

AGUIA TAKES STEPS TO IMPROVE ITS CAPITAL STRUCTURE

Summary

- **Agreement reached in relation to early termination of potash performance shares**
- **Update on phosphate performance shares**

The Board of Aguia Resources Limited (ASX: **AGR**) (“Aguia” or “Company”) is pleased to announce that an agreement has been reached with over 90% of the holders of Potash Performance Shares for the early termination of those shares.

This transaction which is subject to approval by shareholders that do not own Potash Performance Shares, will provide investors, existing shareholders and the broader capital markets with increased clarity over the Company’s capital structure by removing the overhang of potentially up to 80 million shares being issued. This resolves all obligations relating to underlying agreements related to acquiring certain assets in Brazil and allows the Company to pursue its goal of becoming a major fertiliser developer in Brazil.

Potash Performance Shares

In June 2011, Aguia acquired a Brazilian based entity, Potassio Atlantico Ltda (“PAL”) that owns the Sergipe Potash Project and as part of the transaction shareholders of Potash Atlantico Corp (100% owners of PAL) were issued 80 million Potash Performance Shares.

Since the completion of that transaction the Company has made a significant phosphate discovery at the Tres Estradas Project in Brazil in the southern state of Rio Grande Do Sul and the Company has not advanced the potash assets to trigger the potash performance shares that expire in June 2014 and June 2015.

The Company has received shareholder and investor feedback that the volume of the Potash Performance Shares are viewed as being potentially heavily dilutive, representing approximately 32% of the fully diluted capital of the Company. As such, the Potash Performance Shares are a potential barrier for investment in the Company and in the board’s opinion inhibit the value of the Company’s phosphate assets being fully reflected in the Company’s share price.

Commercial Terms of the Transaction

In consideration for the early termination of the Potash Performance Shares, an agreement has been reached to issue 1 fully paid ordinary share escrowed for 12 months from date of issue (**Consideration Share**) and 1.5 options (with an expected expiry date of 31 May 2015, exercisable at \$0.30 each) (**Consideration Option**) for each 8 Potash Performance Shares held.

The agreement is conditional on acceptances by holders representing a minimum of 90% of the Potash Performance Shares and pre-bid acceptance letters have already been received representing the minimum 90% of the shares. This will result in the termination of at least 72 million Potash Performance Shares on 31 May 2013 (or such other date determined at the sole discretion of the Aguia Board). In consideration the Company will issue at least 9 million Consideration Shares and 13.5 million unlisted Consideration Options exercisable at \$0.30 each. The Consideration shares will be escrowed for 12 months from the date of issue.

Agua is now extending the offer to the holders of the remaining 8 million Potash Performance Shares. Should 100% acceptance be achieved 80 million performance shares will be terminated and in consideration the Company will issue 10 million Consideration Shares and 15 million Consideration Options exercisable at \$0.30 each.

The transaction is subject to approval by the regulatory authorities and Agua shareholders that do not hold Potash Performance Shares passing the required resolutions at an Extraordinary General Meeting at a date to be announced. The notice of meeting is being drafted and will be circulated to shareholders shortly.

Phosphate Performance Shares

In June 2010, Agua acquired a Brazilian based entity, Agua Metais Ltda, for consideration of 10 million ordinary shares and 40 million Phosphate Performance Shares. Agua Metais Ltda holds 100% of the Mata da Corda and Lucena Phosphate Projects.

The Company announced to the market on 8th April 2013 (Refer ASX Announcement) an Initial JORC compliant inferred mineral resource of 55Mt grading 6.42% P₂O₅¹. The estimate is derived from 40 core holes totalling 3,061 metres.

Under the commercial terms of the acquisition the JORC compliant mineral resource reported for the Lucena project has not met the performance milestones to trigger the issue of any of the performance shares. The Phosphate Performance Shares expire in June 2013.

Agua's Managing Director, Mr Simon Taylor said: "The agreement for the early termination of a significant proportion of the Potash Performance Shares and the definitive results from the SRK work in relation to the Phosphate Performance Shares will provide shareholders and the broader capital markets with increased clarity over the Company's capital structure."

He continued, "This increased clarity, along with the continued success at the Rio Grande Phosphate Projects, positions the Company well to pursue its goal of becoming a major fertiliser developer in Brazil which is heavily reliant on imports of up to 50 per cent of its phosphate needs."



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About Agua

Agua 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. Agua 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.

¹ SRK Consulting: cut-off grade of 3.0% P₂O₅