



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 23rd JANUARY 2012

ATLANTIC POTASH PROJECT UPDATE

LETTER OF INTENT SIGNED ON ADJOINING GROUND WITH SIGNIFICANT HISTORICAL POTASH INTERSECTIONS

DRILLING UPDATE HOLES PAC-01 AND PAC-02

Potash and phosphate exploration and development company Aguia Resources Limited (“Aguia” or “Company”) is pleased to announce that the Company has signed a Letter of Intent (“LOI” or “Agreement”) with Lara Exploration Ltd (“Lara”) over Lara’s Potash Projects (‘LPP’) located adjacent and adjoining to Aguia’s Atlantic Potash Project in the Sergipe Basin Brazil.

Highlights:

- *The properties comprise of 21,483 hectares and are adjacent to and cover the extensions of the potash-bearing sedimentary basins that host the Taquari-Vassouras mine (owned by Vale S.A.) which produces approximately 650,000 tons of potash annually and will host Vale’s proposed Carnallita project.*
- *Aguia holds approximately 68,700 hectares in the Sergipe Basin including licenses that are adjacent and contiguous with the Lara properties.*
- *The LPP hosts significant historical potash intersections interpreted from oil and gas wells drilled by Petrobras. These include:*
 - *55 metres of potash (carnallite) from Well 1-BRSA-645*
 - *24 metres and 12 metres of potash (carnallite) from Well 1-PR-1-SE*
 - *3 metres of potash (carnallite) from Well 1-FCO-1-SE*
- *Under the terms of the LOI, Aguia can earn up to a 100% interest through a staged issue of shares and the completion of at least one drillhole to test known potash horizons within the LPP. (see Commercial Terms section for further details).*
- *Aguia has a drilling rig in the area and work is underway to complete permitting approvals to enable the minimum requirement of one hole to be completed as part of the current drilling program.*

Drilling Update

- *Aguia is currently completing an initial four hole drilling program at its Atlantic Potash project located approximately 30 kilometres to the south of Brazil’s only operating potash mine, Vale’s Taquari-Vassouras underground sylvinitic mine.*
- *The first hole PAC-11-0001 (“PAC-01”) is now completed. As announced on 29th November 2011 logging of the open hole showed a sequence of shale and sandstones with some indications of possible salt horizons at the top of the interpreted Ibura Member. The proposed wedge to deviate the hole to core the top of the Ibura Member has been completed and no significant potash mineralisation was reported.*

- The rig is now mobilising to the second hole, PAC-11-0002 (“PAC-02”) located four kilometres to the east-north-east of the significant potash intersection recently announced by Rio Verde Minerals (TSX:RVD).
- In an announcement dated 16th November 2011, Rio Verde reported a significant potash intersection that comprised two sylvinitic-bearing zones with thicknesses of 12.97 metres and 5.05 metres and one carnallitic-bearing zone with a thickness of 61 metres for a total thickness of approximately 79 metres of potash mineralisation. (Refer- Rio Verde Press Release – 16th November 2011).
- At PAC-02 the pre-collar is complete, drilled by a smaller pilot rig in December 2011. Mobilisation is expected to be completed by late next week with a possible start date of 27th January 2012.

‘We are pleased to have increased our ground position in the Sergipe Potash Basin’ commented Managing Director Simon Taylor ‘The option ground is highly attractive due to the known wide historical potash intersections. Although disappointed with results from our first hole, PAC-01, we have a number of very compelling targets to test including the Lara ground which will now be drill tested as part of this current campaign.’

The Company will provide further updates on both its Atlantic Potash and Brazilian based Phosphate Projects as results become available.

