3.80	35.34	7.17	7.96	10.72	1.90	9.49	3.80
Total Indicated	**9,891**	**5.03**	**33.03**	**6.51**	**9.96**	**13.22**	**2.38**	**8.16**	**5.02**
Inferred Mineral Resources									
Saprolite									
SAMM (amphibolite)	81	5.80	11.40	6.62	16.70	39.02	8.35	2.12	5.77
SCBT (carbonatite)	363	11.38	17.61	3.43	21.05	27.83	5.56	1.75	11.28
Weathered									
WCBT (carbonatite)	254	4.80	36.61	5.96	8.92	10.89	1.88	8.45	4.80
Fresh rock									
MCBT (carbonatite)	19,894	3.79	35.78	7.30	7.74	9.91	1.76	9.60	3.79
Total Inferred	**20,591**	**3.94**	**35.38**	**7.21**	**8.02**	**10.36**	**1.85**	**9.42**	**3.94**

* Mineral resources are not mineral reserves and have not 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% of P_2O_5 for saprolite, weathered, and fresh rock mineralization. Optimization parameters include a selling price of US$200.00 per tonne of concentrate at 32% of P_2O_5, a metallurgical recovery of 70% of P_2O_5, 100% for mining recovery and 0% dilution, and overall pit slopes of 38 and 60°.

† CaO / P_2O_5 ratio.

‡ P_2O_5 contained in apatite.

– ENDS –

For further information, please contact:

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About Aguia

Aguia is an emerging fertiliser development company focusing on phosphate and potash projects in Brazil. Brazil is Latin America's biggest economy and is heavily reliant on imports of up to 50 per cent of its phosphate and 90 per cent of its potash needs. Aguia is well positioned to capitalise on the growing demand for phosphorus and potash based fertilisers in the expanding agriculture sector in Brazil and controls four large projects, located close to existing infrastructure. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the fertiliser sector.

JORC Code Competent Person Statements

The information in this report that relates to a Technical Memo prepared by SRK and entitled Conceptual Mining Study, Três Estradas Phosphate Project, Brazil. This document is dated 16/09/2014 and has been reviewed by and signed off by Dr Jean-Francois Couture, PGeo, and Mr. Brian Connolly, PEng, both of whom are full-time employees of SRK Consulting (Canada) Inc. that was retained by Aguia Resources Limited to prepare the conceptual mining study. Dr Couture supervised the SRK team and is a member of the Association of Professional Geoscientists of Ontario (APGO#0197). Mr. Connolly supervised the open pit mine planning and is registered as a professional engineer with Professional Engineers Ontario (PEO Licence # 90545203). Dr Couture and Mr. Connolly have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken in this study 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 ("JORC Code"). Dr Couture and Mr. Connolly consent to the inclusion in this report of the matters based on SRK study in the form and context in which it appears.

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Memo

To:	Fernando Tallarico	**Date:**	September 16, 2014
Company:	Aguia Resources Ltd.	**From:**	Oy Leuangthong, Brian Connolly, Jean-François Couture
Copy to:		**Project #:**	3CA038.003
Subject:	Conceptual Mining Study, Três Estradas Phosphate Project, Brazil		

SRK Consulting (Canada) Inc. (SRK) has been retained by Aguia Resources Ltd. (Aguia) to develop a conceptual mining plan targeting phosphate mineralization found for its wholly-owned Três Estradas phosphate project located approximately 320 kilometres (km) southwest of Porto Alegre, Rio Grande do Sul State, Brazil. This memorandum summarizes the conceptual engineering design work completed by SRK. A summary of key project parameters pursuant to the Joint Ore Reserves Committee (JORC) code (2012) is presented in the JORC TABLE 1 (Appendix A).

The conceptual engineering design work is based on a mineral resource model prepared by Aguia and audited by SRK in May 2013

The following parties contributed to the conceptual design work:

- Conceptual open pit mine planning was performed under the direction of Mr. Brian Connolly, PEng (SRK);
- A review of the metallurgical testwork was performed by Dr. Adrian Dance, PEng (SRK);
- An environmental and permitting assessment was performed by Mark Liskowich, PGeo (SRK);
- Conceptual design of a potential waste management system was performed under the direction of Dr. Maritz Rykaart, PEng (SRK);
- Responsibility for the geological and mineral resource aspects was taken by Dr. Jean-François Couture, PGeo (SRK).

The contributors to this scoping study are all Independent Competent Persons pursuant to the JORC Code.

SRK relied upon market study information provided by Ms. Sindhu Subramanian, who is a Market Analyst for Aguia. SRK also relied upon Mr. Zargos Hood, Accounting and Finance Manager for Aguia, for certain local costing information. Metallurgical test work was performed by HDA Serviço S.S., and SRK has relied upon HDA's report entitled "Comminution and Flotation Testwork for Rio Grande Project" dated May 28, 2014.

SRK cautions that the conceptual mine design work reported herein is partly based on Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the conceptual designs are achievable.

SRK understands that the mineral resources have been defined for only a portion of the Três Estradas phosphate deposit. A mineral potential was defined by SRK for the southwest extension of the deposit on an adjacent contiguous property also owned by Aguia but yet to be explored. In this context, Aguia has determined that it is premature to prepare an economic analysis of the Três Estradas project at this time. The project's economic potential will be assessed once the extension of the phosphate mineralization is tested by drilling to confirm its continuity and support mineral resource evaluation and mine planning. SRK agrees with this decision and considers it nonetheless beneficial to disclose the results of the conceptual mine design work to date because they provide a useful framework of design attributes for a potentially viable mining concept. The results of the conceptual designs discussed herein represent forward-looking information as defined under Australian securities law. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. The accuracy of the results is in the range of the industry-wide commonly accepted scoping study level of accuracy.

1 Highlights of the Study

The proposed conceptual mining project is an open pit truck-excavator operation. Phosphate mineralization extraction would involve drilling and blasting, with phosphate bearing rock and waste rock hauled to an on-site concentrator and waste dump, respectively. The phosphate rock concentrate produced would be transported via rail from the Três Estradas site to the port city of Rio Grande. The concentrate could be upgraded to granulated single superphosphate (SSP) at a plant located in Rio Grande, with the final SSP product sold and distributed to a local market within southern Brazil.

The project would involve moving approximately 76 million tonnes (Mt) of material, 23 million of which would be processed at the mill and subsequently transformed to SSP at the SSP plant. The concentrator is planned for a feed capacity of 6,000 tonnes per day (t/d) with an estimated average P_2O_5 feed grade of 4.3%. Based on current metallurgical test work, SRK assumed a P_2O_5 process recovery of 60% yielding phosphate rock concentrate grading on average at 28% P_2O_5. At peak production, the project will produce 213 kilotonnes per annum (kt/a) of phosrock concentrate.The conversion of phosrock to SSP is assumed at a ratio of 1.65. The planned capacity of the SSP plant is 350 kt/a.

The overall conceptual mine life is 12 years and involves early stockpiling of higher grade saprolite material in the first year of operation. This scheduling will facilitate blending of the plant feed to ensure consistent head grade for process optimization and SSP production in the Years 3 to 7. The conceptual mine schedule would benefit from an additional source of mineral resources with similar saprolite and fresh rock phosphate mineralization because of the potential to extend the conceptual mine life at design capacity and to overcome the decline in head grade over the conceptual life of mine.

2 Mineral Resources

Table 1 shows the audited Três Estradas Mineral Resource Statement, effective May 17, 2013. The conceptual mine design study is based on the stated mineral resources.

