



15 February 2016

Agua to Optimise Três Estradas Preliminary Economic Assessment ahead of BFS

- **Utah based Millcreek Mining Group has been commissioned to lead optimisation studies for inclusion in the BFS**
- **Optimisations will enhance the already strong economics at Três Estradas – pre-tax IRR of 25%, NPV₅ of US \$273 million and payback in 3.2 years**
- **Optimisation work will include improved assessment of logistics options, and resource, metallurgy, infrastructure and by-product scenarios**
- **Updated PEA expected to be released Q2 2016**
- **Maiden Joca Tavares JORC resource and EIA submission also on track for Q2 2016**
- **AGR's balance sheet is strong - well funded for BFS commencement**

Agua Resources Limited (ASX:AGR) (“Agua” or “Company”) is pleased to announce that it has commissioned Millcreek Mining Group to undertake an optimisation study of the previously announced Preliminary Economic Assessment at Três Estradas.

With critical information now available since the original PEA was released in August 2015, which reported a pre-tax **IRR of 25%, NPV₅ of US\$273 million and 3.2-year payback timeframe**, Millcreek will now consider how the following factors could further enhance the PEA:

- **Inclusion of a +600,000 tonne per year calcite plant at the Três Estradas mining site which would enhance the cash flow of the project and minimise the volume of waste produced;**
- **Review of the results of JORC compliant Mineral Resource currently being conducted at Joca Tavares located just 40 km away from the Três Estradas mining site to determine whether it is**

beneficial to include the higher grade Joca Tavares oxide in the plans for the Três Estradas plant;

- Optimised metallurgical recoveries resulting from column floatation tests which are currently taking place at Eriez Flotation Division in Pennsylvania;
- Consideration of alternative and more cost effective logistics solutions utilising existing local infrastructure beyond road transport considered in the PEA to deliver product to market;
- Trade-off study of a phosrock only operation which would simplify the mine development timeline and reduce CAPEX requirements materially;
- Consideration of direct mine gate sales for a phosrock production scenario with a truck loading facility and rail siding at the mine site for customers to use;
- Long term currency implications given the continued fall of the Brazilian Real;
- Further optimisation of the mine plan.

Millcreek has now commenced work on the optimisation study with the results due for release next quarter. As previously reported, Golder & Associates is well advanced and on budget with the submission of the Environmental Impact Assessment for Três Estradas. Golder is now conducting a fauna and flora survey and working on materially reducing the volume of waste rock or waste produced. The EIA is expected to be submitted in late Q2.

Millcreek is conducting the maiden JORC resource for the Joca Tavares project which could add additional tonnage to the Três Estradas mine plan. Millcreek will also be analysing the results of the recent Infill Drill program at Três Estradas to convert Inferred results to Indicated within the 70 Mt JORC resource defined at Três Estradas in April 2015 (currently comprising 15.2 Mt Indicated and 59.2 Mt Inferred with an average grade of 4.20% P₂O₅). This report is due for completion next quarter.

Managing Director Justin Reid commented, "Project development work on the Rio Grande assets is advancing very well and we are confident of delivering positive contributions to the economic projections with the results of the optimisation study. Following completion of the recent drilling program, Aguia has transitioned from the exploration phase to a project development phase.

"Southern Brazil, a major farming region, remains 100% dependent on phosphate imports, and demand from Brazil's agriculture sector for phosphate remains very strong. Aguia has the only potential source of phosphate supply being developed in Southern Brazil and once in operation will be able to deliver a quality product at sustained cost savings to local buyers due to savings on transportation logistics."

"Our very experienced team continues to focus on Aguia's corporate objectives and we are evaluating a number of initiatives which our Board feels will drive significant increased value to our shareholders."

Aguia will continue to provide regular updates as the activity underway at Rio Grande delivers results in the coming months.

NOTE:

- For details on the Três Estradas Resource, refer to announcement of 27 April 2015, “Aguia significantly increases Três Estradas phosphate resource by 130% to 70.1 million tonnes”.
- For details on Três Estradas Preliminary Economic Assessment, refer to announcement of 19 August 2015, “Positive Preliminary Economic Assessment”
- For details on earlier drilling results from Joca Tavares and Três Estradas, refer to announcement of 17 November 2015, “Aguia Advances Exploration and Development Activities at Rio Grande Phosphate Project” and 27 January 2016 “Drilling Program at Joca Tavares and Três Estradas Deposits Delivers Positive Results to Further Strengthen Rio Grande Asset Base”

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 listed above 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.

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About Aguia:

Aguia is a fertiliser company focused on the exploration and development of phosphate and potash projects in Brazil to supply the Brazilian agriculture sector. 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 three 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.

Forward Looking Statements:

This news release contains forward looking statements, which relate to future events or future performance, including, but not limited to, the completion of the size of the Placement, receipt of regulatory approvals and timing thereof, the Company’s business strategies and plans for the use of such Placement proceeds, capital expenditure programs and estimates relating to timing and costs, and reflect management’s current expectations and assumptions, including, but not limited to the timing and receipt of necessary regulatory approvals and completion of the Placement and stability of general economic and financial market conditions. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, and similar expressions is

intended to identify forward looking statements. Such forward looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties, including imprecision in estimate capital expenditures and operating expenses, stock market volatility, general economic and business conditions, risks associated with liquidity and capital resource requirements, that may cause future results to differ materially from those expected and the forward looking statements included in this news release should not be unduly relied upon. These forward looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.