



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 19th OCTOBER 2011

DRILLING COMMENCES AT ATLANTIC POTASH PROJECT BRAZIL

Potash and phosphate exploration and development company Aguia Resources Limited (ASX: AGR) (“Aguia” or “Company”) is pleased to announce that drilling has commenced at the Atlantic Potash Project located in the Sergipe Basin in NE Brazil.

This initial drill program will focus 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, has been 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.

The four hole drilling program 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 (Figure 2). The Project is located in one of the largest global potash markets close to existing infrastructure including roads, water, power and end-users. Each drillhole will likely take one month to complete and the program, including mobilisation between drill sites, is expected to last approximately 5-6 months.

Drilling will be conducted by San Antonio Internacional, a highly experienced operator that has drilled numerous wells within the Sergipe Basin bringing a wealth of experience of the geology and local legislation and has an operational office in the Aracaju area some 10 kilometres to the east of the Project.

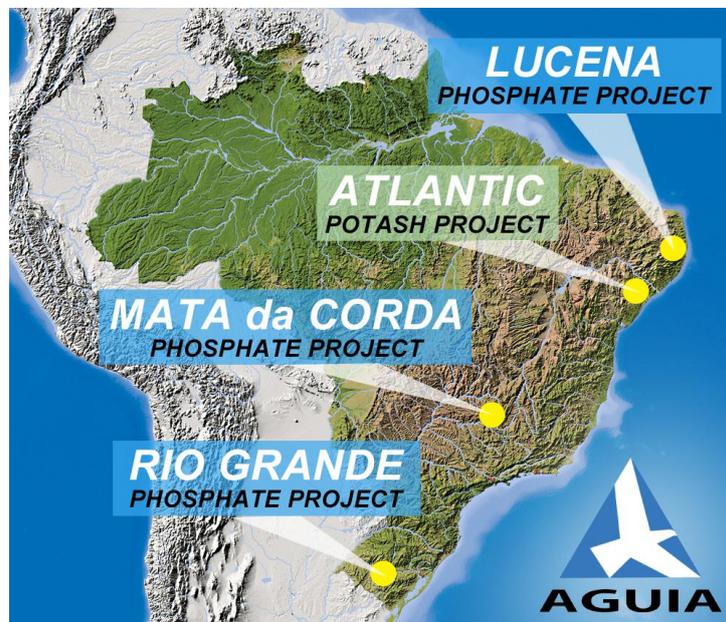


Figure 1: Location of the Atlantic Potash Project in NE Brazil

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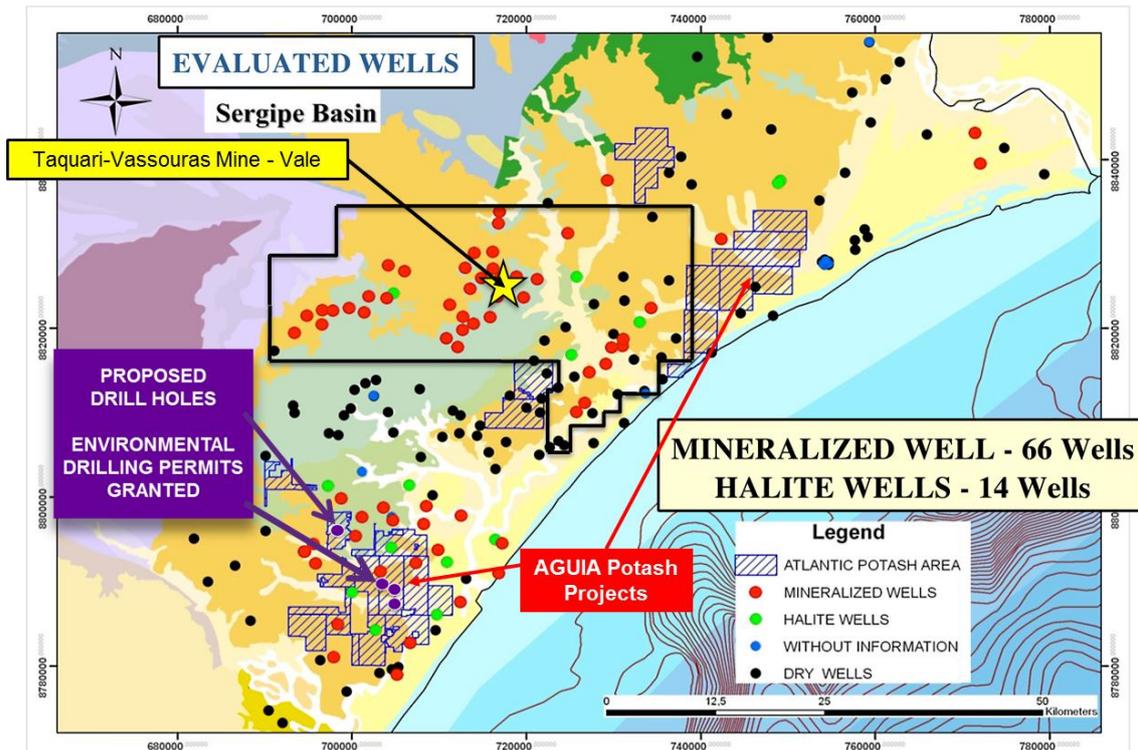


Figure 2: Drill hole locations of Area 1, Atlantic Potash Project, Sergipe Basin

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.

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 Aguia 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.