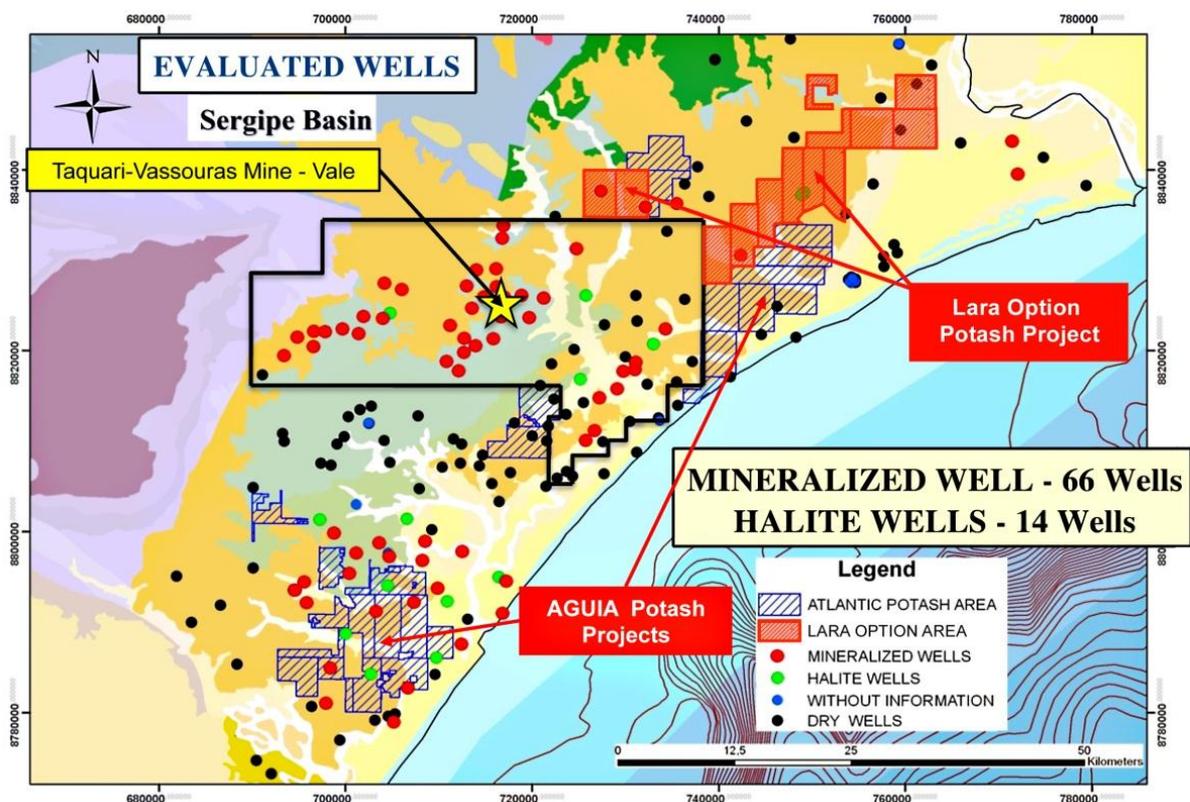


Figure 2: Drill hole location plan of historical Petrobras drilling relative to location of Aguia's Atlantic Potash Project, the Vale Taquari-Vassouras Mine and the new areas under the Lara Option Agreement.

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Atlantic Potash Project

Lara Option Agreement

Agua has signed a Letter of Intent (“LOI”) with Lara Exploration Ltd (“Lara”) for an exclusive option to acquire up to a 100% interest in Lara’s Potash Projects (‘LPP’) located adjacent and adjoining to Agua’s Atlantic Potash Project (Figure 2).

The properties cover an area of 21,483 hectares, border the northern edge of Vale’s project area that hosts the only operating Brazilian potash mine and adjoin portions of Agua’s large landholding of about 68,700 hectares in the highly prospective Sergipe Basin.

The LPP hosts significant historical potash intersections interpreted from oil and gas wells drilled by Petrobras. These include:

55 metres of potash (carnallite) from Well 1-BRSA-645

24 metres and 12 metres of potash (carnallite) from Well 1-PR-1-SE

3 metres of potash (carnallite) from Well 1-FCO-1-SE

The consolidation of Agua and Lara’s projects and the location of the historical wells are shown in Figure 3.

