

EXCELLENT HIGH GRADE PHOSPHATE RESULTS FROM SURFACE AT TRÊS ESTRADAS SOUTH PROJECT BRAZIL

Summary

- Initial auger drilling at Três Estradas South along strike from the existing JORC-compliant resource has returned excellent phosphate intersections, including
 - 16.0 metres grading 14.4% P₂O₅ from surface (hole ended in mineralisation)
 - Includes 6.0 metres @ 20.1% P₂O₅
 - 10.0 metres grading 12.6% P₂O₅ from surface (hole ended in mineralisation)
 - Includes 6.0 metres @ 15.2% P₂O₅
 - 15.0 metres grading 13.0% P₂O₅ from surface (hole ended in mineralisation)
 - Includes 2.0 metres @ 21.4% P₂O₅
 - 15.0 metres grading 10.4% P₂O₅ from surface (hole ended in mineralisation)
- These results confirm that mineralised carbonatite host rocks extend for approximately 1,400 metres SW from the existing JORC-compliant Três Estradas resource.
- Further assays are pending and a delineation drilling program to significantly expand the current resource estimate is at the planning stage.
- Três Estradas shows similarities to the carbonatite style hosted phosphate deposits mined by Vale within Brazil, including the Cajati (Reserve: 85.1 Mt @ 5.45% P₂O₅) operations.
- The Company holds an extensive land position in the region and believes Rio Grande do Sul has the potential to host a major new phosphate province in close proximity to infrastructure, primary agriculture customers and fertiliser blenders.

Agua Resources Limited (ASX: **AGR**) (“Agua” or “Company”) is pleased to announce that the Company has received excellent initial results from auger drilling testing the southern extension to the Três Estradas project located in the state of Rio Grande do Sul in southern Brazil.

The Company has completed detailed programs of mapping, rock, soil and auger drill sampling to delineate the dimensions of the Três Estradas carbonatite for follow up programs of drill testing. Carbonatite host rocks have now been delineated extending for a further 1,400 metres totalling a 2.5 km strike-extension of mineralized carbonatite. (Figure 1).

To date 121 shallow scout auger drillholes on 100 metre spaced lines have been completed. (Figure 2). These have been logged and samples from a selection of holes that have successfully intersected carbonatite host rock and zones of adjacent amphibolite have been submitted for assay. This release reports the results from the first 10 holes with assays returning significant intersections from surface and grades in line with the Três Estradas JORC compliant resource (Table 2). Further auger samples of carbonatite host rock have been sent for assay and will be announced when they are received.

Figure 1: Três Estradas – Ground Magnetics Image, Interpreted Outline of Carbonatite, Outline of Current JORC-Compliant Resource and Outline of Interpreted Potential for Additional Resources

