



21 March 2018

BANKABLE FEASIBILITY STUDY OF TRÊS ESTRADAS CONFIRMS ROBUST PROJECT ECONOMICS

Project Highlights:	
Pre-Tax NPV (5% Discount Rate)	USD 300 million (AUD 380 million)
IRR	21% pre-tax / 18% post-tax
Production rate	300,000 tonnes per year phosphate concentrate 1 million tonnes per year aglime
Initial Capital Expenditure	USD 75.6 million <u>+ USD 8.3 million contingency</u> USD 83.9 million
OPEX	Phase 1: USD 51/tonne of phosphate concentrate Phase 2: USD 77/tonne phosphate concentrate + USD 5/tonne aglime Phase 3: USD 2/tonne aglime
EBITDA	Phase 1 (Saprolite): USD 28 million per annum Phase 2 (Carbonatite): USD 37 million per annum Phase 3 (Aglime): USD 26 million per annum
Strip Ratio (average LOM)	1.61 (tonnes waste to tonnes phosphate)
Total Ore, ROM	43.5 million tonnes

- **Open pit operation with a 16-year life of mine plus additional 20 years of aglime production from reclaimed tailings, totalling 36 years of operation**
- **Phased production will focus on mining high-grade oxidized ore in initial years of operation - Phase 1 mining oxidized ore, Phase 2 mining fresh carbonatite ore and Phase 3 producing aglime only**
- **Minimum tailings disposal with only 10% of tailings generated over the life of mine – reduced environmental footprint**

- **Phosphate concentrate grading 30.1 to 32.7% P₂O₅, aglime concentrate grading 40% CaO with superior reactivity with a TNP of 84.7%**
- **Optimizations to crushing circuit, milling circuit, flotation circuit, filtration all resulted in CAPEX and OPEX reductions**
- **Market study confirms logistics cost advantage to displace phosphate imports and quality aglime by-product with no further processing required**

Sydney, Australia, March 21, 2018 - Brazilian fertiliser developer Agua Resources Limited (ASX: AGR, TSXV: AGRL) (“Agua” or “Company”) is pleased to announce the completion of a Bankable Feasibility Study (BFS) for its flagship Três Estradas phosphate deposit. The Company retained Millcreek Mining Group from Utah, USA to complete the independent engineering and resource studies.

Robust Project Economics

The BFS financial model indicates a pre-tax IRR of 21% and a post-tax IRR of 18% with a pre-Tax NPV of USD 300 million (AUD 380 million) using a 5% discount rate. The financial model is based only on the reserves noted below (does not include any inferred resources) and on the following assumptions:

- The BFS assumes a long-term phosphate concentrate price of USD 133/tonne and an aglime price of USD 29/tonne as defined by respected Brazilian agribusiness market analyst, Agroconsult and BRL/USD foreign exchange of 3.45.
- The Três Estradas project will have a life of mine of 16 years that will require an initial capital expenditure of USD 75.6 million (USD 84 million including contingency):

Area	Sub-Area	Phase 1 (Saprolite) (million USD)	Phase 2 (Carbonatite) (million USD)
Mining	Mine	-	3.5
	Waste Dump	2.8	-
Processing Plant	General - Access Roads and Earthworks	4.8	2.7
	Process Plant	28.2	40.4
	Administrative / Operational Buildings	2.7	0.7
	Utilities	10.2	2.9
	Electrical System	11.6	14.2
Dam	Aglime Dam	2.7	3.7
	Water Dam	4.2	-
Total - Direct Costs		67.3	68.0
Indirect Costs		8.3	5.4
Contingency		8.3	7.3
TOTAL PROJECT COSTS		83.9	80.8
Recoverable Taxes		(3.3)	(3.5)
TOTAL COSTS (Net of Recoverable taxes)		80.6	77.3

- The high efficiency of the column flotation circuit translated into an operational cost of USD 51/tonne of phosphate concentrate produced in Phase 1, USD 77/tonne of phosrock plus USD 5/tonne aglime produced in Phase 2 and USD 2/tonne of aglime in Phase 3.