There are currently no mineral reserves for the Três Estradas project.

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

Lithotype	Quantity 000' Tonnes	Grade P_2O_5 (%)	CaO (%)	MgO (%)	Fe_2O_3 (%)	SiO_2 (%)	Al_2O_3 (%)	RCP†	P_2O_5AP‡ (%)
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† CaO / P_2O_5 ratio.

‡ P_2O_5 contained in apatite.

3 Metallurgical Testwork

Additional metallurgical testwork was completed by HDA Serviços S.S. and the University of São Paulo on a sample of fresh carbonatite and a sample of saprolite; these represent the two main mineralization types of the project. The objective of the testwork was to investigate alternate grinding flowsheets to minimize the loss of P_2O_5 from desliming ahead of flotation.

The range of testwork conditions resulted in different P_2O_5 recoveries, but along the same grade-recovery curve for each sample. The selected flowsheet differs slightly for the two mineralization types but resulted in a similar recovery of 60% P_2O_5 to concentrate. Due to differences in head grade, the final phosphate concentrate (phosrock) was 27% P_2O_5 for fresh carbonatite and 30% P_2O_5 for saprolite.

The selected flowsheet includes crushing and grinding (to different grind sizes), desliming at 10 microns followed by multi-stage flotation to generate a phosrock concentrate. In order to manage the Fe_2O_3 content in the phosrock concentrate, magnetic separation has been included in the flowsheet.

The phosrock is planned to be transported to the port of Rio Grande where acidulation and granulation stages will convert the concentrate into the final SSP product – of much higher value per tonne. SSP testing to estimate the acid consumption (acid:rock ratio) has not been completed due to the insufficiency of concentrate masses for testing.

Finally, the operating and capital costs of the project have been benchmarked against similar operations with consideration of the acidulation/granulation being done at Rio Grande.

4 Conceptual Mining Study

Key features of the proposed Três Estradas mine are listed as follows:

- An open pit that would contain a total of 75 Mt of material, including approximately 8.8 Mt of Indicated mineral resources, 14.2 Mt of Inferred mineral resources and 52 Mt of waste rock.
- An on-site processing plant planned to produce phosphate concentrate at a capacity of 6,000 t/d and that would be located 700 metres (m) south of the conceptual pit. The conceptual production schedule is based on a process recovery of 60% yielding a concentrate grading 28% P_2O_5.
- A tailings management facility (TMF) that would be located approximately 3.5 km southwest of the proposed plant site. Approximately 23 Mt of low solid content (~35%) tailings would be hydraulically deposited at this site. It is anticipated that about 824 kt of tailings would be produced during the first year of the mine operation. An earth-fill starter dam would be constructed from saprolite borrowed from nearby borrow sources (i.e., within 5 km) to retain the mentioned quantity of first year tailings deposition. Thereafter, the tailings dam would be raised in stages throughout the life of the dam using saprolite fill material. The dam would have an upstream lined homogenous earth-fill design with chimney and blanked drains to manage pore water pressure dissipation.
- A water reservoir dam that would be a 16 m high (el. 253 m), 640 m long earth-fill structure with upstream and downstream slopes of 2H:1V and 2.5H:1V, respectively. The dam would have a crest with of 9 m and would be about 82 m wide at its widest point along its base. The dam would be constructed as a homogenous compacted saprolite structure using strict specifications. A local borrow source (i.e., within 5 km) is assumed to be available.
- A proposed rail siding would be located parallel to the existing railway approximately 2.5 km east of the plant. It is anticipated that eight empty wagons would be needed for the operation if the concentrate were to be shipped on a daily basis. Upon their arrival, the wagons would extend along the loading platform, at which point the locomotive would detach and move through the run around line to reach the opposite end of the wagons.
- The existing public road traverses the footprint of the proposed open pit. A bypass road would be constructed (Figure 1) to reroute the road around the pit and the mine facilities. The length of the bypass road would be 6.4 km and it is assumed that it would be unpaved.
- Approximately 7 km of the existing public road that connects the project site to Highway BR-473 would be upgraded to a gravel surfaced type road.
- It is proposed that the mine operational workforce reside in the community of Lavras Do Sul, located 40 km from site. No on-site permanent camp accommodation is planned.
- Power to the site would be obtained from the Brazilian grid at the town of Bagé, which lies approximately 50 km south of the project site. A 69 kV powerline to the site is planned.
- It is expected that the SSP plant would be located at an industrial site with rail access near the port of Rio Grande, 325 km by rail from Três Estradas. A specific location has not been selected but SRK understands that suitable locations are available. Feedstock for the SSP plant includes phosphate concentrate from site and sulphuric acid. It is planned that imported acid would be utilized and no acid production facility is proposed.

Figure 1 shows an overview of the proposed mine site and infrastructure.

