AN EMERGING POTASH AND PHOSPHATE COMPANY IN BRAZIL

AGUIA Resources Limited

ASX Code: AGR
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Competent Persons Statement

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 Ontario. Dr Tallarico is a full-time employee of Aquia 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.
COMPANY OVERVIEW

■ PHOSPHATE AND POTASH PROJECTS IN BRAZIL
■ BUSINESS MODEL = Explore, Develop and sell into Brazilian Domestic Market
■ BRAZIL IS AN AGRICULTURAL POWERHOUSE
  ✔ Excellent infrastructure
  ✔ Primary fertiliser markets
  ✔ Heavily reliant on imports

■ Atlantic Potash Project – *World class potential*
  ✔ Adjacent to Brazil’s only operating potash mine
  ✔ Drilling Now, Targeting JORC /NI43-101 Resource

■ Phosphate Projects – *Near Term Production*
  ✔ Rio Grande, new discovery
    ✔ JORC/NI43-101 Resource mid 2012
    ✔ Beneficiation test work underway
    ✔ New province, potential for large long life resources
  ✔ Lucena, drilling results up to 23.3% P$_2$O$_5$
  ✔ Mata da Corda – JV, 10,000 metres drilling

■ STRONG BOARD, INDUSTRY FERTILISER EXPERTS, TECH TEAM BASED IN BRAZIL
THE OPPORTUNITY – WHY BRAZIL? IMPORT DEPENDENT, CUSTOMERS

AN AGRICULTURAL POWERHOUSE

- 4th largest consumer of fertilizer but only 4% of global fertilizer production.
- In 2011, accounted for 9.3% (3.6Mt) of world’s phosphate (P₂O₅) and 13.4% (7.7Mt) of world’s potash (KCl) consumption and growing.
- Agricultural Exports >$94 billion per annum, 24% increase in 2011
- 48% of new & available arable land in the world is in the Cerrado (~90 million ha)

Brazil is an advanced economy, 11th largest exchange globally (by market capitalisation - Australia 10th)
THE TEAM & CAPITAL STRUCTURE

Directors

Graham Ascough - Non-Executive Chairman
— Over 21 years management and exploration experience evaluating resource projects globally, including Falconbridge and on-ground experience in Brazil.

Simon Taylor - Managing Director & CEO
— Geologist and founding Director of Aguia with 20 years exploration, development and operational experience in the resources sector.
— Corporate experience as a resource analyst with a major focus on the phosphate sector.

Dr. Fernando Tallarico - Technical Director
— 19 years experience in Brazil in exploration and project generation for Noranda, Falconbridge and BHP Diamond South America.

Allan Pickett - Non-Executive Director
— Highly regarded Fertilizer Professional with 14 years experience with British Sulphur Consultants, the fertilizer and chemical division of CRU International Ltd.

Top 5 Shareholders

1. Potash Atlantico Corp  19.66%
2. Bond Street Custodians Limited  6.16%
3. Nefco Nominees Pty Ltd  5.29%
4. Citicorp Nominees Pty Ltd  3.22%
5. Arredo Pty Ltd  2.95%

Top 20 Shareholders  57.83%

Potash & Phosphate Experts

Paulo Souza - General Manager - Potash
— Key engineer involved in the design and development of Vale’s Carnallite Project and Pilot Plant and an experienced Mining Engineer with 26 years in mine planning and operation, with Vale, Rio Tinto and others.

Alfredo Nunes - Exploration Manager - Phosphate
— 20 years exploration and resources evaluation in Brazil and globally, including 13 years with Brazilian major Vale in various commodities, from exploration to mine production.

John Sinden - Phosphate Processing Engineer
— Renowned consultant engineer with more than 45 years in the field of phosphate processing, leading phosphate rock to acid specialist.

Capital Structure

Market Cap @$0.50/Share  $52.9M
Ordinary Shares  105.7M
Cash (February 2012)  $11.0M
Unlisted Options  8.7M
Phosphate Performance Shares*  40.0M
Potash Performance Shares**  80.0M

*Conversion milestones: 30Mt, 70Mt @10% P$_2$O$_5$ JORC. Lucena and Mata da Corda Projects Peer Comp example MBAC (TSX)– 116MT @7.17% P$_2$O$_5$  Mcap = $263mill = $1.83/share

**Conversion milestones: proof concept 100Mt, 200Mt @10% KCl JORC.
## PEER COMPARISON
### POTASH & PHOSPHATE

<table>
<thead>
<tr>
<th>Company</th>
<th>Code</th>
<th>Location</th>
<th>Market Cap Diluted (A$M)*</th>
<th>Status</th>
<th>Global Resource (mt)</th>
<th>Potash Grade KCl (%)</th>
<th>Phosphate Grade P₂O₅ (%)</th>
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<td>Potash One**</td>
<td>KCL:TSX</td>
<td>Saskatchewan</td>
<td>$409</td>
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</table>

* Capitalisation of companies adjusted for exchange rates
** Potash One as at the 2011 K + S takeover
*** Verde KCl grade converted from published K2O grade although KCl is not a product of thermal potash

