

Aguia Resources ready to gain from Brazil's booming Agriculture and World Class Image

✘ Aguia Resources Limited (Aguia, ASX: AGR) has announced excellent phosphate drilling results from its Tres Estradas project ("TE") in southern Brazil. On February 27, it announced an increase in its total JORC compliant indicated and inferred resource to 28.5 million tons P2O₅ at TE. Last spring the beneficiation results demonstrated grades as high as 33.95% from the higher oxide zone with an 83.4% metallurgical recovery rate. The new results have raised that grade to 36%. Aguia recovers phosphate from carbonatite, which can be turned into a high quality concentrate. Aguia says the resource's mineralogy is similar to what is produced at world class mines worldwide including Yara's Siilinjärvi mine in Finland and Vale's Cajati mine in Brazil.

The second stage of drilling confirmed the initial findings showing a continued strong phosphate mineralization ranging from 9.5% to 23.2% phosphorous penta-oxide (P2O₅) and all within a high oxide area extending from the surface. Aguia's grades are similar, if not actually higher, than comparable carbonatite properties currently being developed in Brazil. The high grades also allow for Aguia to accelerate the ramp-up to production thanks to the quality of the observed grades, which allow for processing using solely standard methods and reagents. Aguia is now ready to proceed with a scoping phase toward the production of concentrated phosphate. Aguia is targeting the Brazilian internal market alone for the initial phase; this is because Brazil has huge – it would not be exaggerated to say existential – demand mineral fertilizers such as phosphate and potash: these are literally product.

Between 2013 and 2016, the world's attention will be focused on Brazil, a South American country that more than any other in the last 20 years has seen a dramatic social and economic expansion. Brazil has done everything possible to earn a prestigious position as one of the world's great powers. Rapid economic growth, fueled by oil and natural gas and a growing industrial, mining base has built Brazil's appetite for soft power. Notably, Brazil will host the 2014 World Cup and the 2016 Olympics, which has stimulated infrastructure investments, in contrast to Western countries affected by the economic crisis. Agriculture is one of the most important sectors in Brazil's one of its main links to international trade. The agricultural strength ties Brazil directly to global issues of growing global population, food shortages and food security. Indeed, Brazil is in a unique position to benefit from these trends because it generates demand for exports.

The agricultural sector is growing and contributes about 10% of GDP and 40% of Brazilian exports. While most people associate cowboys with Texas, it is Brazil that has the largest cattle population (50% larger than the United States). Brazil also has abundant natural resources and where food is concerned it is the world's largest producer of coffee, sugar cane and oranges. Brazil is the world's largest exporter of a number of food products from beef and chicken to orange juice, ethanol, tobacco, soya beans, flour and oil; it ranks very high in the export of corn and pork as well. In other words, if the Olympics were an agricultural event, Brazil would win several gold medals. However, there are some concerns. In order to for Brazil's agriculture to keep growing and keep producing, it needs massive quantities of mineral fertilizer. Brazil has some production of phosphate and potash but much more is needed. Brazil, in fact, has been one of the consistent growth markets for potash; some of its biggest miners are developing projects in Brazil and neighboring countries like Argentina (Vale SA) to tap into the growing

demand.

The Brazilian government wants to increase the country's self reliance in fertilizer production in order to reduce costs to the agricultural industry, achieving complete self-sufficiency by 2020. The government is keen to attract foreign mining companies to develop the country's phosphate and potash potential, as there are few local players in this market sector. Between 1998 and 2008, fertilizer use in Brazil has risen by 70% and the government is very keen on stimulating phosphates and potash mining, which could presumably include an increase of royalties for mining companies, as an incentive. Foreign mining companies developing potash and phosphates in Brazil do so only to address domestic demand. Mato Grosso is one of Brazil's most agriculturally intensive areas and almost all of the approximately 400,000 tons of phosphates consumer by farmers is imported. Brazil has a well known tradition and history of mining; however, the majority of mining activities have concentrated on gold, diamonds, zinc, copper, or nickel. Now, government mining surveys are being sought out to identify the main phosphate producing regions. Increased phosphate production and improved transportation and distribution infrastructure will help bring down the cost of food production in Brazil.