



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30th APRIL 2012

MARCH 2012 QUARTERLY REPORT

Phosphate and potash exploration and development company Agua Resources Limited (ASX: **AGR**) ("Agua" or "Company") is pleased to present its March 2012 quarterly report.

Summary

Phosphate

At the Tres Estradas Phosphate Project, Agua announced further assays from diamond and auger drilling programs over a strike length in excess of one kilometre.

- Results from shallow auger holes drilled to refusal include (all intervals are from surface and end in mineralisation):
 - **9.8 metres @ 20.48% P₂O₅**
 - **9.8 metres @ 14.58% P₂O₅**
- Results from diamond drill holes include:
 - 50.75 metres @ 6.42% P₂O₅**
 - **Includes 10.80 metres @ 11.15% P₂O₅**
 - **Includes 5.50 metres @ 9.20% P₂O₅**
- Application lodged over southern extension to phosphate discovery with a potential to increase the prospective zone from 1 kilometre to 2.4 kilometres.
- Results highlight the area's potential to host a near surface phosphate deposit in close proximity to infrastructure, fertiliser blenders and primary end-users.

Potash

At the Atlantic Potash Project located approximately 30 kilometres to the south of Brazil's only operating potash mine.

- Drilling of the second hole, PAC-02 was completed. The hole successfully tested the targeted Ibura member that hosts important potash bearing evaporite sequence within the Sergipe Basin. However no zones of potash mineralisation were reported.
- Agua has suspended drilling at the project to enable a detailed review and re-interpretation of historical and newly acquired data from drilling.
- Brazil is one of the largest global potash markets and the project is located close to existing infrastructure including roads, water, power, gas and end-users.

Near Term Focus

- Aguia will be accelerating its efforts at the newly discovered Tres Estradas Phosphate Project in the southern Brazilian state of Rio Grande do Sul.
- Tres Estradas Project beneficiation test work has commenced and independent consultants are engaged to confirm a Mineral Resource estimate that can be reported in accordance with the JORC Code. This remains on track to be achieved in the June quarter.



Figure 1: Location of Aguia Projects, Brazil

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About Aguia

Aguia is focused on the exploration and development of large scale 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 capitalize on the growing demand for phosphorous and potash based fertilisers in the expanding agriculture sector in Brazil. Through its 100 per cent owned subsidiaries Aguia Metais Ltda and Potassio do Atlantico Ltda, Aguia has an established and highly experienced in-country management team based in Belo Horizonte, Brazil. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the fertiliser sector.

PHOSPHATE PROJECTS

Rio Grande Projects

Agua has an exclusive option to acquire 100% of the Tres Estradas (“TE”) and Joca Tavares (“JT”) carbonatite style phosphate projects from Companhia Brasileira do Cobre (“CBC”).

The projects are located in the state of Rio Grande do Sul, the southernmost Brazilian state adjacent to the border with Uruguay. The region has well developed infrastructure with excellent roads, rail, power, port and services.

The three southern states of Rio Grande do Sul, Santa Catarina and Paraná currently consume around 1.0 million tonnes P_2O_5 ¹ or around 30% of Brazilian consumption, with no currently active phosphate mines in the states.

The TE, JT and other Agua projects will be logistically advantaged to supply into this region, compared with other phosphate mined in Minas Gerais, Goias or imports.



Figure 2: Location of the Projects in Rio Grande do Sul State, SE Brazil

Drilling Results

The Company completed a 19 hole diamond drilling program over a strike length in excess of one kilometre. Drilling is spaced on 200 metre sections testing both the oxide and primary zones over widths of up to 150 metres across strike. Shallow auger infill drilling has tested the near surface oxide zones on 100 metre infill lines.

The results highlight the prospective nature of the TE Project returning wide zones of phosphate mineralisation at good grades from the surface over a wide area that is open to the south west and at depth.

Phosphate mineralisation occurs in both the near surface weathered carbonatite and in the deeper primary zone as is typical of producing carbonatite hosted mines in Brazil.

Grades at producing mines in Brazil vary from 5.45% P_2O_5 to 12.36% P_2O_5 with an average grade of 9.0% P_2O_5 . The five operating carbonatite-hosted mines average 7.8% P_2O_5 and are highly profitable due to their excellent mineralogy enabling the ores to be beneficiated to a suitable concentrate grade (>32% P_2O_5) and their close proximity to markets including fertiliser blenders and end users. Agua is currently conducting bench scale beneficiation test work on samples from TE.