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**Market Cap A$M**

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<tr>
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<td>RVD:TSX</td>
<td>$44</td>
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<td>MNB:ASX</td>
<td>$34</td>
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</table>
ATLANTIC POTASH PROJECT HIGHLIGHTS

ATLANTIC POTASH PROJECT

- Adjacent to Brazil’s only operating potash mine
- Taquari-Vassouras Mine (Vale) produces <10% of country’s consumption, with reserves in place until 2019.
- Concurrently Vale is developing a 1.2Mt KCl per year carnallite solution mine
  ✔ environmental licenses in place
  ✔ start-up is scheduled for 2015

DEVELOPMENT OF A CARNALLITE SOLUTION MINE

- Initial target resource potential of 0.7-1.5 billion tonnes of carnallite at ~12% KCl grade¹
- Resource to support production of 1.0Mt KCl per year over a 15-30 year mine life
- Project substantially de-risked
  ✔ Potash intersections in historical drilling by Petrobras
  ✔ Key management designed and developed Vale’s Carnallite Project and Pilot Plant nearby
  ✔ Close to infrastructure – power, gas, road, port facilities AND FERTILISER CUSTOMERS
  ✔ It will use proven technology - solution mining, supported by ERCOSPLAN

GOING FORWARD

- Drilling of first 4 holes commenced
- Gas contract and off-take agreements are being developed

¹This is a conceptual resource estimate and will need exploration drilling to confirm potential size, the estimate is based on suitable size to enable commercial project economics and historical data obtained from historical drilling by CPRM including over 300 drill holes and 32,000 km of 2D seismic data. The potential tonnage range and average grade is conceptual in nature and insufficient work has been completed to report a Mineral Resource in accordance with the JORC Code (2004). It is uncertain if further exploration work will result in the determination of a Mineral Resource.
INFRASSTRUCTURE IN PLACE

- Taquari-Vassouras Mine-Vale
- Carnallite Pilot Plant-Vale
- Aracaju Port
- Power Station Jardim - CHESF
- Power Sub-Station
- Off Take Partners in Region

Aracaju Aerial View
Carnallite Pilot Plant - Vale
Power Sub-Station
- Large land holding, ~ 200,000 hectares
- Added Lara Ground ~ 21,000 hectares
- Historical exploration data obtained from Brazilian Geological Survey
- Petroleum exploration and production data – more than 300 wells analyzed
- Seismic data – basin well covered with public 2D seismic (2D lines - 32,000 km)

Taquari-Vassouras Mine - Vale Underground / Room and Pillar 700,000t KCl p.a. Associated to Bull’s-eyes Gravity Low
- Drill hole PAC-02 underway
- Targeting Potash bearing Ibura Member ~ 1,250 metres depth
- Adjacent to significant Rio Verde Intersection – returned combined thickness of 79 metres potash
- Includes sylvinite intersection 16.73 metres @ 25.01% KCl grades up to 54.02% KCl
DRILLHOLE PAC-03
EXCEPTIONAL DISCOVERY POTENTIAL

- PAC-03 located 120m east of historical hole BRSA-645 that intersected 55 metres potash.
- Target Depth ~ 1,300m
Solution Mining Process for Carnallite

- Two wells ~ 70metres apart are drilled to salt layer.
- Hot water (85°C) pumped into salt layer, to dissolve salt into brine.
- Brine extracted, and two caverns develop.
- Caverns merge into one large cavern.
- Water then pumped down through one well, and brine extracted from the second well.
- Each cavern lasts between 2 and 3 years.
- Multiple wells connected on the surface to the processing plant.
- Carnallite brine separated into KCl and MgCl$_2$ using established technology.

SERGIPE Key Project Metrics

- Target steady state production of ~1,000,000 tpa KCl
- Proven technology for brine production and processing
  ✔Engineering studies supplied by Ercosplan
- Main consumables locally available – natural gas and electric power
- Reduced time to production – < 6 years including exploration
  ✔Project substantially de-risked by Vale’s Carnalitta Project
- Allows extraction of deeper potash deposits
  ✔KCl horizons in Sergipe are between 1,500 and 1,800m
- Well positioned to dispose of residual brine off-shore
  ✔Vale already permitted
Assumptions – For illustrative purposes only, not based on actual project studies\(^2\), assumes 1.25 Bt resource = 25 year mine life

<table>
<thead>
<tr>
<th>Investment (US$ million)</th>
<th>900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brine Field OPEX (US$ / t)</td>
<td>35.0</td>
</tr>
<tr>
<td>Beneficiation Plant OPEX (US$ / t)</td>
<td>93.0</td>
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<tr>
<td>Annual Production (t)</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

Commodity Price Assumption

| Sales Price (US$ / t) | 515\(^1\) |

Illustrative NPV Calculation

| NPV @10.0% discount rate (US$ million) | 925 |

Notes:

1. A key feature of this project is that, in addition to the savings in freight and port handling costs versus producers outside Brazil, consumers are currently prepared to pay a premium for the convenience of having the service associated with a local supplier. Any future prices are speculative, however Aguia believes a long-term real price of $515 to be realistic based annual price range given by CRU in its forecast for potash delivered to major markets for 2011 to 2020 – source CRU.

