



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 18<sup>th</sup> JULY 2011

## DRILLING PERMITS GRANTED FOR ATLANTIC POTASH PROJECT, BRAZIL

*Potash and phosphate exploration and development company Aguia Resources Limited (ASX:AGR) (“Aguia” or “Company”) is pleased to announce that it has received approval and been granted Environmental Drilling Licences at the Atlantic Potash Project located in the Sergipe Basin in SE Brazil.*

### **Highlights:**

- *Environmental Drilling Licenses approved for initial four exploration drill wells.*
- *Initial drilling will focus on the discovery and delineation of a Mineral Resource estimate that can be reported in accordance with the JORC Code.*
- *Drilling will target Area 1 located approximately 30 kilometres to the south of Brazil’s only operating potash mine, Vale’s Taquari-Vassouras underground sylvinitic mine.*
- *Drilling contractor and drilling support services to be finalised and announced shortly with drilling anticipated to commence in the 3<sup>rd</sup> quarter 2011.*
- *The Atlantic Potash Project covers a large land position of approximately 178,000 hectares (1,780km<sup>2</sup>) in the attractive carnallite and sylvinitic potash bearing Sergipe-Alagoas basin.*
- *Projects are located in one of the largest global potash markets close to existing infrastructure including roads, water, power and end-users.*
- *Brazil currently imports over 90 per cent of its potash needs.*



**Figure 1: Location of the Atlantic Potash Project in NE Brazil**

*“The granting of the Environmental Licenses and approval for drilling is an important step in achieving our aim to commence drilling as soon as possible at the Project” said Mr Simon Taylor, Managing Director of Aguia. “With the recent capital raising and successful acquisition of Potássio do Atlantico Ltda, Aguia is well positioned to achieve this goal. The technical team in Brazil has done a great job to achieve the permitting so quickly and we will be finalising the preferred drilling contractor shortly.”*

*The drilling is targeting a large carnallite resource within the Sergipe Basin, similar to the style of mineralisation being developed by Vale as described below. The location of the first four wells is based on interpretation of historical drilling completed by Petrobras who discovered potash mineralization during oil and gas exploration in the 1950’s and 60’s.*

*Vale is developing a 1.2 mtpa carnallite solution mining project within the basin, and has built a functioning pilot plant which has proved solution mining of carnallite in the Sergipe basin is commercially feasible. Environmental permitting has also been acquired.*

*The drilling program will be supervised by Mr Paulo Souza, General Manager, Potash. Mr Souza is an experienced mining engineer with 27 years’ experience in mine planning and operation, including potash development projects with Vale. He was the key engineer involved in the design and development of Vale’s Carnallite Project and Pilot Plant in Brazil.*

*Aguia holds a 100 per cent interest in the Atlantic Potash Projects after the completion of the acquisition of Potássio do Atlantico Ltda, a wholly owned subsidiary of Potash Atlantico Corp, a private Canadian company associated with the Forbes & Manhattan Group.*

**Enquires:**     **Simon Taylor – Managing Director**  
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### **About Aguia**

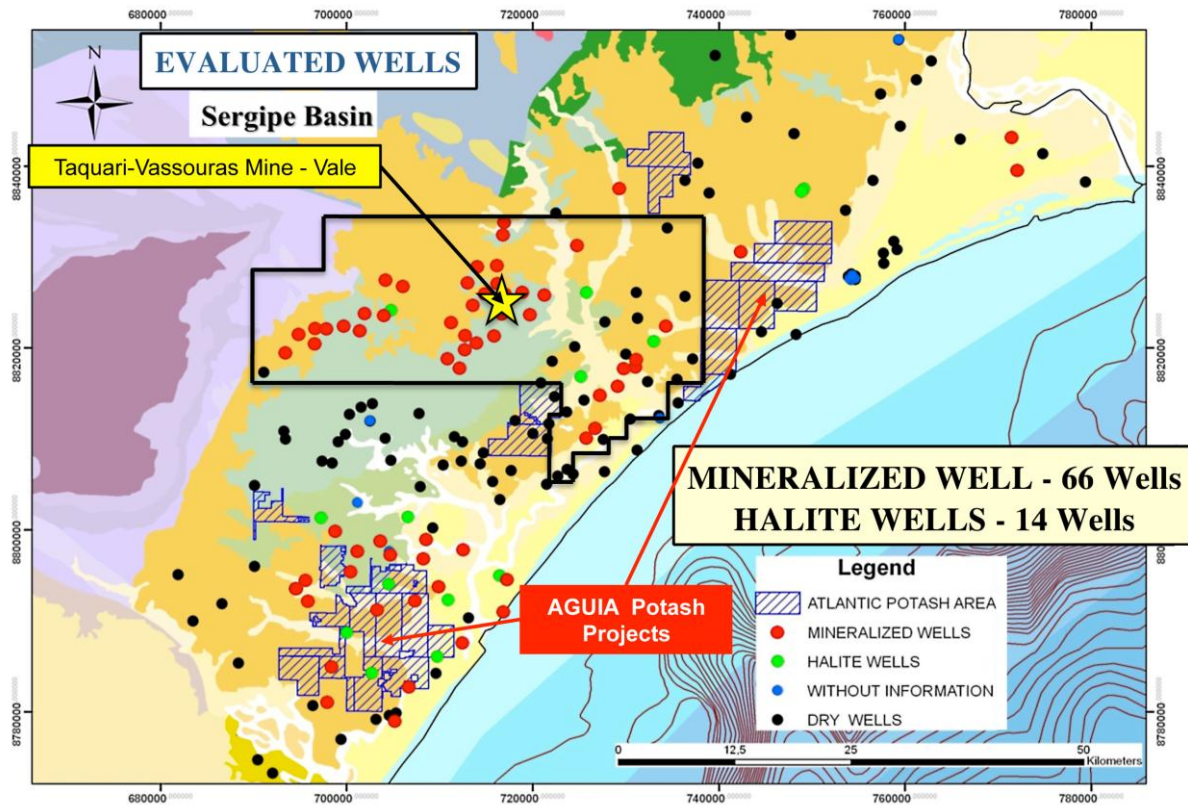
*Aguia is focused on the exploration and development of phosphate and potash projects in Brazil. Brazil is Latin America’s biggest economy and is heavily reliant on imports of up to 50 per cent of its phosphate and 90 per cent of its potash needs. Aguia is well positioned to capitalize on the growing demand for phosphorous and potash based fertilisers in the expanding agriculture sector in Brazil and controls three large projects, located close to existing infrastructure. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the fertiliser sector.*