¹ Data Source: ANDA, 2010 consumption data

A list of significant assays is reported in Table 1 – Auger drilling results and Table 2 – Diamond drilling results.

Table 1: Auger Drilling Results Significant Assays

HOLE_ID	UTM_E	UTM_N	DIP	FROM (m)	TO (m)	WIDTH (m)	GRADE (P ₂ O ₅ %)
TET-11-021	767785	6577374	90°	0.20	10.00	9.80	14.58
TET-11-022	767606	6577284	90°	0.20	10.00	9.80	12.17
TET-11-023	767629	6577240	90°	0.20	10.00	9.80	20.48
TET-11-024	767475	6577136	90°	0.20	10.00	9.80	11.71
<i>including</i>				<i>3.00</i>	<i>9.00</i>	<i>6.00</i>	<i>14.02</i>
TET-11-025	767482	6577092	90°	0.20	10.00	9.80	13.83
<i>including</i>				<i>5.00</i>	<i>8.00</i>	<i>3.00</i>	<i>19.47</i>

Table 2: Diamond Drilling Results Significant Assays – Completed Program

HOLE_ID	UTM_E	UTM_N	AZIMUTH	DIP	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (P ₂ O ₅ %)
TED-11-001	767851	6577461	150	60	41.55	0.00	37.45	37.45	5.69%
					includes	10.20	18.05	7.85	11.74%
TED-11-002	767860	6577438	150	60	40.85	0.00	34.00	34.00	10.91%
					includes	2.00	20.85	18.85	15.58%
TED-11-003	767701	6577321	150	60	40.65	0.00	29.95	29.95	9.63%
					includes	0.00	17.77	17.77	13.16%
TED-11-004	767545	6577193	150	60	50.75	0.00	50.75	50.75	6.42%
					includes	0.60	11.40	10.80	11.15%
					includes	20.00	25.50	5.50	9.20%
					43.25	0.00	40.35	40.35	8.90%
TED-11-005	767402	6577033	150	60	includes	1.30	21.00	19.70	13.52%
					includes	8.60	21.00	12.40	16.37%
					100.60	5.00	97.60	92.60	4.83%
TED-11-006	767374	6577078	150	60	includes	5.00	10.00	5.00	8.30%
					includes	60.25	67.90	7.65	5.57%
					includes	78.00	88.00	10.00	5.29%
TED-11-007	767519	6577233	150	45	71.95	3.50	13.60	10.10	3.39%
					And	29.20	71.95	42.75	4.27%
					includes	40.60	49.35	8.75	6.06%
TED-11-008	767555	6577172	150	45	40.85	0.00	27.00	27.00	17.75%
					includes	6.30	18.60	12.30	24.60%
TED-11-010	767674	6577364	150	45	78.20	0.00	78.20	78.20	4.11%
					includes	0.00	8.60	8.60	6.78%
					includes	59.00	63.25	4.25	6.20%
TED-11-016	767120	6577125	150	45	109.70	11.00	109.00	98.00	4.25%
					includes	14.00	17.80	3.80	8.96%
					includes	44.00	48.00	4.00	8.48%
					includes	57.80	65.80	8.00	6.32%
TED-11-017	767076	6577043	150	45	41.10	4.00	38.00	34.00	3.67%
					includes	17.00	23.00	6.00	5.51%
TED-11-018	768119	6577556	150	45	69.70	3.55	63.10	59.55	4.03%
					includes	4.75	9.05	4.30	6.78%