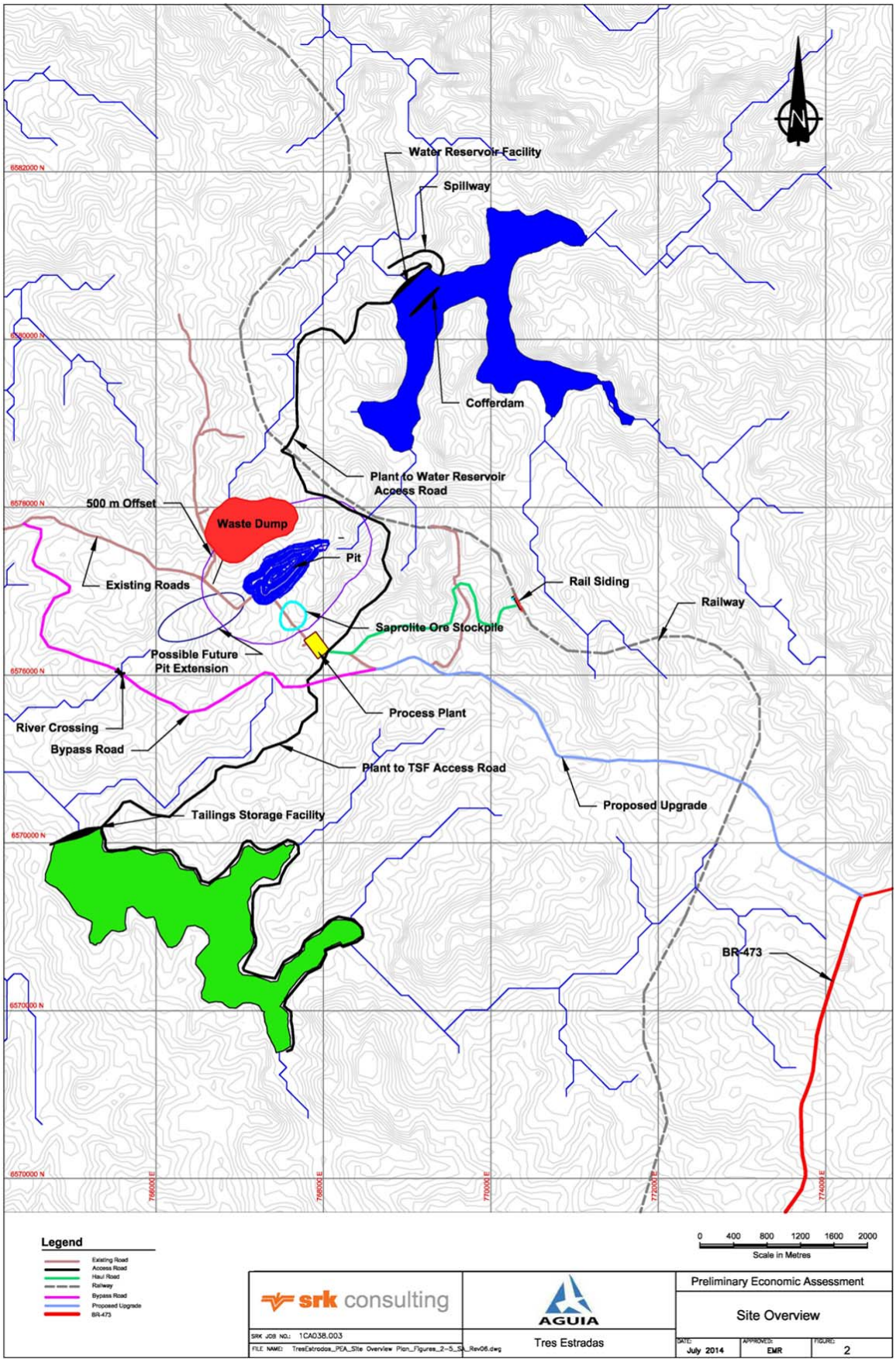

Figure 1: Três Estradas Site Overview

A pit optimization analysis was conducted utilizing a SSP price of US$330 per tonne and other technical and economic parameters as presented in Table 2. A series of nested pits shells was generated by factoring revenue and the results were analyzed on an incremental and present value basis. The pit shell generated with a revenue equivalent to that obtained with a price of US$245 per tonne SSP was selected to guide the ultimate pit layout.

Table 2: Pit Optimization Parameters

Item	Units	Value
Economic Parameters		
Long term SSP selling price, FOB Rio Grande*	US$/t SSP	330
Mining Cost:		
Reference mining cost, 340m bench	US$/t mined	1.85
Mining cost adjustment, per 10m bench below reference	US$/t/bench	0.03
Approximate average mining cost	US$/t mined	2.00
Process Costs:		
Concentrator	US$/t feed	3.50
SSP plant	US$/t SSP	78.60
Concentrate Costs:		
Concentrate rail transport, site to Rio Grande	US$/t con (wet)	11.75
Concentrate handling	US$/t con (wet)	4.00
G&A cost:	US$/t feed	1.50
Discount rate	%	10%
Technical Parameters		
Mining recovery	%	95%
Mining dilution	%	5%
Process recovery of P_2O_5	%	60%
Concentrate moisture	%	10%
Concentrate grade	% P_2O_5	28%
Conversion factor, concentrate to SSP	factor	1.65
Mining rate	Mt/a mined	9.0
Process rate	Mt/a feed	2.4
Overall pit slopes**		
Soil/Saprolite/Weathered Rock (average)	deg	28
Fresh Rock	deg	47
Estimated marginal economic cut-off grade	% P_2O_5	< 1%

* Based on 2011-2013 average SSP import price with allowances for ocean freight, demurrage, port handling, Brazil taxes and delivery premiums, as estimated by Aquia

** Including allowances for pit ramps, drainage ditch, geotechnical berms

The economic parameters presented in Table 2 result in forecast ultimate pit average production costs of US$165/t SSP. A subsequent cost analysis identified some additional items not included within pit optimization, which have the effect of increasing forecast production costs to about US$177/t SSP. The additional cost items include:

- Slightly higher unit mining costs, i.e. +US$0.09/t moved;
- Addition of TMF and water supply operating costs, i.e. +US$0.59/t concentrator feed;
- Higher G&A costs of about US$0.55/t concentrator feed, based on analysis of G&A associated with the site and plant in Rio Grande; and
- Inclusion of Brazil CFEM tax, estimated at US$3.22/t SSP.

The conceptual ultimate pit layout is shown in Figure 2. The pit is 1,100 m long by 450 m wide by 200 m deep. Interramp slopes range from an average 35° in saprolite and weathered rock, to 51° in fresh rock. The conceptual layout includes a drainage berm located at the contact between weathered and fresh rock, haulage

ramps suitable for highway-type haul trucks commonly used in Brazilian mines, and a geotechnical berm on highwall sectors where no ramps are planned.

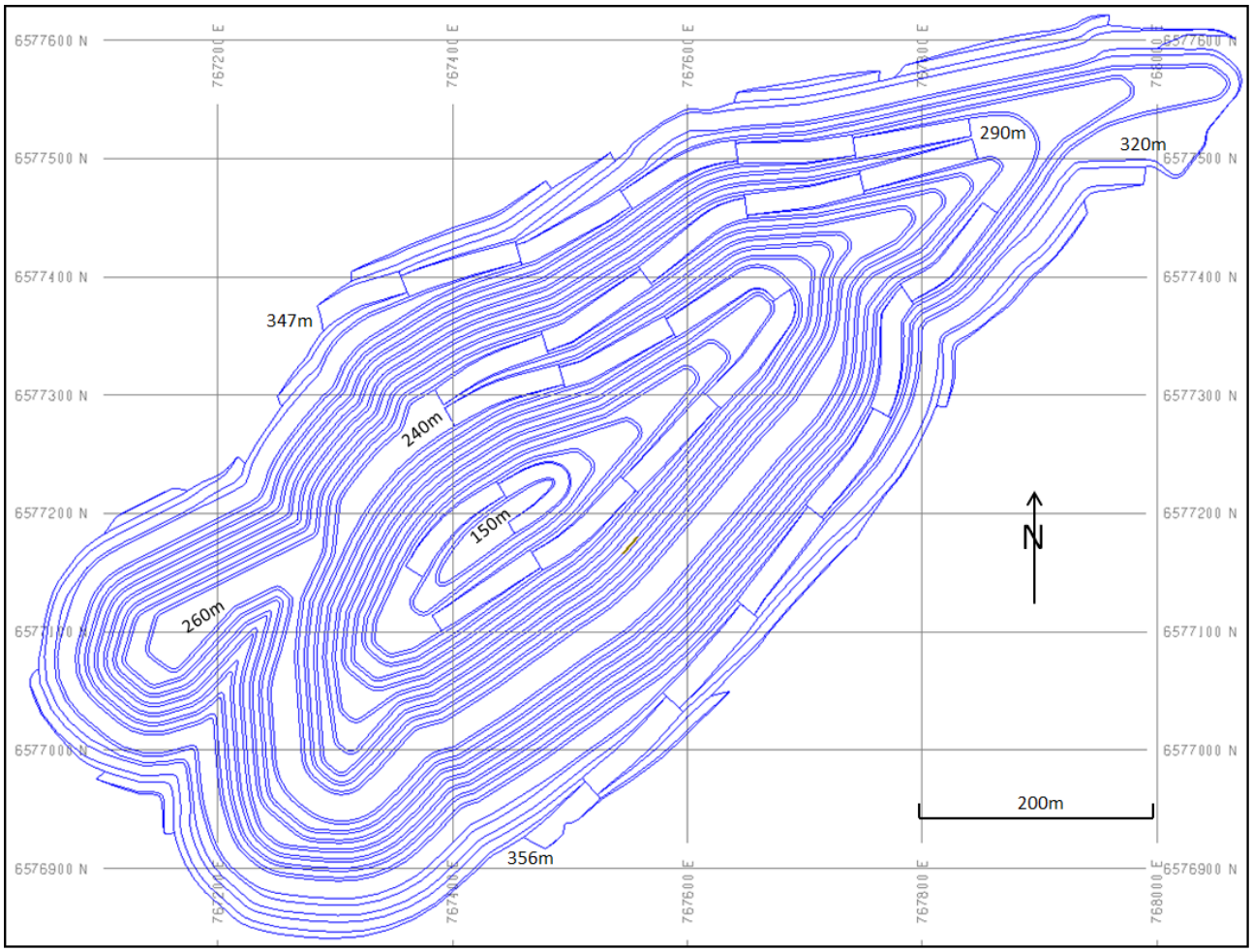

Figure 2: Conceptual Ultimate Pit Layout

Contained quantities in the conceptual ultimate pit are summarized in Table 3. Note that 62% of the phosphate mineralization within the ultimate pit comprises Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that a preliminary economic assessment based on these mineral resources will be realized.