Financial Results Summary

Financial Analysis	Unit	Pre-Tax ²	Post-Tax
NPV@5%	(USD Million)	300	212
NPV@7.5%	"	186	129
NPV@10%	"	116	78
IRR	(%)	20.7%	18.3%
Total Cash Flow	(USD Million)	1,041	849
Payback ¹	(Years)	5.9	6.2
EBITDA Years 1 to 3.5 (Phase 1 - Sapolite)	(USD Million)	28	
EBITDA Years 3.6 to 16 (Phase 2 - Carbonatite)	"	37	
EBITDA Years 17 to 36 (Phase 3 - Aglime)	"	26	

¹Undiscounted, after start-up, ²Before direct taxes

Mineral Resources

In September 2017, The Company released an updated JORC/43-101 compliant Mineral Resource statement for Três Estradas based on the results of an infill drilling campaign that occurred between December 2016 and June 2017. The Mineral Resource (effective date September 8, 2017) includes total Measured and Indicated resources of 83 million tonnes grading 4.1% P₂O₅ of which 43% is Measured and 57% is Indicated, using a cut-off grade of 3% P₂O₅ and an additional 21.8 million tonnes grading 3.7% in the Inferred category.

Resource Classification	Domain	Volume (m ³ X 1000)	Tonnage (T X 1000)	Density (T/m ³)	P ₂ O ₅ %	CaO%	P ₂ O ₅ as Apatite (%)	CaO as Calcite (%)
Total Measured Resources		12,975	36,196	2.82	4.01	33.59	9.50	59.95
Total Indicated Resources		17,671	47,014	2.74	4.18	31.72	9.91	56.63
Total Measured + Indicated Resources		30,646	83,210	2.77	4.11	32.53	9.73	58.07
Total Inferred Resources		7,605	21,845	2.88	3.67	33.62	8.69	60.01

Mineral Reserves

Mine planning, cost estimation and economic analysis has indicated that a significant portion of the resource may be reasonably considered being feasible for economic recoverability. Total estimated Proven and Probable reserves (effective date, March 13, 2018) for the Três Estradas Phosphate Project are summarized below. The reserve is further broken down into Phase 1 and Phase 2. The higher-grade Phase 1 material allows for a reduced up-front capital expenditure, lower operating cost and improved project value. There are no known legal, political, environmental or other risks that could materially affect the potential development of mineral resources or reserves.

Classification	Reserves PHASE 1 (Saprolite, tonnes)	Reserves PHASE 2 (Carbonatite + Amphibolite, tonnes)	Reserves (Total, tonnes)	Head Grade (% P ₂ O ₅)
Proven	844,302	27,023,619	27,867,921	3.92
Probable	4,352,915	11,334,168	15,687,083	5.01
Proven + Probable	5,197,217	38,357,787	43,555,004	4.31