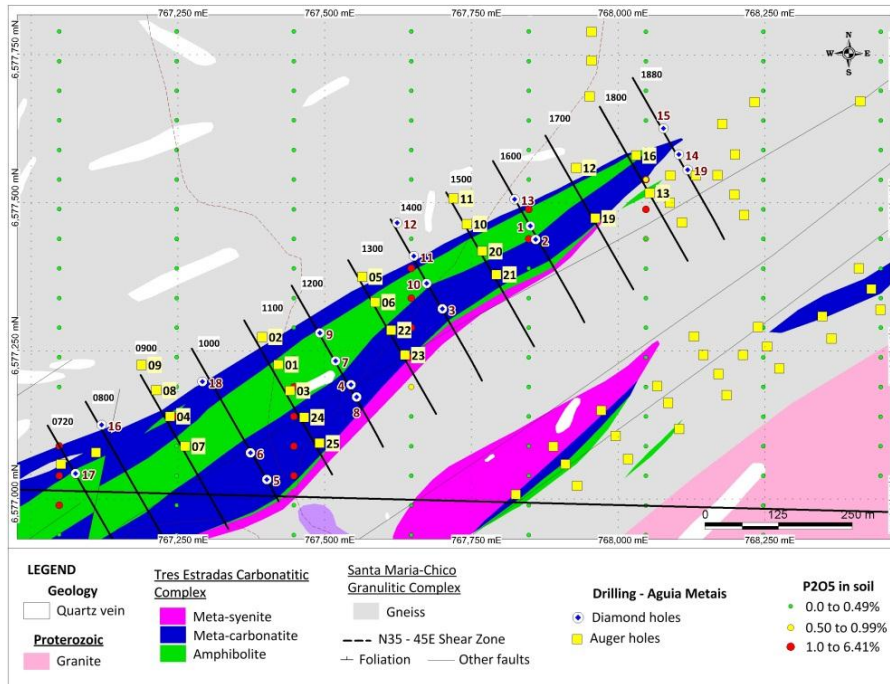


Figure 3: Tres Estradas Drill hole Location Plan

New Application

The Company submitted an application for a tenement that covers the southern extension to the TE project. The Application was made with the National Department of Mineral Production (“DNPM”) by way of a public tender process.

Agua has been advised by the DPNM that it was the only company to tender for the tenement and thus has priority on the application. The Company now awaits further advice as to when the tenement will be granted.

The tenement hosts the southern extension of the magnetic feature co-incident with the phosphate carbonatite host rock (Figure 4).

