



10 March 2021

ASX Market Announcements
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

2021 COPPER STRATEGY UPDATE

Sydney, Australia: Aguia Resources Limited (ASX: AGR) ('**Aguia**' or the '**Company**') is pleased to provide shareholders with an update on the Company's copper strategy for 2021, including plans for the Andrade Copper Project (Andrade), and stepping up exploration at existing targets and additional areas of interest within the Rio Grande Copper Belt in Rio Grande do Sul, southernmost Brazil.

Background

In addition to Aguia's pre-production Andrade project, the Company has identified seven additional copper targets in close proximity. These are all situated in the historic Rio Grande Copper Belt, an area displaying numerous copper occurrences (and one historical copper mine) hosted in a variety of rock types and structural settings, and usually occurring with silver and/or gold as by-products.

The Rio Grande Copper Belt covers approximately 100km by 60km and Aguia currently holds 847km² of permitted tenements and has a further 473km² of tenements under application within the Belt.

Andrade Copper Project

Our flagship copper project, Andrade, for which the Scoping Study was released on 9 March 2021 ([click here to view the full announcement](#)), provides a solid starting point for our copper program, with an Indicated Resource of 18Mt grading 0.41% copper and a further 4Mt of Inferred Resource grading 0.53% copper.

The Scoping Study looked at both the production of penta-hydrated copper sulphate and copper cathode (metallic copper). The Aguia Board has made the decision to pursue the production of metallic copper primarily due to the much larger market and the expected increase in demand for the commodity with the growth in electric vehicles and renewable energies.

The Scoping Study presented compelling economics made possible by the low cost of doing business in Brazil, and the fact that the operation can be conducted via open pit and processing via heap leach and solvent extraction.

The Company plans to produce metallic copper at Andrade by Q4 2024 and to increase the copper resource at Andrade along the way.

Andrade Copper Project Highlights	
	Copper Cathode Production
Post-Tax NPV @ 5% Discount Rate	A\$108.1 million
Internal Rate of Return (IRR)	43.5% post-tax
Production Rate (average)	1 million tonnes/year ROM after 4 years of ramp-up
Life of Mine (LOM)	14 years
Capital Expenditure (CAPEX)	A\$18.12 million (A\$19.93 million with contingency)
Operating Expenditure (OPEX)	A\$4,600/tonne
Sales Price	A\$10,900/tonne
EBITDA (average for years 1 to 18)	A\$19.1 million/year
Strip Ratio (average for LOM)	1.63:1.00 (tonnes waste to tonnes ore)
Run of Mine (ROM)	11.7 million tonnes
Pay-back	4.1 years

Snapshot 2021

Aguia expects to step-up exploration in 2021 with work at Andrade and across all seven of our current targets.

A geophysical analysis undertaken in late 2019 by Perth consultancy, Fathom Geophysics, confirmed anomalies at depth, some of which are associated to surface copper-gold soil anomalies.¹ This geophysical analysis will be a critical blueprint in refining our drilling plan and to help in identifying additional targets this year.

In addition to planned infill drilling at Andrade and Primavera, Aguia plans to commence exploratory drilling of the Carlota target (east of Andrade). Carlota is Aguia's current most promising target after Andrade and Primavera. A ground geophysical survey over Carlota has been completed that outlined a shallow Induced Polarisation (IP) anomaly that is juxtaposed at surface by very distinct copper and gold-in-soils anomalies.

Scout sampling at new areas of interest will also be undertaken to select future targets. A seventh target (Lagoa Parada) was announced in January 2021 following the granting of permits covering the area. Further exploration work at this target is planned. In the past few weeks alone, further tenement applications have been filed on behalf of the Company.

¹ AGR ASX Announcement – 3 December 2019

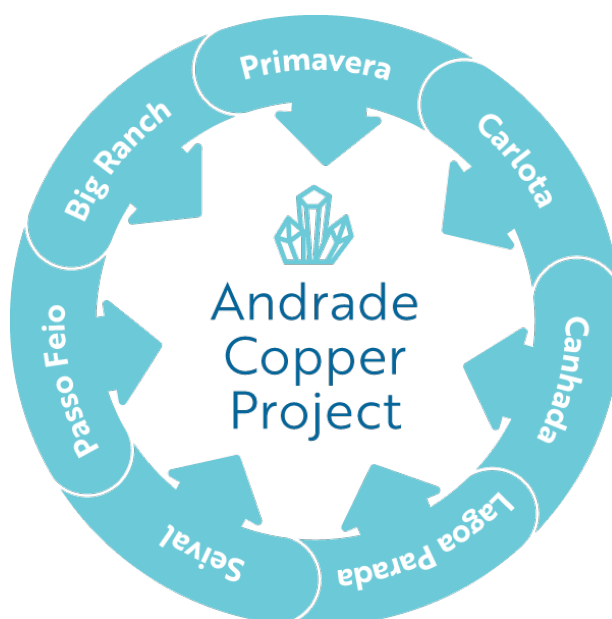
Management Commentary

Managing Director Dr. Fernando Tallarico said: “The low-cost capital and operating environment combined with the growing global demand for metallic copper clearly represents an outstanding opportunity for Aguia. These factors combined produce some compelling economics and solid long term strategic drivers which the Board has considered in detail and which present a clear way ahead for Aguia. I look forward sharing further updates with you during 2021 as our work on this copper strategy, and also, excitingly, our Três Estradas Phosphate Project, progresses.”