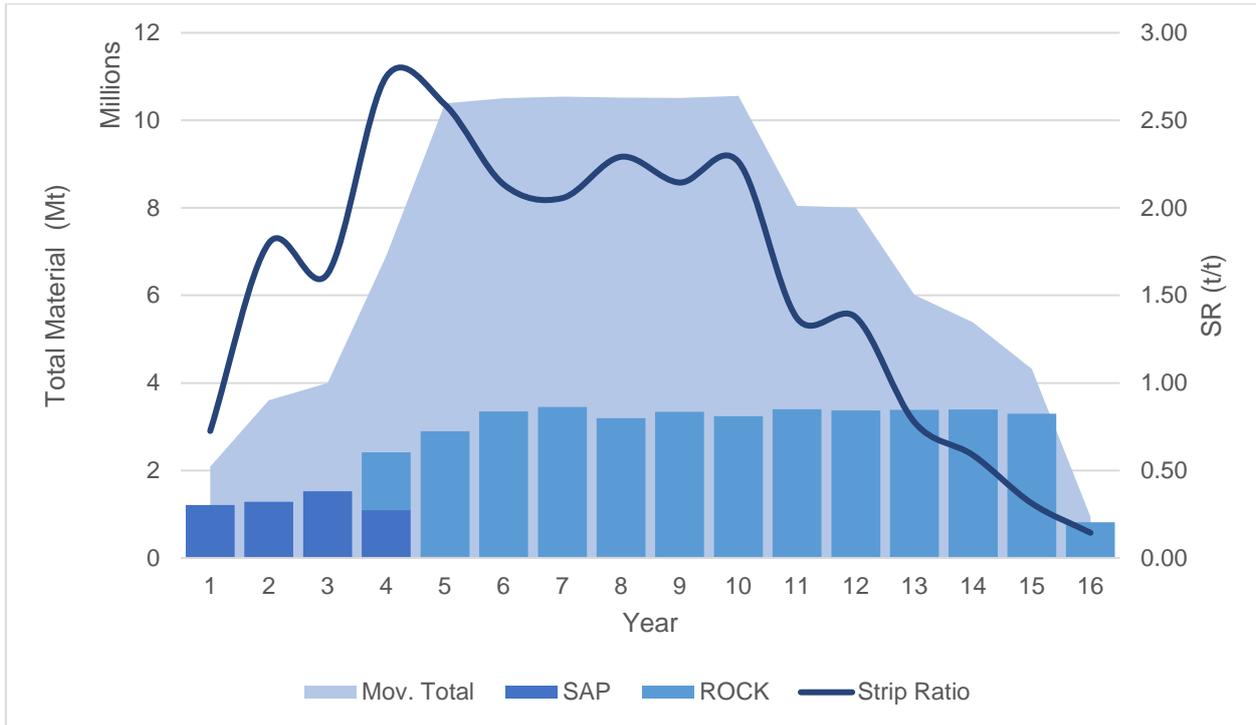
Mining and Processing

The updated mining plan forecasts a total of 43.5 million tonnes of ROM ore mined at a strip ratio of 1.61 (waste to phosphate, in tonnes). The project includes an open-pit, truck and shovel operation, over a life of mine (LOM) of 16 years plus another 20 years of aglime production which will be reclaimed from the tailings dam. The phased approach to the project reduced the initial capital and maximized the economics of the project.

- Phase 1 (Saprolite): Takes advantage of the highhead-grade, low strip-ratio, and relatively low processing costs to produce a high-value phosrock concentrate. Open pit mining of 1.3 Mtpy RoM of saprolitic ore, to the processing plant, which will produce an average of 307,000 tpy of phosrock.
- Phase 2 (Carbonatite): As saprolite is depleted, the plant is expanded to handle the carbonatite ore types, as well as produce an aglime by-product. Mining an average of 3.3 Mtpy RoM of lower-grade carbonatite ore, with expansion of the processing plant to maintain production of 300,000 tpy of phosphate concentrate, as well as 2.8 Mtpy of aglime. Anticipated that 1Mtpy of aglime will be sold, the remainder stored in a tailings dam.
- Phase 3 (Aglime): Remaining stockpile of stored aglime is reclaimed and depleted. Following mining operations, recovery of 1Mtpy of the remaining aglime from the Tailings Dam.

With an average capacity of 300,000 tpy of phosrock the average annual feed to the processing plant will be 1.3 million tonnes of the oxide ore in Phase 1, and 3.3 million in Phase 2 of the fresh carbonatite ore, resulting in a life of mine production of 4.7 million tonnes of phosphate concentrate and another 32.9 million tonnes of aglime, averaging about 300,000 tons of phosrock annually over 16 years and one million tonnes of by-product aglime annually over 33 years. The relatively steeply dipping and confined nature of the deposit, as well as the drive to optimize project value through early development of the saprolite ore, leads to a decreasing strip ratio after Year 4.