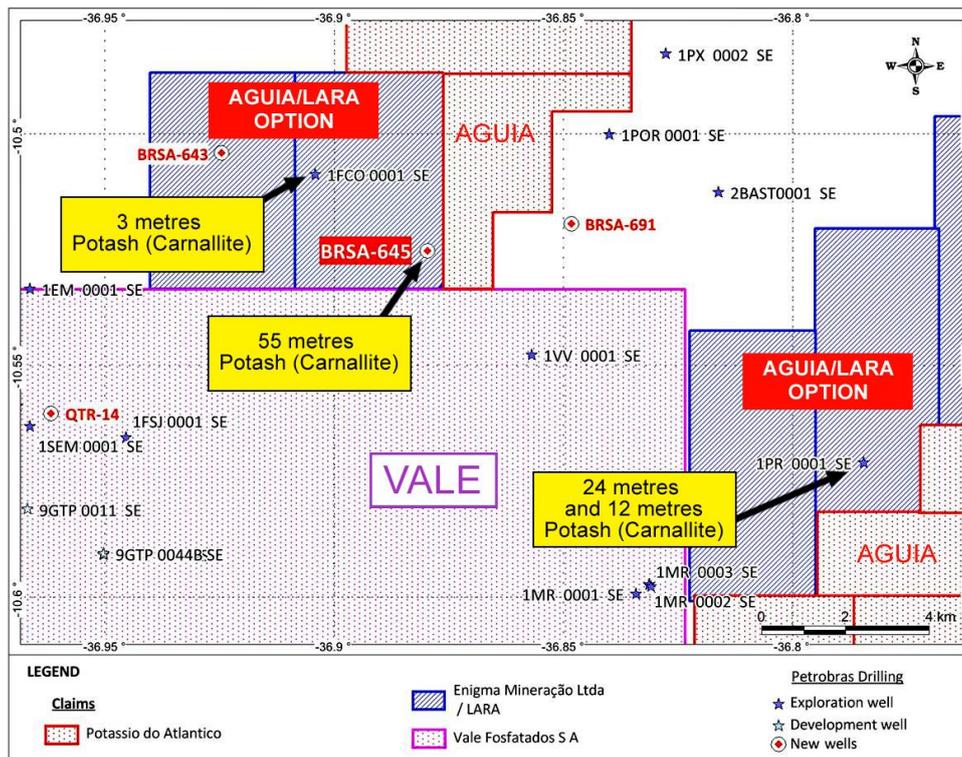


Figure 3: Location of Lara projects, historical oil and gas exploration wells and significant historic potash intersections

Commercial Terms

The commercial terms of the LOI between Agua and Lara over Lara’s wholly owned Sergipe Property (the “Property”) are as follows.

Agua has the exclusive option to acquire 100% of the Property within a 24 month period through the acquisition of Enigma BVI, a wholly owned subsidiary of Lara and holder of the Property.

The transaction consists of:

- (a) the grant by Lara to Agua of an option (the “**Option**”) to acquire the Property by way of the acquisition of an initial 75% interest in Enigma BVI (the “**First Option**”) and, if the First Option is exercised, the remaining 25% interest (the “**Second Option**”); and
- (b) the formation by Lara and Agua, upon on the exercise of the First Option but not the Second Option, of a joint venture (the “**Joint Venture**”) for the further exploration and, if warranted, development of the Property.

The principle terms of the Option require Agua to:

- Issue Lara 4 million shares on signing (escrowed for 12 months)
- Minimum work commitment of \$1.5 million including at least one drill hole to test known potash horizons within the property (to a depth targeting the Ibura Member). Such exploration shall be a firm commitment and not optional unless Agua pays to Lara the sum of \$1,500,000.
- Agua may issue Lara a further 6 million shares on or before the first anniversary to exercise the First Option (75% interest in Enigma BVI).
- If Agua exercises the First Option, it may issue a further 5 million shares to Lara on or before the second anniversary to exercise the Second Option (100% interest in Enigma BVI).
- If Agua exercises the First Option but elects not to, or fails to, exercise the Second Option, Agua and Lara shall enter into a Joint Venture and which point both Party’s will contribute or dilute. Should one of the Party’s interests be diluted to less than 10% then that Party’s interest shall revert to a 1% royalty.

About Lara

Lara is an exploration company following the Prospect Generator business model, which aims to minimize shareholder dilution and financial risk by generating prospects and then exploring them in joint ventures funded by partners. The Company currently holds a diverse portfolio of prospects and deposits primarily in Brazil and Peru where it has signed agreements for fifteen joint ventures. Lara’s common shares trade on the TSX Venture Exchange under the symbol "LRA".

Drilling Update

The current drilling by Agua is targeting a large carnallite resource hosted within the Ibura Member an important evaporatic sequence of the Muribeca Formation. The program is focusing on the discovery and delineation of a Mineral Resource that can be reported in accordance with the JORC Code.

The first hole PAC-11-0001 (“PAC-01”) is now complete. As announced on 29th November 2011 logging of the open hole showed a sequence of shale and sandstones with some indications of possible salt horizons at the top of the interpreted Ibura Member. The proposal to wedge and deviate the hole to core the top of the Ibura Member has been completed, no significant potash mineralisation was intersected.