Table 3: Conceptual Ultimate Pit Quantities

	Quantity Mt	Grade % P_2O_5
Indicated Mineral Resources	8.8	5.2%
Inferred Mineral Resources	14.2	4.1%
Waste	52.1	
Total Quantity	**75.1**	

It is estimated that 5% dilution and 5% mining loss would be incurred in mining to the ultimate pit limits, and these modifying factors have been incorporated in the quantity and grade estimates in the conceptual life of mine production and plant feed schedule shown in Table 4.

Table 4: Life of Mine Production Schedule

Description	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total
ROM Saprolite	kt	1,371	274	84	69	-	-	-	-	-	-	-	-	1,797
ROM Weathered	kt	453	722	241	97	-	-	-	-	-	-	-	-	1,512
ROM Fresh	kt	-	788	1,719	1,814	1,921	1,950	1,988	2,181	2,182	2,186	2,171	781	19,682
Total ROM Mined	kt	1,824	1,784	2,043	1,980	1,921	1,950	1,988	2,181	2,182	2,186	2,171	781	22,991
ROM P_2O_5 Grade	%	9.8%	5.5%	4.1%	3.8%	3.8%	3.7%	3.8%	3.7%	3.7%	3.5%	3.2%	3.2%	4.3%
Waste Mined	kt	2,829	4,316	4,110	4,908	6,241	6,221	6,200	5,982	5,969	3,357	1,910	59	52,103
Stripping Ratio, W:O	#	1.6	2.4	2.0	2.5	3.2	3.2	3.1	2.7	2.7	1.5	0.9	0.1	2.3
Total Mined	kt	4,653	6,100	6,153	6,888	8,162	8,171	8,188	8,163	8,152	5,543	4,081	839	75,094
Stockpile Rehandle	kt	-	-	135	210	230	240	186	-	-	-	-	-	1,001
Total Material Movement	kt	4,653	6,100	6,288	7,098	8,392	8,411	8,374	8,163	8,152	5,543	4,081	839	76,095
Stockpile Ending Inventory	kt	1,001	1,001	866	656	426	186	-	-	-	-	-	-	
Plant Feed from Pit	kt	823	1,784	2,043	1,980	1,921	1,950	1,988	2,181	2,182	2,186	2,171	781	21,990
Plant Feed from Stockpile	kt	-	-	135	210	230	240	186	-	-	-	-	-	1,001
Total Plant Feed	**kt**	**823**	**1,784**	**2,178**	**2,190**	**2,151**	**2,190**	**2,174**	**2,181**	**2,182**	**2,186**	**2,171**	**781**	**22,991**
Daily Plant Feed	t/d	2,255	4,886	5,967	5,999	5,894	6,001	5,956	5,976	5,979	5,989	5,947	4,278	5,477
P_2O_5 Grade	%	8.4%	5.5%	4.5%	4.5%	4.6%	4.5%	4.4%	3.7%	3.7%	3.5%	3.2%	3.2%	4.3%
CaO Grade	%	23.1%	31.7%	33.1%	31.7%	32.6%	32.5%	34.0%	34.0%	31.8%	34.4%	31.2%	31.5%	32.3%
MgO Grade	%	4.7%	5.5%	6.1%	6.5%	6.7%	6.8%	6.1%	6.8%	8.0%	7.3%	8.0%	7.1%	6.7%
Fe_2O_3 Grade	%	15.2%	9.9%	8.8%	9.1%	9.0%	8.7%	8.5%	7.8%	7.9%	7.1%	7.9%	7.8%	8.7%
SiO_2 Grade	%	22.3%	13.3%	11.3%	12.4%	10.6%	10.1%	9.5%	9.7%	11.1%	8.7%	10.4%	11.9%	11.1%
Al_2O_3 Grade	%	4.2%	2.2%	2.0%	2.1%	1.9%	1.7%	1.7%	1.7%	2.2%	1.5%	2.0%	2.4%	2.0%
P_2O_5 Ap Grade	%	8.4%	5.5%	4.5%	4.5%	4.6%	4.5%	4.4%	3.7%	3.7%	3.5%	3.2%	3.2%	4.3%
P_2O_5 Recovery	%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Concentrate Tonnage	kt	148	211	212	213	212	212	207	171	174	165	149	54	2,128
Concentrate P_2O_5 Grade	%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
SSP Conversion Factor	#	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65
SSP Production Tonnage	kt	**244**	**349**	**350**	**351**	**349**	**350**	**341**	**283**	**287**	**272**	**245**	**90**	**3,511**

Highlights of the conceptual production schedule include:

- Minimal preproduction stripping is required since mineralization is exposed on surface;
- Mining grade declines over the mine life as a result of depletion of high grade saprolite mineralization. High grade mineralization is located near surface in the saprolite and weathered rock. Fresh rock mineralization grades decline with depth;
- A high grade saprolite stockpile is established in Year 1. This stockpile is rehandled to the plant in Years 3 to 7 to raise the plant feed head grade to approximately 4.5% P_2O_5 in these years.
- A conceptual mine life of 12 years based on the ultimate pit quantities and process plant capacity assumptions. An additional supply of high grade near surface saprolite mineralization would allow maintaining the mining grades over a longer period and could extend the conceptual mine life;
- Total mining rates peak at 8.4 Mt per year (Mt/a) of material movement (23,000 t/d);
- Concentrator capacity of about 2.2 Mt/a (6,000 t/d) feed is achieved from Years 3 to 11;
- SSP plant capacity of 350 kt/a SSP is achieved from Years 2 to 7 before declining due to declining concentrator head grades and reduced concentrate production; and
- The Year 1 process throughput is reduced as an allowance for concentrator and SSP plant commissioning.

5 Initial Capital Costs

SRK prepared a preliminary estimate of the initial capital cost to develop the conceptual project presented in this memo. It is estimated that an initial capital investment of approximately US$218M as summarized in Table 5 would be required.

Table 5: Preliminary Initial Capital Cost Estimate

Description	(US$M)
Mine Equipment	8.8
Process - Concentrator	65.0
Process - SSP Plant	58.0
Tailings Management Facility	8.2
Water Reservoir	10.3
Rail Siding	1.0
Access Road Upgrade & Bypass	0.9
Site Facilities	5.8
Power Line & Substation	8.4
Owner Costs	23.4
Subtotal, before contingency	189.8
Contingency	28.0
Total Initial Capital Costs	**217.8**

In addition to initial capital it is expected that sustaining or ongoing capital would also be required over the mine life for mining and process equipment and for tailings dam lifts. Additional mine mobile equipment will be required since:

- Annual mining quantities increase significantly after Year 1, as shown in Table 4;
- Mining from deeper elevations over time will increase haulage cycle times and truck requirements;
- Mining progresses from soft saprolite to hard fresh rock, necessitating blasthole drill additions; and,
- Replacement equipment will be required as units reach the end of their economic life.

