



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 20<sup>th</sup> OCTOBER 2010

## SURFACE SAMPLING RESULTS UP TO 13.35% P<sub>2</sub>O<sub>5</sub> IDENTIFIES LARGE DRILLING TARGET AT BLOCK 1 AT MATA DA CORDA PHOSPHATE PROJECT, BRAZIL

### Highlights:

- **Reconnaissance rock chip sampling of the recently acquired 300,000 hectare Mata da Corda Phosphate Project (“MCP”) continues to provide encouragement and has identified another drilling target area.**
- **Surface rock chip sampling from Block 1 has returned grades of 13.35% and 12.95% P<sub>2</sub>O<sub>5</sub> from host rocks that are up to 50 metres thick and extend laterally for several kilometres**
- **This new discovery builds on the success of the recent announcement of surface mineralisation in Block 5 and further highlights the area’s potential to host a near surface phosphate deposit.**
- **Drilling programs are being finalised to test Blocks 1 and 5 immediately after the completion of drilling at the Capacete Target to the east.**

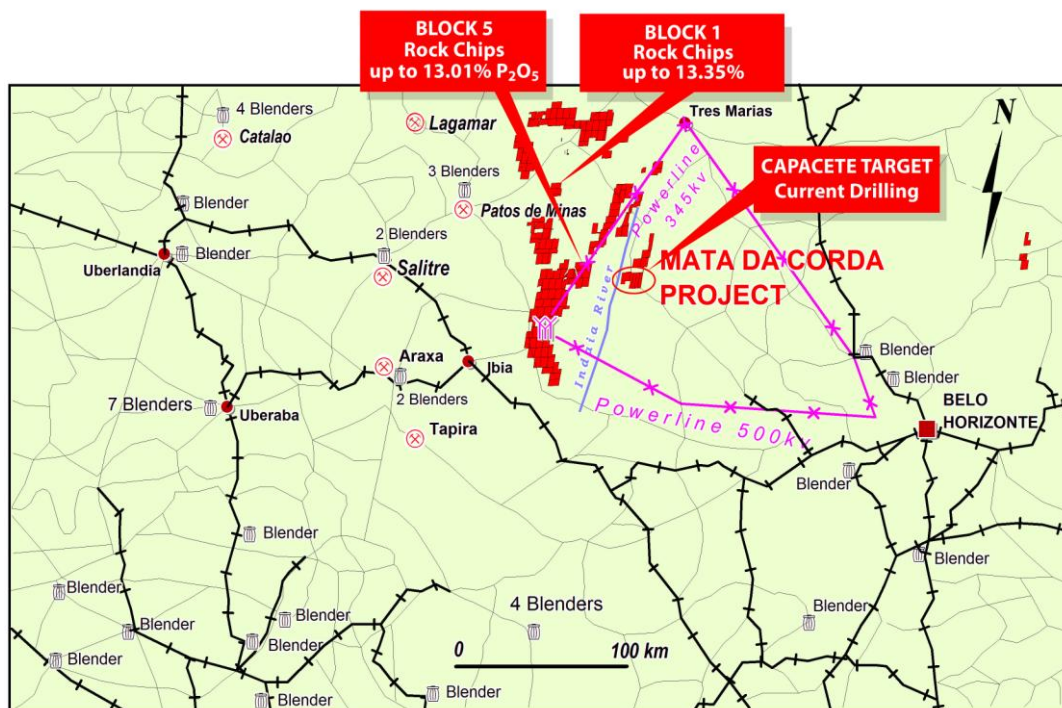


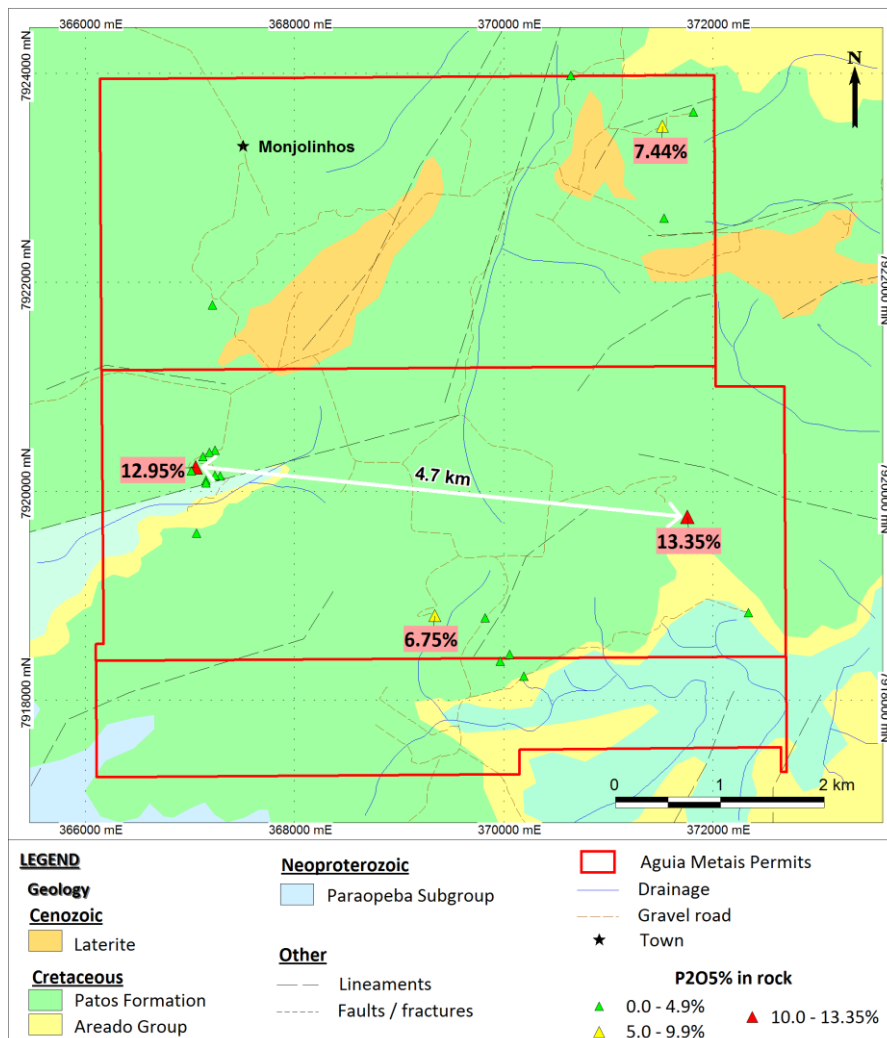
Figure 1: Location of the Mata da Corda Project relative to operating phosphate mines, major fertilizer bulk blenders, infrastructure and location of new sample results from Block 1 and 5. .