### **About Forbes & Manhattan Inc.**

*Forbes & Manhattan Inc. (“F&M”) is a private merchant bank based in Toronto, Canada with offices and operations internationally. F&M uses its team and capital to incubate, finance and manage public and private companies in the junior resource sector. F&M has an extremely successful track record of identifying high quality assets in the mining, resource, fertiliser and energy sectors and advancing them from discovery through to production. There are currently over 25 companies in the F&M group, with a combined market capitalisation of approximately \$2 billion. F&M’s goal is to unlock value by developing resource assets within a 3 to 5 year time horizon.*

## Drilling Program

Potash mineralization was discovered in the Sergipe-Alagoas Basin by Petrobras during oil and gas exploration in the 1950's and 60's. In Sergipe, sylvinite dominant potash deposits occur in the regions of Taquari-Vassouras and Santa Rosa de Lima. The discovery of sylvinite mineralization resulted in the commencement of mining at the Taquari-Vassouras underground mine in 1985, first by Petromisa and later transferred to VALE in 1991 ( Figure 2).



**Figure 2: Drill hole location plan of historical Petrobras drilling relative to location of Aguia's Atlantic Potash Project and the Vale Taquari-Vassouras Mine to the north.**

The Sergipe Basin also hosts significant potash deposits comprised of carnallite. In anticipation of the sylvinite deposit becoming exhausted, Vale is developing a carnallite solution mining project within the basin, and has built a functioning pilot plant (2008) which has proved solution mining of carnallite in the Sergipe basin is commercially feasible with the aim of establishing capacity for 1.2 mtpa KCl by 2015.

The drilling by Aguia will comprise of an initial four holes to be completed by the end of 2011. Drilling will target a large carnallite resource hosted within the Muribeca Formation. The Muribeca Formation hosts an important evaporitic sequence at depths of between 1,500-1,700 meters.

The location of the first four wells is based on interpretation of historical drilling completed by Petrobras and detailed assessment of 2D seismic. Refer figure 3 for drill well locations.