Plan to Establish a Central Processing Hub for Aguia’s Copper Projects

Aguia’s well-defined strategy is to create a central copper processing facility at Andrade, a hub, which would be fed by a pipeline of open pit projects from the existing (and future) satellite copper targets (identified below) which are all in close proximity of Andrade.

The Andrade Copper Project economics clearly support long-term metallic copper production. Sensitivity analysis of the economic model in the Scoping Study indicates that the two most significant factors to success are the price of metallic copper and the amount of copper resource available to feed production. The Company focus is on increasing our copper resource tonnage and grade, which we believe is highly feasible given the geology and geophysical data.



Key Strategic Drivers

- **Metallic copper price:**
The price of metallic copper has risen by 80% in the past 12 months (see Graph 01 below), representing the highest price in the past decade. The increase in demand for copper has impacted the price. Almost all car manufacturers across the world have made a decision, in response to government mandates, to transition into the production of electric cars, which require a significantly higher amount of copper than combustion engines. In addition, there is also significant demand for copper in G5 rollouts in China and elsewhere, as well as continued demand in the ever-growing electronics industry.

- **Access to global markets:**

Once produced, Aguiá's metallic copper can be transported from the mine to the port of Rio Grande, one of the largest ports in South America, from where it can be shipped across the world, providing access to a huge and growing market. The port is a three-hour road journey from the proposed Andrade mine site, a total of 253km by paved roads. By selling directly into global markets, the Company has the ability to enter into Australian dollar contracts, thus reducing the currency risk on the repatriation of earnings.

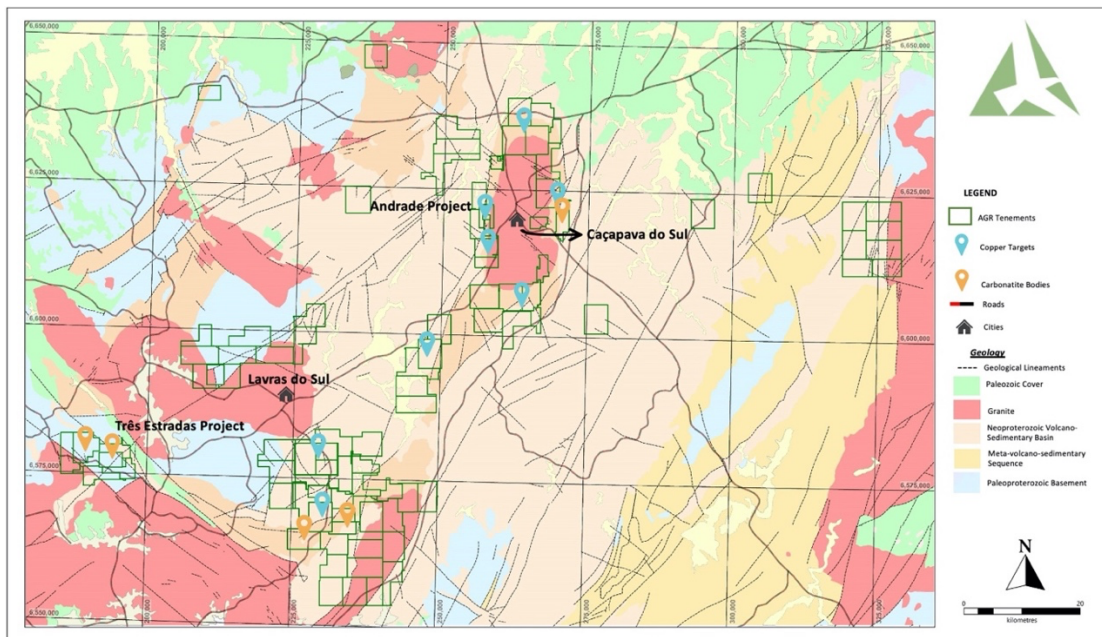
LME COPPER HISTORICAL PRICE GRAPH



Graph 01 – 5-year Copper Price, Source: London Metals Exchange

Increasing the Copper Resource

A description of each of Aguiá's seven current assets/targets and planned activities for 2021 follows the map displaying the location of each asset/target.