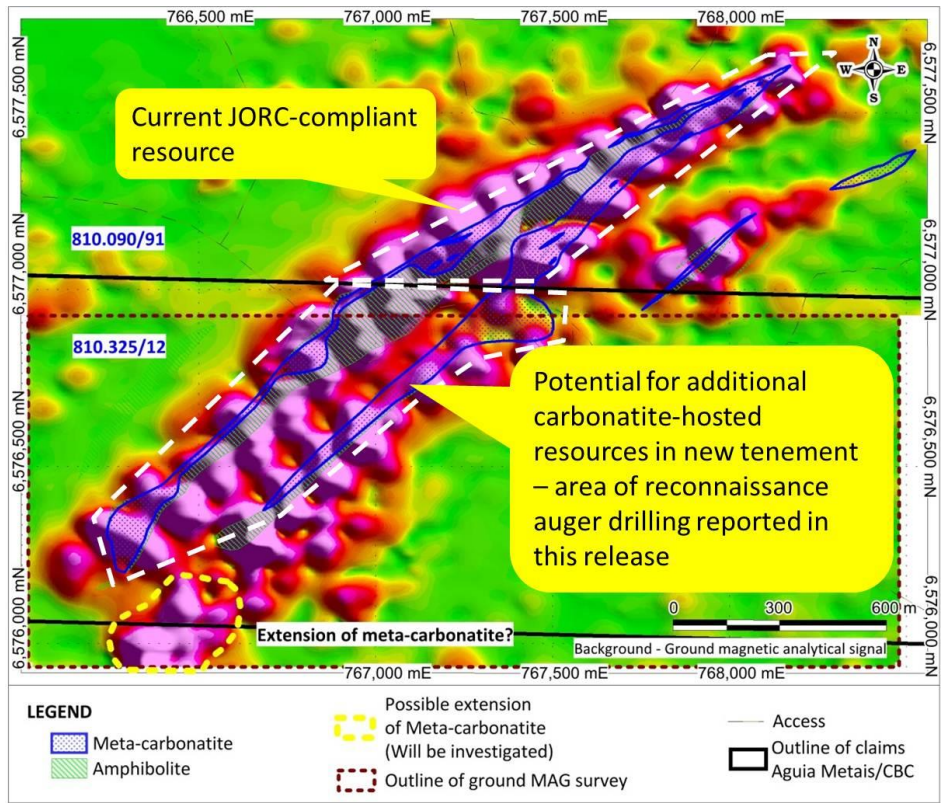
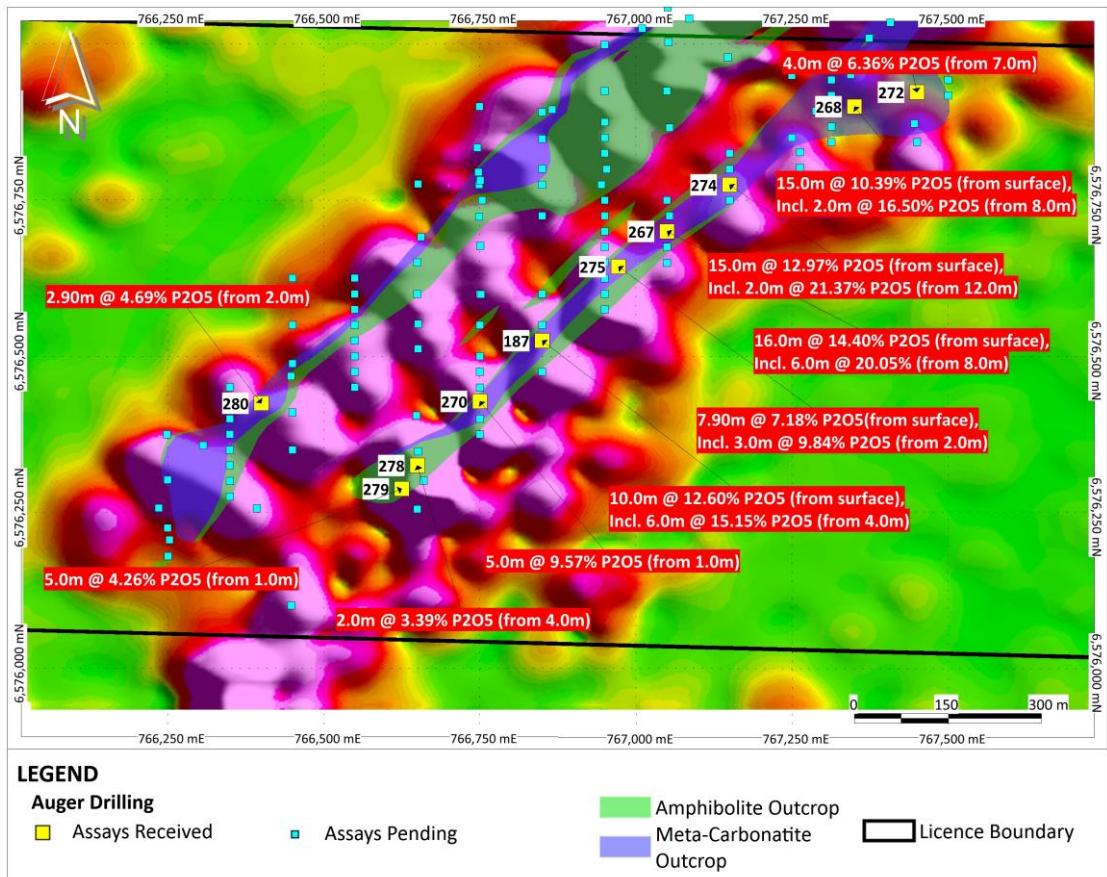