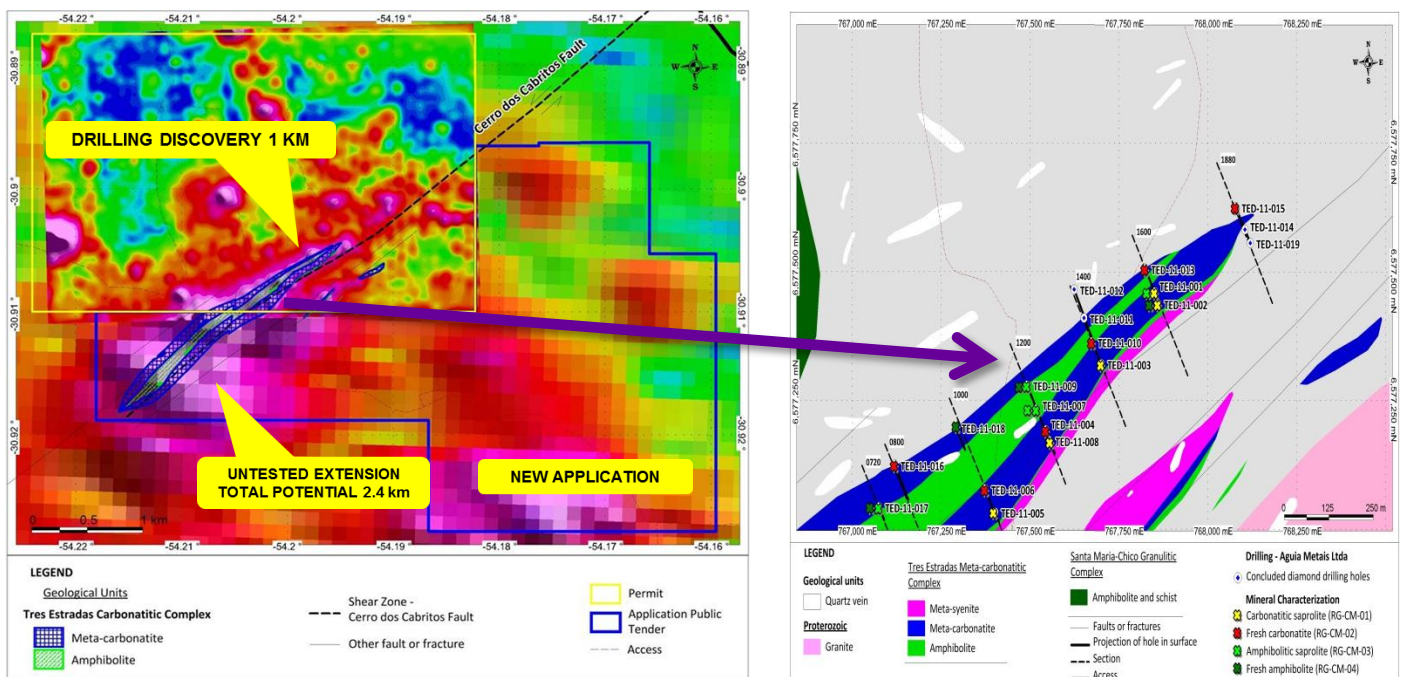


Figure 4: New application over airborne magnetic image on the left and discovery zone and location of Agua diamond drilling and sample location points for beneficiation test work on the right

Joca Tavares (“JT”)

The JT project is located 41 kilometres east-south-east from the TE project. No systematic exploration has been conducted since its discovery by the CPRM.

Encouraging results from surface rock grab samples collected by Aguiá have returned assays up to 11.40% P₂O₅. The dimensions of the target zone will be investigated by Aguiá, including mapping, rock chip sampling and programs of drilling.

Some of the projects are located within the Brazilian border control zone (150 kilometres from the international border) restricting foreign ownership of the tenements to 49%. Should the option be exercised to acquire the tenements at the conclusion of the exploration program, the Company will be required to enter into a joint venture with a Brazilian owned company to develop the tenements. This arrangement is not expected to materially alter the Company’s potential economic return on funds invested as part of the exploration program. This legal aspect was in place under the past Brazilian military government (1964 to 1985). The law has already changed from 300 to 150 kilometres from the international border. A proposal to change the law from 150 to 50 kilometres has already past senate and awaits hearing in the lower house.

Mata da Corda Phosphate Project (“MCP”)

The MCP is located within 150 kilometres of the three largest phosphate mines in Brazil; Araxá – Vale (290Mt @ 14.88% P₂O₅), Tapira – Vale (744Mt @ 8.35% P₂O₅) and Catalão – Anglo/Vale (203Mt @ 8.80% P₂O₅). These three mines account for 95% of the phosphate rock production in Brazil. Within this existing transportation corridor there are 32 major bulk fertiliser blenders (Figure 5).

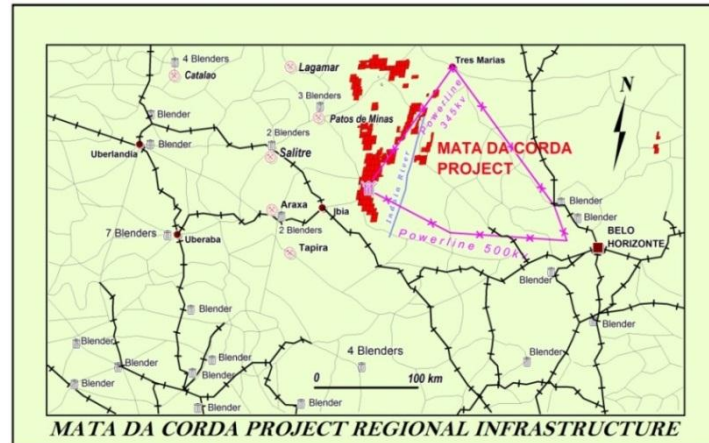


Figure 5: Location of the Mata da Corda Project relative to operating phosphate mines, major fertiliser bulk blenders and infrastructure including roads, railways, power and water

The MCP is well located with excellent logistics. It is close to infrastructure (roads, water, railway and energy), potential primary (agriculture) customers, and fertiliser blenders and is on the main transportation route for the expanding agricultural districts of Mato Grosso.

MCP is held in a joint venture with Vicenza Mineracao e Participacoes S.A. (“Vicenza”) who is the operator and has an option to acquire 70% of the project.

During the quarter, Vicenza completed scout reconnaissance programs in the Patos de Minas and Cedro do Abaeté regions (Figure 6).