Mine Schedule - Quantities



Agua engaged Eriez Flotation Division (Pennsylvania, US) to run a pilot-plant testing for flotation, which was backed-up with a recent comminution study by Metso. A multi-month study, using bulk samples and performed at Eriez’s pilot-plant facilities in Pennsylvania, USA, has confirmed the earlier bench-scale work, as well as further improvements in the process design to improve grade - recovery projections. The current findings and conclusions from the most recent pilot-plant program and collector reagents optimization testwork are as follows:

- For the saprolite ore, global phosphate recovery of 81.4% is achievable at a concentrate grade of 32.7% P₂O₅;
- For the carbonatite ore, global phosphate recovery of 75.3% is achievable at a concentrate grade of 30.1% P₂O₅;

The phased approach and further optimization of the crushing and grinding circuit for the initial phase of mining and processing the high-grade oxidized ore, allowed substantial reduction of the initial capital expenditures, including the following circuits:

- Phase 1 – Primary crushing consisting of a mobile crusher system, stockpile and reclaim system, grinding circuit utilizing one rod mill, column flotation followed by magnetic separation, thickening and dewatering, drying, tailings thickening and tailings storage collection dam.
- Phase 2 – Primary crushing that will be modified to a primary jaw crusher and secondary cone crusher, stockpile and reclaim system, two-stage grinding circuit utilizing rod and bar mills, column flotation followed by magnetic separation, thickening and dewatering, drying, tailings thickening and tailings storage collection dam.
- Phase 3 - Reclaim the tailings as slurry and deplete the remaining tailings from the storage dam facility, dewater, and continue to sell it as an unprocessed aglime. No drying is required.

Filtration test work developed at Pocock Industrial Inc. demonstrated that press-filtering of the phosphate concentrate prior to drying will allow a significant reduction of the size of the drying unit. This represents further savings on the drying operational costs that will also be significantly reduced by using locally sourced thermal coal instead of diesel as contemplated in the preliminary economic assessment.

Environmental Improvements

The new development plan outlined in the BFS will result in a 60% decrease in the environmental footprint of the project decreasing the affected area from 1,340 Ha in the PEA to 550 Ha in the current project. In addition, the Company has completed a water use study with the result that the proposed project has optimized water usage such that it will be reduced from 1,250 m³ to 260 m³ based on the new project design. The commercialization of the carbonatite ore tailings as aglime, which is a required input for the acidic soils of Rio Grande do Sul, reduces the tailings storage from 38 million tonnes to just 4 million tonnes. All of these important environmental initiatives not only reduce the impact of the project on the natural environment but also provide important cost savings.

Marketing

According to Agroconsult Estudos Setoriais Ltda., who were retained by Aguiá to evaluate the regional market for phosrock, approximately 771,000 tonnes of phosrock imports were required in 2017 to service fertilizer production levels in the Southern region of Brazil. The potential market, as defined by the installed capacity of phosphate fertilizer production in the region, is about one million tonnes of phosrock.

Of the 771,000 tonnes of phosrock consumed in the Southern region of Brazil in 2017, Rio Grande do Sul State (where the Três Estradas project is located) accounts for 528,000 tonnes of consumption (almost 70% of the Southern Region market). Since there is no phosrock production in the Southern region, phosrock demand in Rio Grande do Sul is entirely supplied by imports from Peru and Morocco.

As a new entrant to the market, Aguiá's strategy will be to displace current and future phosrock imports to Rio Grande Port. The planned production of 300,000 tonnes per year will displace around 60% of current and future demand of 528,000 tonnes. Agroconsult forecasts a phosrock free on board Morocco price of USD 133 per tonne by 2027.

Macrologística Consultoria Ltda., was engaged by Aguiá to identify the optimal logistic footprint for Aguiá in the Southern region of Brazil. The results of this study confirmed Aguiá has a logistic cost advantage of USD 18.5/tonne over phosrock importers when selling to fertilizer blenders at the Rio Grande Port Hub.