Map 01 – Rio Grande do Sul Project Area

1. Andrade Copper Project & Primavera Target

The Company is planning to progress an infill drilling campaign at Andrade. This campaign is planned to include some 6,000 metres of diamond drilling that will be collared to improve the quality of the resource and potentially expand the tonnage.

Running 3.8km to the south of Andrade is Agüa's second most important target, Primavera. Following the 2019 geophysical survey, Agüa drilled two holes here in February/March 2020 and the excellent results from that drilling contributed to the formation of the Indicated Resource at Andrade.

Re-sampling of historical trenches in 2019 showed the following:

- 52 metres grading 1.03% copper and 6.2g/t silver; and
- 11 metres grading 1.16% copper and 25.16g/t silver.

Four additional geophysical targets, as yet unnamed, have been identified at the Andrade/Primavera trend, these will be subject to further exploration work, consisting of mostly surface work with rock and soil sampling at this stage, potentially followed by scout drilling. Environmental planning will also be initiated.

Metallurgical results

On 16 February 2021, the Company reported outstanding results of independent Metallurgical Testing on samples from Andrade ([click here to read the full announcement](#)), which demonstrated that it is possible to recover between 96% and 99% of the 0.41% copper currently estimated to be contained in the deposit. This means that the process of copper extraction will potentially be efficient with little waste. Given that the costs of production are the same regardless of the efficiency of copper extraction, the metallurgical test results indicate higher productivity. The final metallurgical results will be incorporated into the planned Pre-Feasibility Study.

Low-cost copper extraction by heap leaching

Production costs, demonstrated in the Andrade Scoping Study are substantially lowered as the copper ore-mineral at Andrade is predominantly chalcocite, which is one of the most profitable copper ore-minerals, because of its higher copper content (nearly 80% by weight). Furthermore, it allows for the cheapest and most efficient means of metallic copper extraction, known as heap leaching.

2. Carlota Target

The Carlota target is the third most important target for Agüa because of combined copper and gold anomalies in the soils at surface that are underlined by a shallow plunging geophysical anomaly. The target also includes some outstanding gold grades in grab rock samples, one with visible gold.

Rock sampling has identified anomalous zones of elevated copper and gold:

- A gold-in-soils anomaly measuring over 500 metres in length with rock chip samples up to 1.63% copper and 48 g/t gold, and 0.16% copper and 13.4g/t gold taken.
- Eight channels were sampled over 1 metre intervals for a total of 170 samples and grades of up to 29.8g/t gold were returned.
- Further to the north, one individual grab rock sample returned 0.16% copper and 13.4g/t gold.

An Induced Polarisation (IP) ground geophysical survey totalling about 12 line-km has been completed over the Carlota target to follow-up on the significant copper and gold-in-soils anomalies. It mapped a prominent chargeability anomaly that merits further drilling.

An anomaly in excess of 600 metres emerged from the geophysical modelling and appears to indicate a structurally controlled zone plunging to the south.

2021 Plan: A campaign of 1,000 metres of scout drilling is planned for 2021.

3. Canhada Target

Canhada is rated as an important target with visible on ground copper showings and rock sampling showing high grades. Located approximately 55km southwest of Andrade in gently undulating farmland (adjacent to a road with power).

- The target has historical rock samples with copper assays of over 4%.
- The anomaly is 27km² in size and measures approximately 9km by 3km.
- The copper minerals occur in veins crosscutting highly fractured volcanic rock and is often weathered to malachite from the original primary copper minerals.
- Airborne geophysics shows the target as a magnetic low, potentially associated to hydrothermal alteration of magnetite to hematite.

2021 Plan: Geophysics (on ground Induced Polarisation - IP) in the north east sector of the target has mapped an anomalous zone from near surface down to 200 metres deep that may be associated with copper mineralization. A scout drilling program with some 1,000 metres of diamond drilling is planned to test these geophysical anomalies that are associated with copper-in-soils anomalies at surface.

4. Passo Feio Target

Passo Feio is located approximately 16km to the southeast of Andrade. The target was selected because of a large (16km²) low-magnetic airborne geophysical anomaly interpreted to be related to the hydrothermal oxidation of magnetite to hematite. Further field follow-up resulted in the identification of many copper showings hosted by heavily fractured volcanic rocks which is very similar to what is seen at the Canhada target.

- Sampling has returned 1.55% and 2.10% copper in different rock types. Grab samples of sandstone outcrops have returned up to 2.30% copper.
- Six trenches have been opened (within the coarse conglomerate layer) to follow-up on rock sample results.

2021 Plan: The target is predominately located in undulating pastureland. Additional geological mapping and infill soil sampling will be undertaken with the objective of refining the targets and outline zones for further ground geophysical surveying.