In Patos de Minas the focus was on the Cretaceous volcanics of the Patos de Minas Formation and its phosphate occurrences, whereas in Cedro do Abaete the focus was on potassium mineralization in the Verdete unit of the Proterozoic Serra da Saudade Formation.

Two target areas have been defined to date as a result of the reconnaissance work, the Bela Aurora and the Cedro do Abaeté targets, which have indicated respectively phosphate and potassium mineralization.

Subsequent to reconnaissance, geological mapping and rock geochemistry sampling were conducted in each one of the target areas. A total of 195 samples were collected and more than 1,000 hectares (10 km²) of mapping was completed.

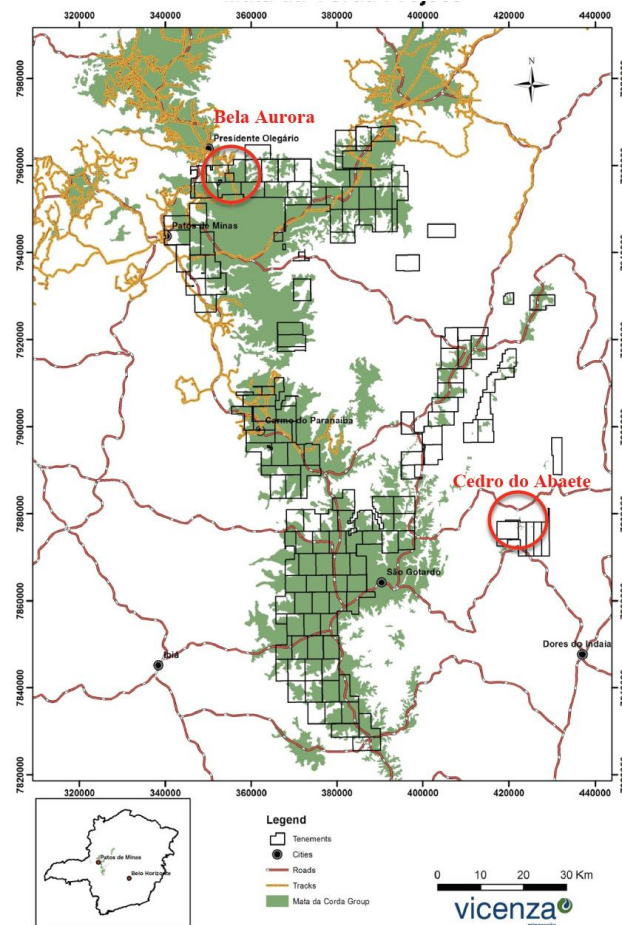


Figure 6: Mata da Corda showing location of two target areas

The Bela Aurora target is located 5 kilometres south of Presidente Olegario town. Abundant phosphate mineralization was identified locally in lavas and pyroclastic of the Patos Formation.

Figure 7 presents the rock geochemistry results in the Bela Aurora target area. Follow up geological mapping is underway and drill permits and plans are to be submitted.

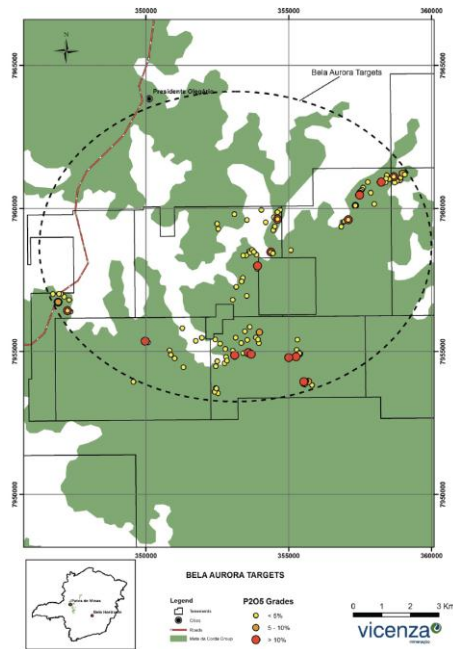


Figure 7: Rock Geochemistry Results Bela Aurora Target Area

Lucena Phosphate Project (“LPP”)

The Company has previously reported assays from a 28 hole drilling program spaced over a 20 kilometre zone. Twenty two holes returned phosphate mineralisation over thicknesses ranging from 1.0 to 13.7 metres. Numerous high grade intersections were received including assays up to 23.25% P₂O₅.