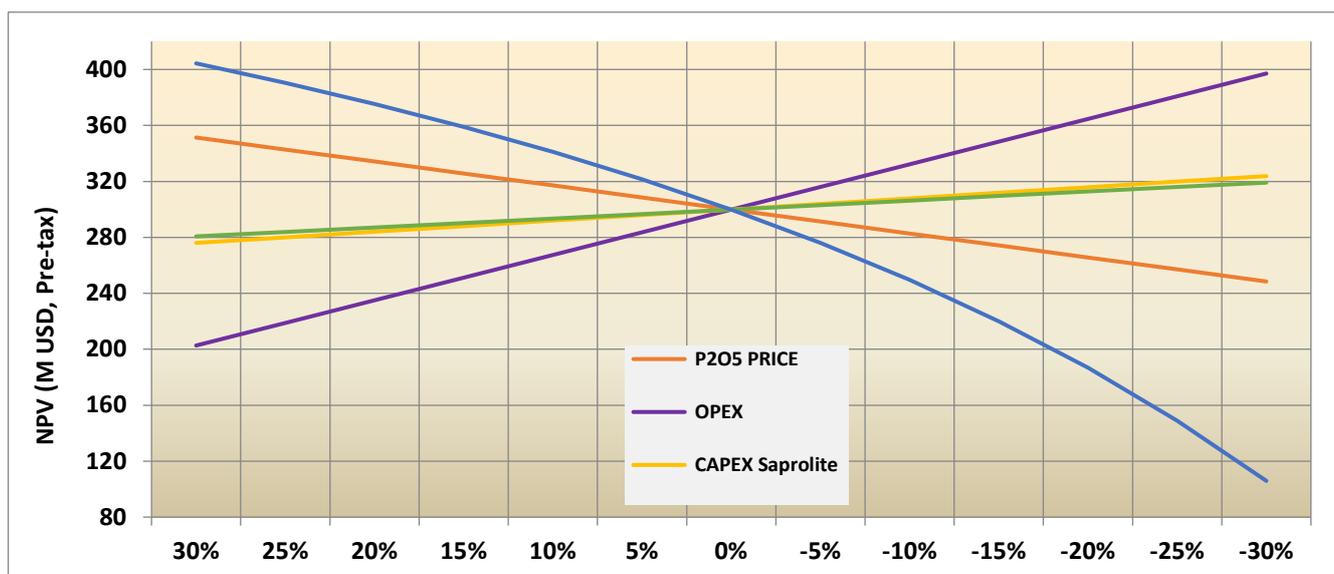
Calcite, which is of suitable quality to be sold as commercial aglime, will be produced as a by-product from carbonatite beneficiation. As a new entrant to the market Aguiá's strategy will be to displace aglime currently supplied to Rio Grande do Sul from neighbouring Paraná State and to displace other local competitors by undercutting the market price.

Sensitivity Analysis

Sensitivity analyses were performed on a variety of independent factors, including:

- P₂O₅ concentrate price: ±30%
- Operating costs: ±30%
- iCAPEXSaprolite: ±30%
- iCAPEX Carbonatite: ±30%
- Exchange Rate: ±30%

The NPV, on a pre-tax basis, was found to be most sensitive to exchange rate, followed by P₂O₅ concentrate pricing:



Financing Options

As announced on 15 June 2017, Aguia and Nebari US entered into a non-binding MOU where Nebari US agreed to work with Aguia and provide the optimal debt financing structure for up to 100% of CAPEX required to construct Três Estradas. The proposed debt facility will be priced within the context of the market and at commercial terms. The funding is contingent upon, among other things, the completion of the Bankable Feasibility Study, obtaining all necessary permits to build the project, finalisation of appropriate off-take agreements.

Additionally, Aguia management will be exploring other sources of debt funding with institutional and strategic partners and will commence negotiations on offtake agreements. Aguia's management is confident that financing to fund the Três Estradas CAPEX requirements will be available on attractive commercial terms.

Next Steps

The Company has completed a detailed survey of the project site area and has filed the environmental impact assessment with the local environmental agency. Formal official hearings with the State authorities and local community are anticipated to occur in the next three to four months, after which Aguia expects to be granted the preliminary license for the Três Estradas project. Meanwhile the Company is intensifying community outreach events as preparation for the formal hearings and will be initiating negotiations for offtake contracts in the coming months.