2. Due to the highly prospective nature of the Brazilian exploration opportunity and the absence of any detailed technical studies, assessments of the value of the Brazilian opportunity are highly speculative and unreliable. The analysis above relies on assumptions that are not based on any detailed technical or economic evaluations of the project and are provided for illustrative purposes only.
PHOSPHATE PROJECTS
RIGHT LOCATION, RIGHT MARKET

Key parameters
- Location
- Infrastructure
- Markets
- Mineralogy = beneficiation

Initial resource targets\(^1\) of 30-80Mt

Average grade of Brazilian producing mines = 9% P\(_2\)O\(_5\)

Scoping to produce 500 ktpa of concentrated rock.

Ball-Park numbers
- CAPEX = $150m
- Cash Costs = $50-60/t
- Sale Price = $180-220/t

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THE PROJECTS

- Early stage signs similar to carbonatite style phosphate deposits mined by Vale in Brazil, examples including Araxá (Reserve: 88.7 Mt @ 11.12% P₂O₅) and Cajati (Reserve: 85.1 Mt @ 5.45% P₂O₅)

- Two projects under evaluation:
  - Três Estradas – drill tested 2011, new discovery
  - Joca Tavares – rock chips to 11% P₂O₅,

- Based on recent discovery AGR has applied for a further 8 areas comprising 30,186 hectares

- Well developed local infrastructure with good road, rail, power, port and services
New Discovery - Nov 2011, diamond drilling returned excellent results.

Drilling is spaced over 1 kilometre and up to 200 metres across strike, open in all directions.

Initial results from surface include:

- 27.00 metres @ 17.75% \( \text{P}_2\text{O}_5 \)
  Includes. 12.30 metres @ 24.60% \( \text{P}_2\text{O}_5 \)

- 34.00 metres @ 10.91% \( \text{P}_2\text{O}_5 \)
  Includes. 18.85 metres @ 15.58% \( \text{P}_2\text{O}_5 \)

- 40.35 metres @ 8.90% \( \text{P}_2\text{O}_5 \)
  Includes. 19.97 metres @ 13.52% \( \text{P}_2\text{O}_5 \)

Beneficiation test work commenced.

Targeting a JORC/NI 43-101 resource June quarter.
Application lodged over southern extension for potential 2.4 kilometre strike length.
The three southern States of Rio Grande do Sul, Santa Catarina and Paraná consume ~1.0 mt $P_2O_5$ or around 30% of Brazilian consumption, with no currently active phosphate mines in the States.

Projects will be logistically advantaged to supply into this region, compared with either phosphate mined in Minas Gerais and Goias or imports.

Relation between fob Morocco and cfr Brazil for Phosphate Rock Prices ($/t)

Base Data: Fertilizer Week, CRU International Ltd.

Saleable product to receive premium prices versus imports.
### BRAZILIAN PHOSPHATE PLAYERS DATA

<table>
<thead>
<tr>
<th>Company</th>
<th>Project</th>
<th>Status</th>
<th>Type</th>
<th>Reserve (Mt)</th>
<th>Av. Grade $P_2O_5$ (%)</th>
<th>Conc. Grade $P_2O_5$ (%)</th>
<th>Prod. Capacity (ktpa)</th>
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<tr>
<td>Vale</td>
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#### Average Grade Brazilian $P_2O_5$ Deposits 9.0%

<table>
<thead>
<tr>
<th>Company</th>
<th>Project</th>
<th>Status</th>
<th>Type</th>
<th>Reserve (Mt)</th>
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<td>Siilinjarvi-Finland</td>
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<td>470</td>
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* Denotes resource figures

**Sources:**
- (B) > Reserve and Grades: DNPM 2006 Mineral Annuary
- (C) > Concentration / Production: ANDA Annuary 2008
- (D) > Major phosphate rock producer by Bete, Inc for Cargill Fertilizer, Inc 1988. Values updated to 2010 including exchange variation and inflation.
- (E) > BMO – MBAC Report Figures April 2010 and Website info Sep/2010
CPRM discovered shallow phosphate mineralisation up to 22% \( P_2O_5 \) in several deposits to the west.

Phosphate mineralisation is hosted by a limestone unit (Gramame Formation) that extends through project towards the east.

Desktop modelling outlines large areas for shallow drill testing.

2,000 metre first pass Diamond Drilling completed.

Initial drilling results include up to 23.25% \( P_2O_5 \).
Located within 100km of the three largest phosphate mines in Brazil and near 32 major bulk blenders

Option to Vicenza to acquire 70% of the MCPP over a three year period through a combination of:

- cash totalling R$1 million (A$0.56 million);
- a minimum exploration spend of R$7 million (A$3.9 million) and a minimum of at least 10,000 metres of drilling

Excellent infrastructure, roads, power, water on main transportation route for expanding agricultural districts of Mato Grasso Brazil
ENQUIRIES:

SIMON TAYLOR – Managing Director & CEO
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staylor@aguiaresources.com.au
www.aguiaresources.com.au

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