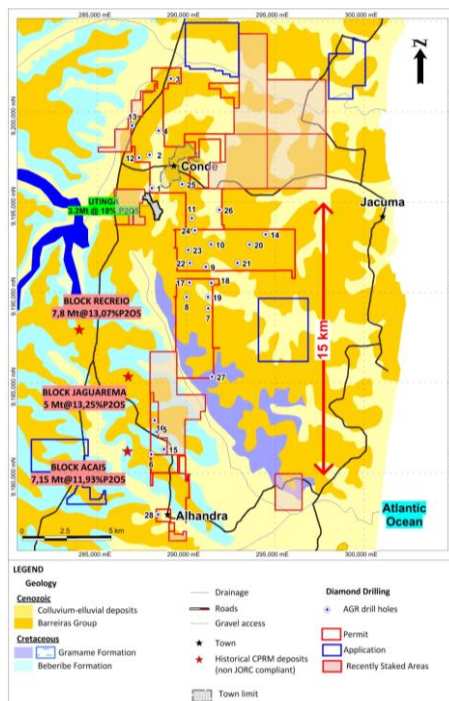


Figure 8: Lucena South showing known deposits and drill hole locations

The main mineralised interval is located at the bottom of the Gramame Formation (limestone) near the top of the Itamaraca Formation (sandstone). The depth of the mineralisation varies from 15 to 94 meters depth with thickness in the range of 0.5 to 7.0 metres. The grades found vary from 3.1% to 21.85% P₂O₅.

POTASH PROJECTS

Atlantic Potash Project

Background

The Atlantic Potash Project is located in the northeastern portion of Brazil in the State of Sergipe. The Project sits to the west and northeast of the city of Aracaju, the capital of Sergipe State, with a population of 570,000 inhabitants and a large scale harbour.

Agua, through its wholly owned subsidiary Potássio do Atlantico Ltda (“PALTDA”), has acquired 106 exploration claims totaling approximately 178,000 hectares (1,780 km²) consisting of five property areas in the Sergipe-Alagoas basin.

Potash mineralization was discovered in the Sergipe-Alagoas Basin by Petrobras during oil and gas exploration in the 1950's and 1960's. In Sergipe, sylvinite dominant potash deposits occur in the regions of Taquari-Vassouras and Santa Rosa de Lima. The discovery of sylvinite mineralization resulted in the commencement of mining at the Taquari-Vassouras underground mine in 1985, first by Petromisa and later transferred to Vale in 1991.

The Sergipe Basin also hosts significant potash deposits comprised of carnallite. In anticipation of the sylvinite deposit becoming exhausted, Vale is developing a carnallite solution mining project within the basin, and has built a functioning pilot plant (2008) which has proved solution mining of carnallite in the Sergipe basin is commercially feasible with the aim of establishing capacity for 1.2 mtpa KCl by 2015.

The Project is well located with excellent infrastructure (roads, water, and energy). Fertiliser blenders are located in the project area providing a ready local market for the product. The area has considerable oil exploration infrastructure, with several companies having offices and warehouses in Aracaju including Halliburton and Schlumberger Limited. The harbour is located 15 km North of Aracaju and it is used for the transport of oil, potash and heavy equipment.

Drilling Results

During the last two quarters the Company has completed a drilling program of two holes at the Atlantic Potash Project of which the second hole (PAC-002) intersected a significant thickness of the targeted Ibura Member that is the host for potash mineralisation within the basin.

The second hole intersected the top of the Ibura member at 1,360 metres and coring was completed at a depth of 1,578.8 metres. Drilling intersected wide zones of evaporite indicators including nodules and massive zones of anhydrite. The drilling results indicate a good correlation of marker horizons evident from other historical Petrobras holes within the region.

Although the hole is centrally located within a four kilometre radius of historical Petrobras holes that had returned potash mineralisation, PAC-002 did not return any potash mineralisation.

Based on results of the first two holes, the Company has decided to suspend the drilling program and complete a detailed review and interpretation of all available data for the project. In particular, the re-interpretation of historical 2D seismic data needs to be completed to better understand the geological controls on the mineralisation.