Management Commentary

Technical Director Fernando Tallarico commented, "These new and robust economic results are the result of an extensive analysis that has been conducted over the last year and satisfy our objective of designing a simple and efficient project that delivers significant value for Aguia shareholders. The introduction of column flotation was a definitive milestone that resulted in a more efficient and higher performing mill circuit and the excellent outcome of the infill drilling expanded our understanding of the Três Estradas mineral resource. The improvements that our engineering team introduced in the processing circuit, and demonstrating that the production of calcite was viable and of exceptionally high

quality, have made the project even more robust. The hard work of our technical team to deliver the Bankable Feasibility Study and continue to advance the permitting process moves us closer to the execution phase.”

Justin Reid, Managing Director of Agüia, added, “The BFS confirms that the Três Estradas project is capable of delivering high quality phosphate and aglime with a significant cost advantage compared to what is currently being supplied to the Southern Brazil market. The project is economically attractive even at the bottom of the phosphate price cycle – using a phosphate price that is 37% lower than the price used in the 2016 PEA. This represents a major opportunity for Agüia underpinned by a robust and growing agricultural sector in Brazil.

“Meanwhile, we continue to explore adjacent properties that have promising indications that there is more phosphate that could eventually feed into the Três Estradas project and substantially expand its current mine life.”

JORC Code Competent Person Statements:

The information in this report that relates to an Independent Technical Report that was prepared by Millcreek Mining Group and entitled “*Bankable Feasibility Study of the Três Estradas Phosphate Project*”. This document is dated March 19, 2018 and has been reviewed by and signed-off by Mr. Steven B. Kerr, P.G, C.P.G., Principal Consultant (Geology), and Mr. Alister D. Horn, Principal Consultant (Mining), all of whom are full-time employees of Millcreek Mining Group which was retained by Agüia Resources Limited to prepare the conceptual mining study. Mr. Kerr supervised the exploration and geologic review as well as the resource estimation components of the study and is a member of the American Institute of Professional Geologists (C.P.G.-10352). Mr. Horn supervised the mine planning and are Qualified Professional members of good standing in the Mining and Metallurgical Society of America (MMSAQP-01370 and MMSAQP-01369). Messrs Kerr, and Horn have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken in this study 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 (“JORC Code”)’. Messrs Kerr, and Horn consent to the inclusion in this report of the matters based on the Millcreek study in the form and context in which it appears.

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.

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Agüia Resources Limited, (“Agüia”) is an ASX and TSXV listed company whose primary focus is on the exploration and development of phosphate projects in Brazil. Agüia has an established and highly experienced in-country team based in Belo Horizonte, Brazil with corporate offices in Sydney, Australia. Agüia’s key projects are located

in Rio Grande do Sul, a prime farming area which is 100% dependent on phosphate imports. The Rio Grande phosphate deposits exhibit high quality and low cost production characteristics, and are ideally located with proximity to road, rail, and port infrastructure. Aguia's experienced management team has a proven track record of advancing high quality mining assets to production in Brazil.

Cautionary Statement on Forward Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation. Forward-looking information includes, without limitation, statements regarding the Bankable Feasibility Study, the economics of the Três Estradas project, the next steps for the Três Estradas project, the path to receiving permits and licenses for the Três Estradas project, the marketing and market for phosphate and aglime, the anticipated mining and production of the Três Estradas project, the metallurgical results, production targets, the anticipated timetable, permitting, forecast financial information, and ability to finance the project, and the prospectivity and potential of the Três Estradas project.

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". The material factors and assumptions underlying the forward-looking information of the Mineral Resource Statement results have been outlined above and will be detailed in the associated technical report.

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 risks inherent in the mining industry and risks described in the public disclosure of the Company which is available under the profile of the Company on SEDAR at www.sedar.com, on the ASX website at www.asx.com.au and on the Company's website at www.aguiarsouces.com.au. These risks should be considered carefully.

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. Persons reading this news release are cautioned that such statements are only predictions and 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 disclaims any intent or obligation to update or revise any forward looking statements whether as a result of new information, estimates, options, future events, results or otherwise and does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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