6 Environmental Considerations

Activities to date have been carried out on valid exploration claims with all activities being completed in compliance with a valid exploration license. SRK understands the final exploration report has been submitted to the department of Mines and Energy and the National Department of Mineral Production (MME/DNPM) for their review and approval. Following approval of this report, an application for a mining concession will be submitted within the regulated timeframe (1 year following approval of the exploration report).

A preliminary social and environmental assessment for the project has been completed and did not identify any potential environmental impacts that can be mitigated through the implementation of good engineering practices. The environmental assessment and licensing process in Brazil is approximately a three year process. In accordance with Brazilian environmental legislation, an Environmental Impact Assessment (EIA) for the proposed project will be required. Currently the project schedule plans to initiate this EIA prior to the end of 2014. The estimated time to complete the EIA is approximately 12 months. Following submission of this document an additional 12 months are generally required in order to obtain a Preliminary License (LP) from the State Environmental Agency. Subsequent to obtaining the LP an additional six months are required to obtain an Installation License (LI) followed by an additional six months to advance the project to an Operation License (LO) which must be in hand prior to start up of operations. There do not appear to be any significant/controversial environmental or social concerns with the project, as it is currently defined, that would complicate or delay advancing the project through these licensing phases within a 24 to 36 month timeframe.

7 Risks and Opportunities

Certain aspects of the proposed Três Estradas conceptual mining project present risks and opportunities beyond aspects of the project discussed thus far. While no detailed study has been completed on either risks or opportunities, the following section discusses some of them.

7.1 Risks

The following potential risks have been identified:

Mining

- Stockpiling large quantities of saprolite mineralization may be challenging because of difficulty operating haul trucks on partially compacted saprolite.

Waste Management

- The geochemical characterization completed confirms that acid rock drainage (ARD) is not an issue. However, no geochemical characterization has been carried out on the tailings material. No additional environmental controls to address any potential tailings geochemistry issues have been included in the conceptual cost estimate.
- No geotechnical or hydrogeological investigations have been carried out at the TMF, the water reservoir site, the railways siding and the roads; therefore, at this conceptual stage, it is not possible to confirm if the allowances for foundation integrity or seepage control are adequate. Challenging foundation conditions will result in increased capital expenditure (CAPEX).
- No borrow source investigations have been carried out to confirm the suitability of these sources as dam construction materials within the assumed haul distances.
- No hydrological studies have been undertaken to confirm that the sizing of the water reservoir is adequate, or that the freeboard and spillway allowances are appropriate for the proposed conceptual TMF and water reservoir. Changes could result in increased CAPEX.

As with all proposed mining projects, all eventual environmental objections from the local communities have to be managed carefully, as open pit mining operations especially have a significant spatial footprint. If operations are not managed in a responsible manner, favorable local support may cease, with the potential to influence day to day operations negatively.

7.2 Opportunities

By far the biggest opportunity is that the phosphate mineralization explored by Aguia on the Três Estrada property is open to the southwest and likely extends into permit #810.325/2012. Aguia, thus far, has not explored the extension of the phosphate mineralization on that permit. Based on SRK's visits and the mineral resource modelling work audited by SRK, there is reasonable potential that the phosphate mineralization extends onto the permit #810.325/2012 property, and SRK defined an exploration target within the provisions of JORC Code. Assuming that the Três Estradas deposit extends to the southwest over a strike length between 0.5 and 1.0 km, the potential size of the exploration target is estimated between 13 and 27 Mt ranging in grades between 3.56% and 4.84% P_2O_5. The quantities and grade estimates for the exploration target are based on the thicknesses, depth extensions, and grade ranges demonstrated by delineation drilling conducted by Aguia. The reader is cautioned that the quantities and grade estimates for the exploration target should not be misconstrued with a Mineral Resource Statement. Furthermore, the reader is cautioned that the potential quantity and grade estimates are conceptual in nature; that there has been insufficient exploration to define a mineral resource; and that it is uncertain if further exploration will result in the determination of a mineral resource.

Other Opportunities include:

Waste Management

- Physical and rheological testing has not been carried out on the tailings. Once this information becomes available, the feasibility of cyclone raise should be determined. Cyclone raises would decrease tailings dam sustaining capital requirements.
- The tailings volumetric calculation assumes a dry density of 1.25 tonnes per cubic metre. It is conceivable that the thickened tailings may have a slightly higher density. Should this be confirmed, it is conceivable that the overall tailings impoundment area could be reduced.

Metallurgy

- Recovery tests yielded moderately low recoveries but similar to other Brazilian apatite projects. While SRK expects that with further testwork into feed preparation conditions, losses will be minimized and flotation recovery will increase, there is no certainty that these expectations will be met. SRK recommends that testwork in the future should consider the introduction of column flotation. This technology, currently employed in many operating mines in Brazil, has the potential to improve recovery of finer apatite particles. In addition, separate flotation of the slime fraction could achieve some recovery of P_2O_5 that is currently being discarded to the tailings pond in the process flowsheet.

Overall, the mineral resources for Três Estradas result in a proposed conceptual mining project with an anticipated short life of mine with a gradual decline in mining head grade caused by the depletion of the higher grade saprolite mineralization. SRK believes that it is likely that stepout drilling to the southwest will expand the mineral resources available, providing a potential source of additional saprolite mineralization to sustain the higher mining grades and operation at design capacity for a longer period, and extend the overall mine life.

Furthermore, well-established infrastructure located in close proximity to the project area provides an opportunity to minimize project development costs. The community of Lavras Do Sul is located nearby , which alleviates the need for a permanent mine camp, and access to services such as road and rail transport as well as electrical power do not have to be constructed over long distances.

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APPENDIX A

JORC Table 1

Table 1: Section 1 Sampling Techniques Data

Criteria	Commentary
Sampling technique	Soil samples were collected every 25 metres along lines spaced 100 metres apart, for a total of 52 soil samples. 77 rock samples were collected from within the DNPM 810.090/91 area. One historical trench exists on the tenement, Aguia sampled three vertical channels; in each channel, two samples were collected. Drilling comprised 40 core boreholes (5,334 metres), 136 auger boreholes (770 metres), and 105 reverse circulation boreholes (2,151 metres). Auger - Drilling was completed up to a depth of 15 metres within the saprolite unit.
	Auger - informational borehole collars were surveyed arrording to the local UTM coordinate system (SAD 69, Zone 21S) using a handheld GPS receiver before drilling started. No downhole surveys were performed. N.B. Auger data were not used for resource estimation purposes. Reverse Circulation Drilling - All borehole collars were surveyed according to the local UTM coordinate system (SAD 69, Zone 21S), using a differential GPS receiver before drilling started, and once drilling had been completed. No downhole surveys were performed. Core Drilling - All borehole collars were surveyed according to the local UTM coordinate system (SAD 69, Zone 21S), using a differential GPS receiver before drilling started, and once drilling had been completed. Downhole surveys were completed for the second exploration program using a Maxibore down-hole survey tool.
	Auger - 1 metre samples collected, 2 kilograms of material collected for each field sample. Samples were taken at 1-metre intervals. These samples were analyzed for phosphorus, calcium, and aluminium content with a portable x-ray fluorescence (XRF) analyzer. If any sample yielded greater than 1.31 % phosphorus (3% P_2O_5), all samples from that auger borehole were shipped to the laboratory for assaying. Reverse Circulation Drilling - Every metre drilled produced two aliquots with a minimum weight of 500 grams and a maximum of 2 kilograms. Core Drilling - The majority of sample intervals range between 0.5 and 1.5 metres, averaging 1.0 metre and honour geological contacts. Samples were collected from half core cut lengthwise using a diamonds saw. Three readings per metre were performed with a portable XRF device. Samples were sent to the ALS laboratory in Vespiano, Brazil for preparation. Prepared samples were sent to Lima, Peru or Vancouver, Canada for assaying.