The hole was collared some 850 metres to the south east of historical well 1RPX0001DSE drilled by Petrobras that returned a 19 metre thick zone of carnallite (potash) mineralisation.

Conclusions from the downhole logging and re-interpretation of limited 2D Seismic indicate that PAC-01 intersected an erosional channel that has removed the upper portion of the targeted Ibura Member that is present in the historical Petrobras hole.

The Company still considers that the area in closer proximity to 1 RPX0001DSE and to the north west is highly prospective for potash mineralisation and interpretation for further follow up drilling is underway.

The rig is now mobilising to the second hole, PAC-11-0002 (“PAC-02”) located four kilometres to the east-north-east of thick (79m) potash intersection announced by Rio Verde Minerals (TSX:RVD) on 16th November 2011. In drillhole SED-001-11, Rio Verde reported a significant potash intersection comprised of two sylvinitic-bearing zones with thicknesses of 12.97 metres and 5.05 metres and one carnallite-bearing zone with a thickness of 61 metres for a total thickness of approximately 79 metres of potash mineralisation. (Refer- Rio Verde Press Release – 16th November 2011).

At PAC-02 the pre-collar has already been completed by the smaller pilot rig. Mobilisation is expected to be completed by late next week with a possible start date of 27th January 2012.

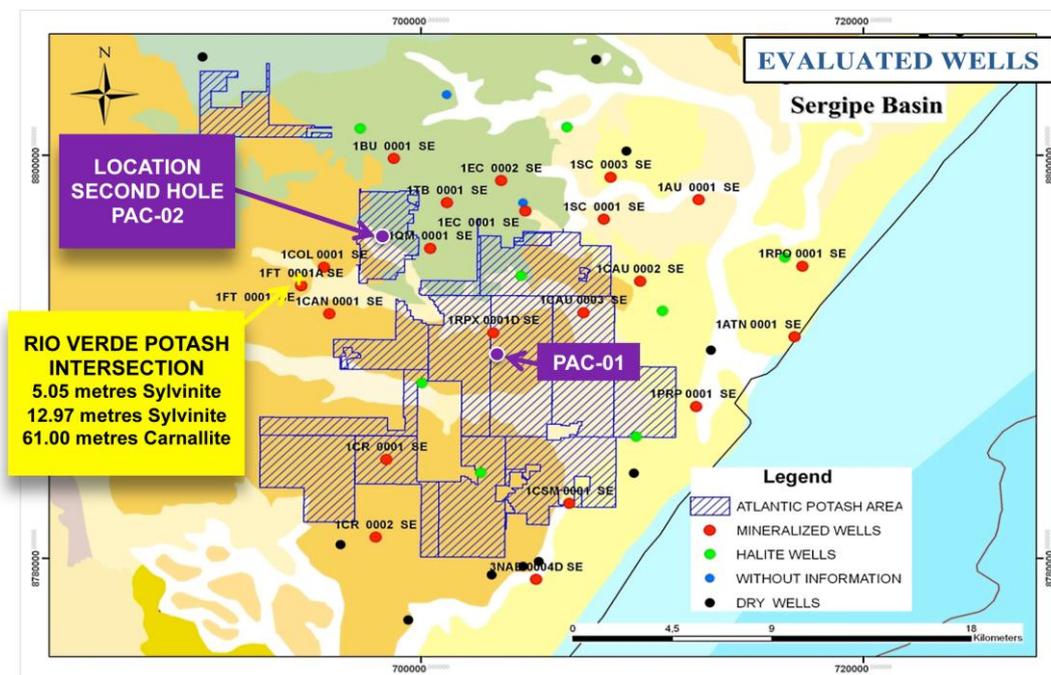


Figure 4: Location of PAC-02 drill hole and Rio Verde Drilling

About Agua

Agua is focused on the exploration and development of large scale potash and phosphate 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 capitalize on the growing demand for phosphorous and potash based fertilisers in the expanding agriculture sector in Brazil. Through its 100 per cent owned subsidiaries Agua Metais Ltda and Potassio do Atlantico Ltda it has an established and highly experienced in-country management team based in Belo Horizonte, Brazil. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the fertiliser sector.

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 of Ontario. Dr Tallarico is a full-time employee of Agua 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.