



06 June 2016

AGUIA REPORTS POSITIVE NEW COLUMN FLOTATION RESULTS AT ITS FLAGSHIP TRÊS ESTRADAS PHOSPHATE PROJECT

- Column flotation test work conducted by Eriez returned exceptional results for both fresh and oxidized carbonatites from the Três Estradas deposit
- Fresh rock column flotation circuit produced a final concentrate grading 30.25% P_2O_5 yielding a total circuit recovery of 84.6%
- Recoveries are a major improvement from previous results that used conventional mechanical flotation cells
- Column test work performed on the oxide ore provided a concentrate grading 31.1% P_2O_5 with a recovery of 80.1%
- Results demonstrate Três Estradas has similar metallurgical performance to Vale's Cajati mine in Brazil and Yara's Siilinjärvi mine in Finland
- Calcite metallurgical testwork is also underway to support development of a production process for a commercial aglime concentrate
- Environmental Impact Assessment targeted for submission in early August
- Updated JORC resource for Três Estradas and optimised PEA are pending

Brazilian fertiliser developer Agua Resources Limited (ASX: AGR) ("Agua" or "Company") is pleased to announce the completion of a new sequence of column flotation test work that returned exceptional results for its flagship Três Estradas phosphate project.

Column Flotation Results

Agua engaged Eriez Flotation Division of Pennsylvania, a world leader in advanced flotation technology, to determine phosphate recovery and concentrate grades of the Três Estradas fresh and oxidised ore. Several stages of column flotation were performed on the fresh rock ore and it was determined that a rougher-cleaner-cleaner-scavenger circuit configuration would yield the optimal apatite flotation performance. Using this circuit a final concentrate grading 30.25% P_2O_5 was produced at a total P_2O_5 circuit recovery of 84.6%. This is a major improvement on previous results that used conventional mechanical flotation cells performed at SGS in Lakefield Canada, that returned 65% recovery with a concentrate grading 28% P_2O_5 (see AGR ASX release 11 May 2015).

Column flotation test work performed on the oxide ore demonstrated that a rougher column flotation stage alone is capable of producing a concentrate grading 31.1% P₂O₅ with a P₂O₅ recovery of 80.1%. This recovery is similar to that obtained last year using conventional mechanical Denver Cells for the oxide ore. However, this process provides that the oxide ore can be processed in the same column arrangement as the fresh rock by changing only the reagents which positively impacts the capital costs and the material handling for the plant.

Both fresh and oxide ore were simply crushed and ground and then processed through the flotation columns. There was no desliming or magnetic separation which ensured no phosphate losses occurred prior to column flotation. This was a major process improvement over previous test work which required a specific circuit to process the fines of the oxidized ores (see AGR ASX release 19 August 2015).

Currently Eriez is evaluating the phosphate tailings that will be subjected to a sequence of magnetic separation to eliminate iron oxides and silicates. The purpose of this testing is to develop the appropriate process for production of a calcite concentrate that meets specifications for commercial production of aglime.

Management commentary

Technical Director Fernando Tallarico commented: "This was the first test work that employed column flotation and these results have exceeded our expectations. The recoveries and concentrate grades are a significant improvement over last year's tests and will positively impact several aspects of the project including pit design and mining schedule as the economic value of the rock has increased substantially."

"Particularly encouraging is the improvements relating to the fresh ore, which represents the bulk of the deposit, as this has the potential to positively impact the economics of the project by allowing the production of almost 20% more product from the same tonnage of rock."

"Of real significance is the fact that these results demonstrate that Três Estradas has similar metallurgical performance as other deposits such as Vale's Cajati mine in Brazil and Yara's Siilinjärvi mine in Finland, both of which have been successfully mining carbonatite of similar head grades and producing high quality phosphate concentrates and calcite by-product for decades."

Justin Reid, Director and Managing Director of Aguaia added: "This is the first important project development step we have taken in the optimisation of the Três Estradas project. Substantially increasing recoveries via a single line process for both ore types has resulted in a quality concentrate that will positively improve this project."

"Results from the calcite recovery work are expected to add greater value to Três Estradas and we will report on these results in the near term. We also plan to report on an updated JORC resource and an optimised PEA very shortly, and we are confident that these results will confirm that Três Estradas holds significant unlocked value."

Upcoming project development works

Utah based consulting firm Millcreek Mining Group continues to review the project and will be incorporating these new recoveries into the mining plan, with expected completion of the PEA optimisation in the next two months.

Golder is moving forward on the Environmental Impact Assessment baseline studies. The Environmental Agency has now issued Aguaia with Terms of Reference for the EIA submission. Aguaia expects to submit its EIA submission in early August, which will represent a major milestone in obtaining the Preliminary License. Support for Aguaia's project by local authorities is very encouraging.

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 the previous metallurgical results, refer to announcement of 11 May 2015, “Aguia Reports 80% Phosphate Recovery from Oxidized Carbonatite and 65% from Fresh Carbonatite at Flagship Três Estradas Phosphate Project”.*
- *For details on the 2105 PEA, refer to announcement of 19 August 2015, “Positive Preliminary Economic Assessment Demonstrates Robust Economics for Três Estradas”*

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario. Dr Tallarico is a full-time employee of the company. Dr Tallarico has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr Tallarico consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information, please contact:

Justin Reid, Executive Chairman and Managing Director

E: jreid@aguiaresources.com.au

T: +1 416-216-5446

Catherine Stretch, Chief Commercial Officer

E: cstretch@aguiaresources.com.au

T: +1 416-309-2695

Released through: Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448

Follow Aguia on Twitter: [@Aguia Resources](#)

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.

JORC Code Competent Person Statements:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario. Dr Tallarico is a full-time employee of Aguiar Resources Limited. Dr Tallarico has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Dr Tallarico consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.