Table 1: Section 1 Sampling Techniques Data Continued

Criteria	Commentary
Drilling techniques	Auger - tipper scarifier motorized augers were used to drill the auger boreholes. Reverse Circulation – Drilling utilized a face sampling Hard Formation Bit with Tungsten buttons and a diameter of 5 ½ inches. No downhole surveys were completed. Core Drilling - Drilling utilized HQ equipment for weathered material and NQ for fresh rock. Down hole surveys were not performed on 19 core boreholes completed during the first drilling program. Downhole surveys were performed on 3-metre intervals using a Maxibore down-hole tool on all boreholes completed during the second drilling program. No core orientation has been carried out.
Drill sample recovery	Auger - Auger recovery was not monitored. Reverse Circulation Drilling – recovery was not monitored. Core Drilling - Recovery by sample and by drill run was recorded; core recovery exceeded 90% in 97% of all core boreholes.
	Auger - Sample was homogenized before collecting a 2 kilogram sample; large competent material was broken up prior to homogenization.
	There is no detectable relationship between sample recovery and grade in all samples collected (auger, reverse circulation and core).
Logging	Auger - data were not considered for resource estimation. Reverse Circulation Drilling - Drilling chips were log to record geological information and this information was considered for resource estimation. Core Drilling - Detailed geological logs in appropriate logging form were completed and assay data were considered for resource estimation.
	Core Drilling - Detailed geological logs in appropriate logging form were completed. All core has been photographed dry before sampling.
	All of the relevant intersections were logged.

Table 1: Section 1 Sampling Techniques Data Continued

Criteria	Commentary
Sub-sampling techniques and sample preparation	Core was sawn in half, with one half sent for assaying and one half being retained for reference. Friable core was split down the centerline using a spatula or similar tool, with half being retained and half sent for assaying.
	Auger - One metre auger samples were placed on a plastic sheet; large pieces were broken down manually. The sample was then homogenized by shaking the sheet with a rolling motion. Reverse Circulation Drilling - Dry and moist samples were split using a riffle splitter; wet samples were dried prior to homogenization and sampling.
	The sample preparation techniques are industry standard and are considered appropriate for the mineralization being investigated.
	Industry standard procedures are employed, including ensuring non-core samples are adequately homogenized before. Archive samples are collected.
	No field duplicate samples or second half sampling was done. The target mineralization is quite homogeneous.
	Auger, reverse circulation and core sample sizes are adequate for the target mineralization sampled.
Quality of assay data and laboratory tests	Sample preparation was completed at ALS Vespasiano's laboratory in Brazil using standard crushing and pulverization techniques; sample analysis was carried out by ALS Peru S.A. in Lima or ALS Minerals in North Vancouver, Canada. The prepared pulps were fused with lithium metaborate and analyzed by XRF spectroscopy for major oxide elements (P_2O_5, Al_2O_3, CaO, Fe_2O_3, K_2O, MgO, MnO_2, SiO_2, and TiO_2 (Method code XRF12pt/XRF24). Samples were also analyzed for a suite of 31 elements using an aqua regia digestion and inductively coupled plasma - mass spectrometry (Method code ME-MS81). The preparation and analytical procedures are appropriate for the type of mineralization sampled and are reliable to deliver the total content of the analyzed compounds.
	Not applicable.

Table 1: Section 1 Sampling Techniques Data Continued

Criteria	Commentary
Quality of assay data and laboratory tests	Control samples were inserted approximately every 12 samples; analyses of replicate pulp assays of mineralized rock were also completed. In addition, umpire laboratory testing was performed on approximately 5% of the samples. At ALS Minerals, North Vancouver, Canada, second pulp splits were analyzed for a suite of 31 elements including rare earth and trace elements, by inductively coupled plasma mass spectroscopy (Method code ME-MS81). Ten blank samples were sent for preparation to ALS laboratory in Vespasiano, Brazil and for analysis to ALS Minerals in Lima, Peru. Aguia used two certified phosphate reference materials (standards) sourced from Geostats Pty Ltd. (Geostats) in Perth, Australia. Umpire check assays were conducted by SGS Geosol in Belo Horizonte, MG, Brazil using XRF spectroscopy (Method codes XRF79C and PHY01E). Additionally, Aguia relied on the analytical quality control measured implemented by the ISO accredited laboratory used.
Verification of sampling and assaying	During a site visit SRK personnel relogged seven core boreholes.
	No twin boreholes were completed.
	All core was logged by Aguia geologists; data were entered digitally into a comprehensive database program. Electronic data were verified by SRK.
	Assay data were not adjusted.
Location of data points	All borehole collars were surveyed according to the local UTM coordinate system (South American Datum 1969 – SAD69, Zone 21S), using differential GPS equipment before drilling started, and once drilling had been completed.
	UTM system (Zone 21S), South American Datum 1969.
	A topographic survey of the project area was completed using differential GPS technology. The survey comprised 35.35 line kilometres, consisting of survey lines spaced 25 metres apart, and control lines spaced 100 metres apart. The topographic survey generated contour lines at 1-metre intervals in the meta-carbonatite area. Contour lines at 5-metre intervals were obtained for the remaining area using shuttle radar topography mission (SRTM) and orthorectified Geoeye images with 0.5 metre resolution.
Data spacing and distribution	Boreholes were drilled on sections, spaced 50 metres apart.
	The boreholes are spaced sufficiently close to interpret the boundaries of the phosphate mineralization with a confidence sufficient to establish continuity at support classification at an Indicated and Inferred category.
	Assay data were composited to one metre lengths prior to resource estimation.
Orientation of data in relation to geological structure	The sampling patterns used did not introduce an apparent sampling bias.
	The sampling patterns used did not introduce an apparent sampling bias.
Sample security	Chain of custody of all sample material was maintained by Aguia. Samples were stored in secured areas on site until dispatch top the preparation laboratory by freight express.
Audits or reviews	SRK audited the project in early 2013 and concluded that exploration work completed by Aguia used procedures consistent with generally accepted industry best practices. The audit found no issues with the project data.