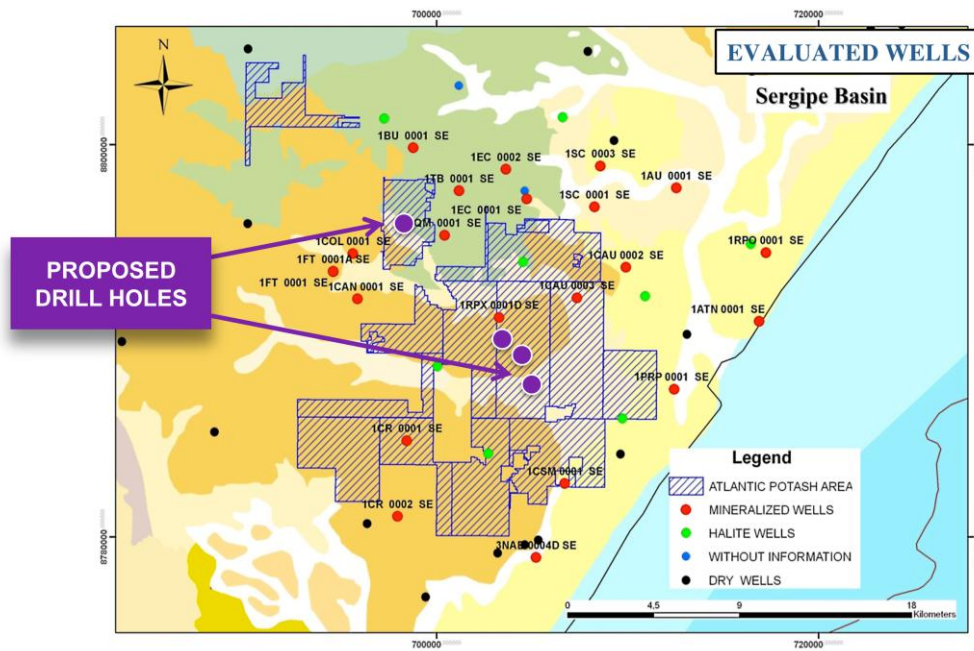


Figure 3: Location of Area 1, location of proposed holes and historical drilling

Through a detailed tender process Agua has identified a preferred drilling contractor and drilling support services which will be finalised and announced shortly. Drilling is anticipated to commence this quarter.

### About the Atlantic Potash Project

The Atlantic Potash Project is located in the northeastern portion of Brazil in the State of Sergipe. The Project sits to the west and northeast of the city of Aracaju, the capital of Sergipe State with a population of 570,000 inhabitants and a large scale harbour.

Agua through its 100 per cent owned subsidiary Potássio do Atlantico Ltda (“PALTDA”) has acquired 106 exploration claims totaling approximately 178,000 hectares (1,780 km<sup>2</sup>) consisting of five property areas in the Sergipe-Alagoas basin.

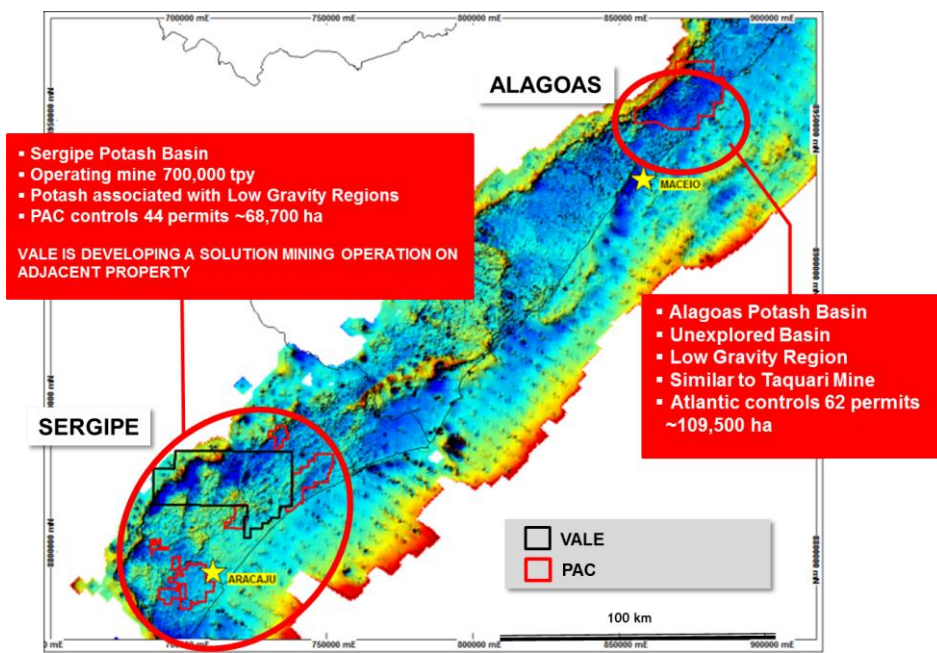


Figure 4: Location of the PAC projects in Sergipe-Alagoas Basin.

The Project is well located with excellent infrastructure (roads, water, and energy). Fertilizer blenders are located in the project area providing a ready local market for the product. The area has considerable oil exploration infrastructure, with several companies having offices and warehouses in Aracaju including Halliburton and Schlumberger Limited. The harbour is located 15 km North of Aracaju and it is used for the transport of oil, potash and heavy equipment.

### **Geology and Mineralisation**

The Muribeca Formation within the Sergipe Basin hosts an important evaporate sequence, salt and potash deposits including significant sylvinite and carnallite deposits. The potash salts occur in isolated sub-basins, of which the most well-known is the Taquari Vassouras sub-basin. These potash layers can occur in several levels within the Ibura Member. Whilst the sylvinite always occurs as one single layer, the carnallite can be present as one thick carnallite layer as well as carnallite and rock salt layering.

### **PALTDA Studies/Assessment Completed**

The Project was identified as potentially attractive to PALTDA because of the potash occurrences reported in the historical petroleum wells. PALTDA has completed a detailed assessment of approximately 300 drill holes and over 32,000 km of existing 2D seismic data. Of the historical holes 24 are located within the properties and 61 are located within 3 kilometres of the property.

After an initial analysis of these occurrences and extensive seismic data PALTDA commenced staking five project areas (Areas 1-5) in 2008.

In the second half of 2010 an Independent Technical report according to the Canadian National Instrument NI 43-101 has been compiled by ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN), a German consulting and engineering company with more than 50 years experience in the potash and salt industry.

*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 Aguiá 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.*