Figure 2: Três Estradas South – Location of auger holes and significant intercepts extending 1,4 kilometres southwest of the current JORC-Compliant Resource



Agua's Managing Director, Simon Taylor, said "We are extremely pleased with the initial results from Três Estradas South and in particular the shallow auger holes that have outlined the potential for extensions to the phosphate mineralisation previously defined in the JORC-compliant resource to the north. This scout drilling covers a wide area and will greatly assist our detailed resource delineation drilling programs that will be designed to significantly expand the current JORC resource. Together with the recent Joca Tavares discovery we believe the projects located in Rio Grande do Sul have the potential to form a solid basis for future project development opportunities including a potential early start up and cash flow."

Both the Três Estradas and Joca Tavares projects represent significant new phosphate discoveries with characteristics similar to existing producers in Brazil. Importantly, the grade and mineralogy is similar to that of other operating mines globally including Yara's Siilinjärvi mine in Finland and Vale's Cajati mine in Brazil, both of which produce a high quality concentrate from phosphate within carbonatite host rocks.

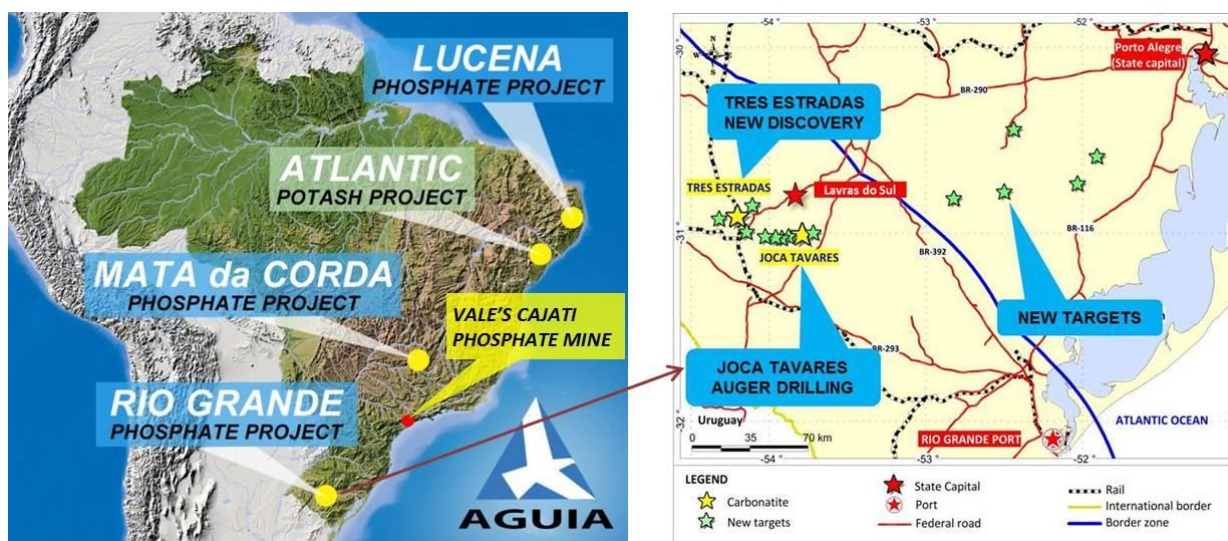
Table 1: Comparative Phosphate (P₂O₅) Deposits Within Carbonatite Hosted Rocks¹