Table 1: Section 2 Reporting of Exploration Results

Criteria	Commentary (SRK Report)
Mineral tenement and land tenure status	Permit 810.090/91, irrevocable right to 100% under an exercised option agreement with Companhia Brasiliera de Cobre (CBC). On July 1, 2011, CBC and Aguia Metais Ltda., a subsidiary of Aguia in Brazil, executed an option agreement providing the irrevocable purchase option of these mineral rights by Aguia Metais (or its affiliate or subsidiaries). On May 30, 2012 Aguia Metais exercised the purchase option concerning these mineral rights by means of its affiliate Aguia Fertilizantes S/A (Aguia Fertilizantes). On July 10, 2012, CBC and Aguia Fertilizantes executed an irrevocable agreement providing the assignment of these mineral rights to Aguia Fertilizantes. On July 20, 2012 CBC filed a request before the DNPM applying for the transfer of these mineral rights to Aguia Fertilizantes. The 2nd two year term expired on August 16, 2012, with the Final Exploration Report now under review by the Government, approval of which will allow the Company a further year (from the date of approval) to submit an Economic Exploitation Plan. Permit 810.325/12, irrevocable right to 100% under an exercised option agreement with Companhia Brasiliera de Cobre. Granted April 29, 2013, initial 3 year term expiry April 29, 2016.
Exploration done by other parties	Phosphate rich rocks at Três Estradas were discovered during a gold exploration program under a joint venture agreement between Companhia Brasileira do Cobre and Santa Elina in 2007/2008. Exploration activities comprised an integrated geochemical/geological/geophysical and drilling program. The gold results were disappointing, causing Santa Elina to withdraw from the joint venture; however, P_2O_5 values in excess of 6% were noted in assays of soils and drill core.
Geology	Três Estradas phosphate project is a carbonatite complex containing apatite as the phosphate bearing mineral. The carbonatite strikes northeast and dips steeply to subvertically to the southwest. Rocks in the area have been affected by Neo-Proterozoic shearing and metamorphism. The carbonatite and its host rocks are part of the Santa Maria Chico Granulite Complex, within the Taquarembo Domain of the Achaean to Proterozoic Sul-rio-grandense Shield.
Drill hole Information	Mineral resources are informed from 40 core boreholes (5,333.9 metres) and 105 reverse circulation boreholes (2,151 metres), completed in 2011 and 2012. Information from auger boreholes was not considered for resource estimation. Boreholes generally were completed on sections 50 metres apart. Borehole spacing along section is typically 50 metres. The complete dataset was used in the estimate. The large dataset precludes listing of individual results as would be the case for limited data when reporting Exploration Results.
Data aggregation methods	No exploration data were altered. High grade outliers were not capped prior to block grade estimation. Not applicable. Not applicable.
Relationship between mineralisation widths and intercept lengths	Drilling was planned to intercept the target apatite mineralization at a high angle. Downhole lengths therefore generally approximate true widths.
Diagrams	Borehole collar map and representative sections included in Appendix B.
Balanced reporting	All relevant drilling information was incorporated in the preparation of the mineral resource estimate.

Table 1: Section 2 Reporting of Exploration Results Continued

Criteria	Commentary (SRK Report)
Other substantive exploration data	None.
Further work	Future drilling will aim at infilling the deposit to improve the confidence in the geological and geostatistical continuity of the mineralization. Step out drilling will also test the lateral continuity of the apatite mineralization to the south.
	See map in Appendix B.

Table 1: Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary (SRK Report)
Database integrity	The database was provided to SRK in digital form. SRK conducted a series of routine verifications to ensure the reliability of the electronic data provided by Aguia. No input errors were detected in the Aguia database.
Site visits	Site visits were undertaken by Dr. Weiershäuser (SRK Toronto) in April 2012 and October 2012, an appropriate independent Competent Person for the purpose of JORC. SRK was given full access to relevant data and conducted interviews of Aguia personnel to obtain information on the past exploration work, to understand procedures used to collect, record, store, and analyze historical and current exploration data.
Geological interpretation	SRK is confident that Aguia's geological and mineralization model used for the mineral resource estimation is adequate to support geological modelling and evaluation and classification of mineral resources pursuant to the JORC 2012 Code. Aguia used a lithological-assay based approach to define the boundaries of the phosphate mineralization and the following criteria: Minimum average grade of composite interval (hanging wall to footwall contact) is 3.0% P_2O_5 for saprolite and fresh rock. Three weathering zones (saprolite, weathered, and fresh rock) defined by two weathering surfaces modelled according to core logging data. Maximum length of internal dilution within a mineralized interval is 4.0 metres. There are three intervals (0.9% of internal dilution intervals) that are longer than 4 metres.
Dimensions	The minimum and maximum extents of the mineral resource are given below: **Min*** **Max*** X 766,800 769,925 Y 6,575,400 6,576,900 Z 50 150 * SAD 69 Zone 21S

Table 1: Section 3 Estimation and Reporting of Mineral Resources Continued

<table>
<tr><th>Criteria</th><th>Commentary (SRK Report)</th></tr>
<tr><td>Estimation and modelling techniques</td><td>P_2O_5, CaO, Fe_2O_3 and MgO were estimated into the block model using ordinary kriging. SiO_2 and Al_2O_3 were estimated using an inverse distance algorithm (power of 2).

Four estimation domains were modelled, defined by rock type and weathering: Two in the carbonatite rock and two in the saprolite rock.

Aguia composited all assay intervals to a length of 1.0 metre
No capping was used.

SRK investigated the impact not capping data and found that grade capping is immaterial to the overall average grade.

Variography was undertaken on 1 metre composites for P_2O_5, CaO, Fe_2O_3 and MgO in the meta-carbonatite domain. See report for table of results. SRK considers that Aguia's calculation parameters, orientation, and fitted variogram models are appropriate and reasonable given the available data and geological interpretation.

The block sized used is appropriate for the density of data and the search radii used to interpolate grade into the model.

An SRK audit of the methodology and parameters considered by Aguia found that there is minimal sensitivity to changes in estimation parameters.

SRK performed a visual validation of the block model by comparing block and borehole grades on a section by section basis. The resultant block estimates appear to be reasonable given the informing composite grades and estimation parameters.</td></tr>
<tr><td>Moisture</td><td>Tonnages are estimated on a dry basis.</td></tr>
<tr><td>Cut-off parameters</td><td>The mineral resources are reported within a conceptual pit shell at a cut-off grade of 3.00% of P_2O_5 which takes into account extraction scenarios and processing recovery.</td></tr>
<tr><td>Mining factors or assumptions</td><td>Below are the assumptions considered for Conceptual Open Pit Optimization for the purposes of mineral resource reporting:

<table>
<tr><th>Parameters</th><th>Value</th></tr>
<tr><td>Mining recovery / Mining dilution (%)</td><td>100 / 0</td></tr>
<tr><td>Process recovery (%)</td><td>70</td></tr>
<tr><td>Overall pit slope angle soil-saprolite / Fresh rock (degrees)</td><td>38 / 60</td></tr>
<tr><td>Mining cost (US$ per tonne)</td><td>1.70</td></tr>
<tr><td>Process cost (US$ per tonne of ROM)</td><td>5.00</td></tr>
<tr><td>G&A (US$ per tonne of concentrate)</td><td>1.50</td></tr>
<tr><td>Cost of transportation (US$ per tonne of concentrate)</td><td>15.00</td></tr>
<tr><td>Selling price (US$ per tonne of concentrate at 32% P_2O_5)</td><td>200.00</td></tr>
<tr><td>Moisture ROM / Concentrate (%)</td><td>6 / 10</td></tr>
<tr><td>Exchange rate (US$ to R$)</td><td>2.00</td></tr>
<tr><td>Revenue factor</td><td>1</td></tr>
</table></td></tr>
<tr><td>Metallurgical factors or assumptions</td><td>Metallurgical testwork has been completed on a number of samples of different mineralization types. Testwork included grinding, magnetic separation and froth flotation of deslimed feed to recover a P_2O_5 concentrate. Two main mineralization types tested were fresh carbonatite and oxide/saprolite. Due predominantly to slimes losses, P_2O_5 recovery is 60% for both ore types, to a concentrate of 27% to 30% P_2O_5.