5. Seival Target

Located approximately 25km southwest of Andrade, the Seival target is interpreted to be associated with the same structural corridor (a major fault) that controlled the Andrade and Primavera trend.

- The target is crossed by two major NNE trending regional faults. Both are mapped to extend northwards where they narrow and pass through the Andrade Copper Sulphate Project.
- A possible copper extension is indicated to the south of the target.

- Initial rock sampling included a sample which returned 2.30% Copper in volcanic rock.

2021 Plan: Geological mapping will be undertaken as well as a soil infill program. This will be followed by ground geophysics.

6. Lagoa Parada Target

The newly identified Lagoa Parada target is located 10km southeast of the city of Lavras. Airborne geophysics show a very discrete bullseye circular magnetic anomaly with a radius of 3km and copper showing occurring along the border of this anomaly as disseminations in the matrix of the sandstone and filling fractures.

Initial reconnaissance and geological mapping returned a rock assay of up to 4.22% copper and over-limited silver (>100g/t silver).

2021 Plan: Undertake soil geochemistry and rock sampling as well as ground geophysics and geological mapping.

7. Big Ranch Target

Big Ranch is located approximately 18km northwest of Andrade, immediately north of the Caçapava Granite.

- The target consists of several copper-in-soils anomalies associated to a strong IP chargeability anomaly in the northern portion of the target.
- Ten dipole-dipole radial lines were surveyed along the target and guided the first pass exploration drilling that was completed in late 2018.
- Drilling was used to map the different alteration zones and to test the bulk of the ring-shaped IP chargeability anomaly that was revealed to be primarily associated with iron sulphide minerals (such as pyrite).
- Minor copper and lead sulphides were intercepted by drilling but so far in very narrow zones.
- Further drilling is necessary to test second scale east west trending IP anomalies.

2021 Plan: Re-process the existing ground geophysical data with the similar approach used in the Andrade-Primavera trend.

Brazil: Low-cost Capital and Operating Environment

The compelling economics for Aguiá's Três Estradas Phosphate Project (TEPP), which were confirmed in the release of the Bankable Feasibility Study, demonstrated the low-cost capital and operating environment in Brazil. The same economic fundamentals apply to the metallic copper project. This is because the industrial manufacturing base in Brazil allows for most mining equipment to be purchased locally and relatively cheaply. The cost of labour in Brazil is also lower. The combined effect is that Aguiá is able to deliver compelling project economics as seen in the Andrade Copper Project Scoping Study announced on 9 March 2021.

Currency: value of the Australian Dollar vs Brazilian Real

Over the past 10 years that the Company has been operating in Brazil, there has been a favourable exchange rate movement from 1 AUD = 1.5 BRL, to 1 AUD = 4.3 BRL. Although the company takes a conservative approach to currency fluctuations, the mid to long-term outlook appears to be relatively steady considering the 10-year trend.

Infrastructure

Andrade is located close to Caçapava do Sul, a town of 35,000 people which supports agriculture, mining and a university. The university boasts a highly regarded geology and mining faculty. The ability to recruit talented personnel locally without the inconvenience and costs of fly-in will have a positive impact on the lifestyle of our workforce and lowers the cost of production.

**AUTHORISED FOR ISSUE TO ASX BY FERNANDO TALLARICO, MANAGING
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About Agua:

Agua Resources Limited, ("Agua") is an ASX listed multi-commodity company (AGR:ASX) with pre-production phosphate and metallic copper projects located in Rio Grande do Sul, the southernmost state of Brazil. Agua has an established and highly experienced in-country team based in Porto Alegre, the capital of Rio Grande do Sul. Agua's first project, the Três Estradas Phosphate Project is expected to be in production by Q4 2021. Agua is committed to advancing its existing projects into production whilst continuing to pursue other opportunities within the sector.

JORC Code Competent Person Statements:

The information in this report 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. The information in this report that relates to Metallurgical tests and resource modelling is based on information compiled by Mr. Porfirio Cabaleiro Rodriguez. Mr Rodriguez a Mining Engineer and full-time director and owner of GE21 Consultoria Mineral Ltda. (GE21) and is registered as Competent Person in the AIG (Australian Institute of Geoscientists). He has sufficient relevant experience to the style of mineralization to qualify as a Competent

Person as defined in the JORC Code (2012). Mr. Rodriguez consent to the inclusion in this report of the matters based on the GE21 study in the form and context in which it appears.

Caution regarding forward-looking information:

This press release contains "forward looking information" within the meaning of applicable Australian securities legislation. Forward looking information includes, without limitation, statements regarding the next steps for the project, timetable for development, production forecast, mineral resource estimate, exploration program, permit approvals, timetable and budget, property prospectivity, and the future financial or operating performance of the Company. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; other risks of the mining industry and the risks described in the Company's public disclosure. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities law.