Name of Deposit	Location	Tonnage (Mt)	Head Grade	Recovery	Concentration Grade	Stage
Siilinjärvi (Yara)	Finland	465	4.0%	84%	35%	Production
Cajati (Vale)	Brazil	100	5.5%	78%	36%	Production
Três Estradas (Agua)	Brazil	29 ²	4.3%	65-83%	31-36% ³	Exploration / Development

Notes

- JSA Consultoria e Assessoria Técnica, Company data
- JORC-compliant resource calculated from 40% of potential target length and to 100 metres depth. This includes 9.6Mt @ 4.96% P₂O₅ indicated and 18.9Mt @ 3.88% P₂O₅ inferred resources.
- Based on preliminary beneficiation test work, optimisation test work underway

Figure 3: Location of Rio Grande Phosphate Projects and Vale Cajati Phosphate Mine, SE Brazil



The three southern States of Rio Grande do Sul, Santa Catarina and Paraná currently consume over 1 million tonnes P₂O₅¹ or almost 30% of Brazilian consumption, however there are currently no producing phosphate mines in the region.

The Três Estradas, Joca Tavares and other Agua projects will be logistically advantaged to supply the region compared with phosphate mined in Minas Gerais and Goiás and imports.

Next Steps

Finalisation and further assays from the auger drilling program will be used in designing a delineation drilling program to significantly expand the current resource. Through successful programs of resource expansion and further beneficiation test work the Company will then embark on a Scoping Study.

¹ = Data Source: ANDA, 2011 consumption data.

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Table 2: Três Estradas South Auger Assay Results.

HOLE_ID	UTM_E	UTM_N	RL (m)	Lithology	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (P ₂ O ₅ %)
TET-13-187	766850	6576525	362	Meta-Carbonatite	10.00	0.00	10.00	10.00	12.60
					Includes	4.00	10.00	6.00	15.15
TET-13-267	767050	6576700	374	Meta-Carbonatite	16.00	0.00	16.00	16.00	14.40
					Includes	8.00	14.00	6.00	20.05
TET-13-268	767350	6576900	362	Meta-Carbonatite	15.00	0.00	15.00	15.00	10.39
					Includes	8.00	10.00	2.00	16.50
TET-13-270	766750	6576428	358	Meta-Carbonatite	6.00	1.00	6.00	5.00	9.57
TET-13-272	767450	6576923	361	Meta-Carbonatite	11.00	7.00	11.00	4.00	6.36
TET-13-274	767150	6576775	374	Meta-Carbonatite	15.00	0.00	15.00	15.00	12.97
					Includes	12.00	14.00	2.00	21.37
TET-13-275	766972	6576644	364	Meta-Carbonatite	7.90	0.00	7.90	7.90	7.18
					Includes	2.00	5.00	3.00	9.84
TET-13-278	766650	6576325	344	Amphibolite	6.00	4.00	6.00	2.00	3.39
TET-13-279	766625	6576288	346	Amphibolite	6.00	1.00	6.00	5.00	4.26
TET-13-280	766400	6576425	326	Meta-Carbonatite	4.90	2.00	4.90	2.90	4.69

- All holes are vertical, and drilled by hand-held powered auger to refusal
- Holes are sampled at 1m intervals, with bottom samples shorter where the hole depth is not a full metre value.
- Samples are assayed by lithium tetraborate fusion XRF using method XRF79C_10 at SGS Geosol Laboratories.
- Intersections are calculated using length-weighted assay values generally at 3.0% and 10% downhole cutoffs.

JORC Code Competent Person Statements

The Três Estradas Phosphate Project has a current JORC compliant inferred and indicated mineral resource of 28.49Mt @ 4.25% P₂O₅ (total initial contained phosphate of 1.21Mt P₂O₅). This includes indicated resources of 9.59Mt @ 4.96% P₂O₅ and inferred resources of 18.90Mt @ 3.88% P₂O₅.

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 Agua 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.