Phosphate concentrate (phosrock) will be shipped from the mine site to the port in Rio Grande for acidulation and granulation to single superphosphate (SSP), a more valuable product.

Phosphate concentrate has not been tested for solubility and conversion to SSP, with acid consumption estimated from concentrate quality. Fe_2O_3 content in the phosphate-bearing rock will be managed with the inclusion of magnetic separation in the process flowsheet.

Conceptual operating and capital costs have been benchmarked to similar phosphate operations with consideration of acidulation/granulation being done at Rio Grande.</td></tr>
</table>

Table 1: Section 3 Estimation and Reporting of Mineral Resources Continued

Criteria	Commentary (SRK Report)
Environmental factors or assumptions	An internal Environmental Assessment study was carried out by WALM Engenharia e Tecnologia Ambiental Ltda (qualified local Brazilian consultants) to assess various aspects of environment issues which are likely to impact a proposed mining project at the Três Estradas project. SRK has not studied the environmental aspects of the project at the current project stage. SRK anticipates there are unlikely to be any foreseeable environmental issues should mining operations occur.
Bulk density	Specific gravity was measured by Aguia on uncoated core samples using a standard weight in water/weight in air methodology. The specific gravity database contains 1,798 measurements. Aguia calculated and assigned arithmetic averages of specific gravity to each of the four mineralized domains relevant to resource estimation. Core is considered representative of the rock hosting the mineralization. Measurements were performed on core samples air-dried between extraction and measurement.
Classification	Indicated: Blocks estimated in the first two estimation passes (within the variogram range) and based on composites from a minimum of two boreholes. Inferred: All blocks not classified as Indicated in the first two estimation passes and all blocks estimated in the third estimation run. The quantity and grade estimates meet certain economic thresholds, and that the mineral resources are reported at an appropriate cut-off grade that takes into account extraction scenarios and processing recoveries. Block model quantities and grade estimates for the Três Estradas phosphate project were classified according to the JORC Code by Dr. Oy Leuangthong, PEng (PEO#90563867), an appropriate independent Competent Person for the purpose of JORC.
Audits or reviews	SRK audited the mineral resource model constructed by Aguia in 2013. The results of this audit were summarized in a memorandum dated February 19, 2013. SRK was able to reproduce the Aguia estimates using the same estimation parameters. The robustness of the Aguia block model was also tested by varying certain estimation parameters and comparing estimates for the main carbonatite resource domain. The results show that Aguia's estimation parameters are reasonable. SRK concludes that the resultant block model is unbiased, robust, and generally insensitive to the parameters varied by SRK.
Discussion of relative accuracy/ confidence	SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support resource evaluation. Mineral resources were classified as Indicated or Inferred. No block is classified in the Measured category for three reasons. First, approximately one-quarter of the database consists of reverse circulation boreholes, data from which are of inferior quality to data from core boreholes. Second, modelled weathering surfaces are based on a limited number of core boreholes, and the surfaces are closely linked to the definition of the four main resource domains. Finally, the search criteria for the estimation passes are based on the variograms for P_2O_5, that SRK found challenging to reproduce, although, they are comparable to other similar deposits. While individually these deficiencies are not significant, taken together SRK believes that they undermine the confidence required to support a Measured classification.

Table 1: Section 4 Estimation and Reporting of Ore Reserves

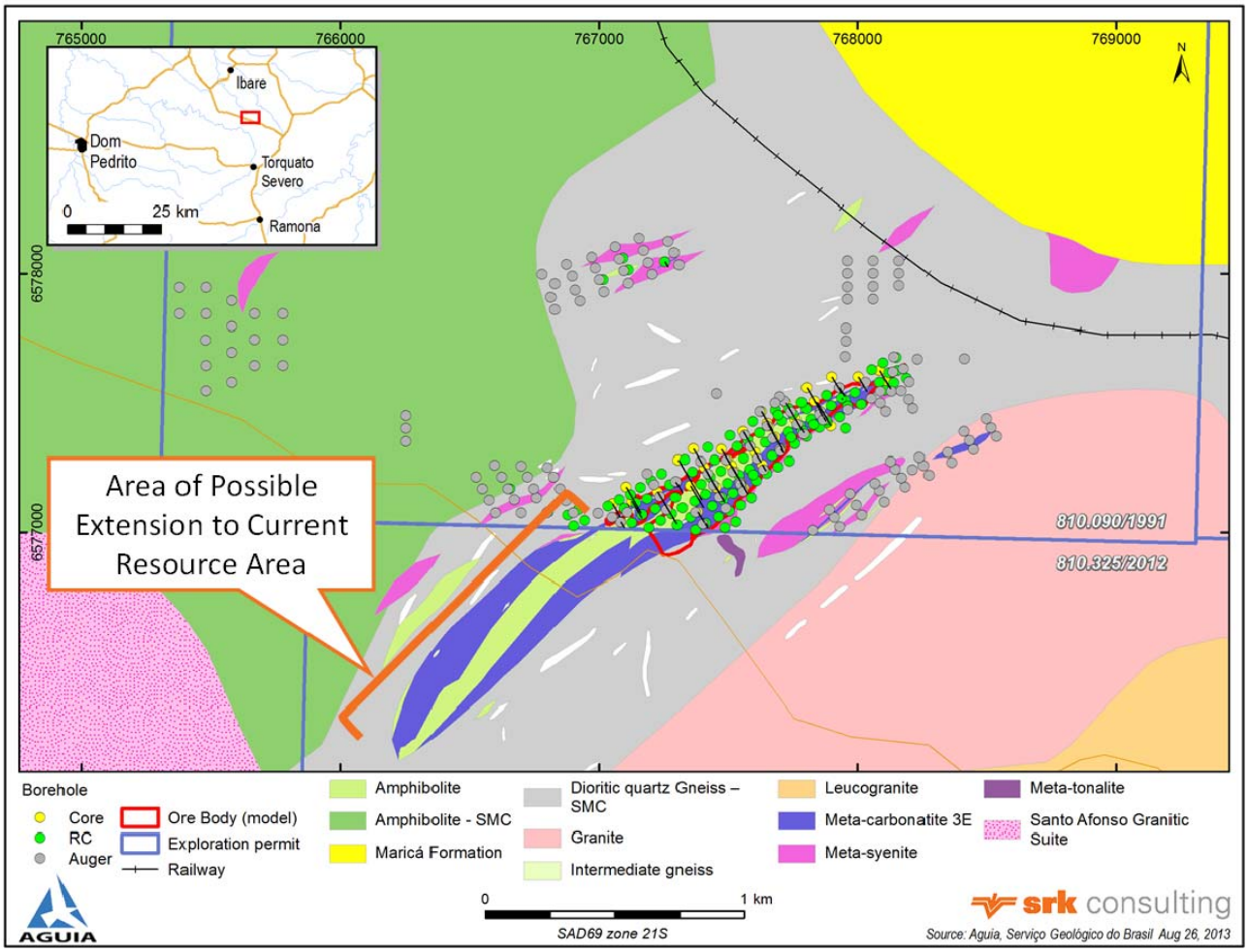
Not applicable – no reserves are reported.

Table 1: Section 5 Estimation and Reporting of Diamonds and Other Gemstones

Not applicable – no diamonds or other gemstones are reported.

APPENDIX B

Borehole Collar Map and Sections



Drilling on the Três Estradas Phosphate Project