The Board of *Aguia Resources Limited* (“**Aguia**” or “**Company**”) is pleased to announce further encouraging reconnaissance rock chip sampling results from its regional land holding at the *Mata da Corda Phosphate Project* (“**MCCP**”) located in the state of Minas Gerais, Brazil.

The new results from *Block 1* highlight the prospective nature of the *MCCP* and is the second such discovery of surface phosphate mineralisation within the newly acquired landholding. The results validate the large aggressive ground acquisition program completed in June 2010 of approximately 300,000 hectares.

“The new results from *Block 1* are very encouraging and we now have three targets to be drill tested in the coming months. We are currently drilling at the *Capacete Target* and have been able to secure the drilling rig for an extended period. On completion at *Capacete* the drilling rig will mobilise to *Block 5* and then *Block 1* to commence immediate first pass drill testing of these exciting new targets.” said Mr *Simon Taylor*, Managing Director of *Aguia Resources*.

Further updates will be provided as drilling results become available.



**Figure 2: Showing new sample results from Block 1.**

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## Exploration Results

### Rock Chip Sampling

Scout mapping and sampling on the Regional Block 1 identified favourable Patos Formation host rocks with potential thicknesses in excess of 50 metres. **Refer Figure 3- Photo.**

Rock chip sampling results returned grades of up to **12.95% and 13.35%  $P_2O_5$**  across this target host. These samples belong to the Patos Formation, which includes regionally a variety of alkaline volcanic rocks of kamafugitic nature. Initial results are encouraging with respect to  $CaO/P_2O_5$  ratios suggesting that apatite is the dominant phosphate source. **Refer Table 1 – Rock Chip results**



**Figure 3: Block 1: hill showing target sample location and contact between Areado and Patos Formations**

### Drilling

The Company has successfully retained services of the diamond drilling rig that is currently testing the Capacete target to the east. Drilling at Capacete is expected to be completed within the week.

On completion of the drilling program at Capacete the drilling rig will be mobilised to Block 5 for immediate drill testing and then to Block 1. These targets have not been drill tested.

The Company will update the market on drilling progress as soon as results come to hand.



MATA DA CORDA - BLOCK 1 - BEST ROCK ASSAYS							
Sample	UTM_E	UTM_N	P <sub>2</sub> O <sub>5</sub> (%)	CaO (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	TiO <sub>2</sub> (%)	REO (%)
2006	367,056	7,920,231	<b>12.95</b>	17.35	14.60	4.78	0.07
2094	371,520	7,923,495	<b>7.44</b>	9.28	20.50	7.96	0.15
2098	396,344	7,918,809	<b>6.75</b>	7.04	19.45	7.48	0.22
2102	371,757	7,919,757	<b>13.35</b>	17.85	18.60	7.90	0.14

Table 1 – Rock chip sample results, using a lower cut off of 5% P<sub>2</sub>O<sub>5</sub>.

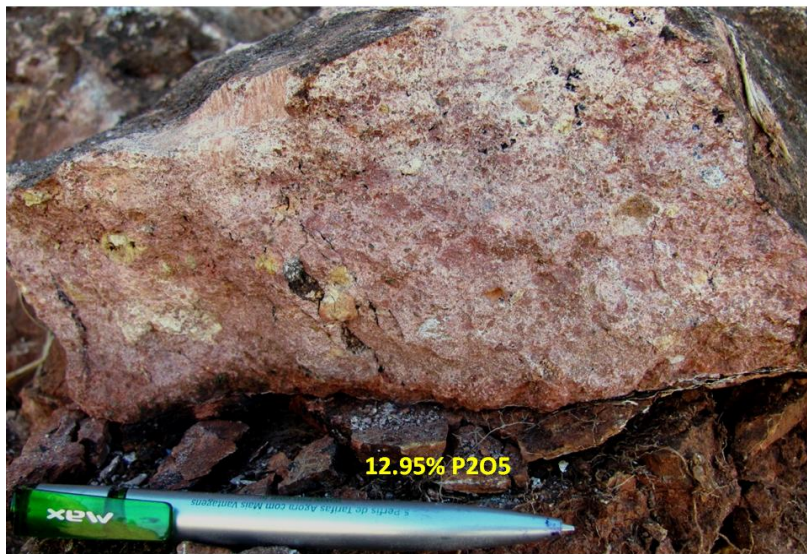


Figure 4: Sample No. 2006, 12.95% P<sub>2</sub>O<sub>5</sub>. Volcanic Rock.

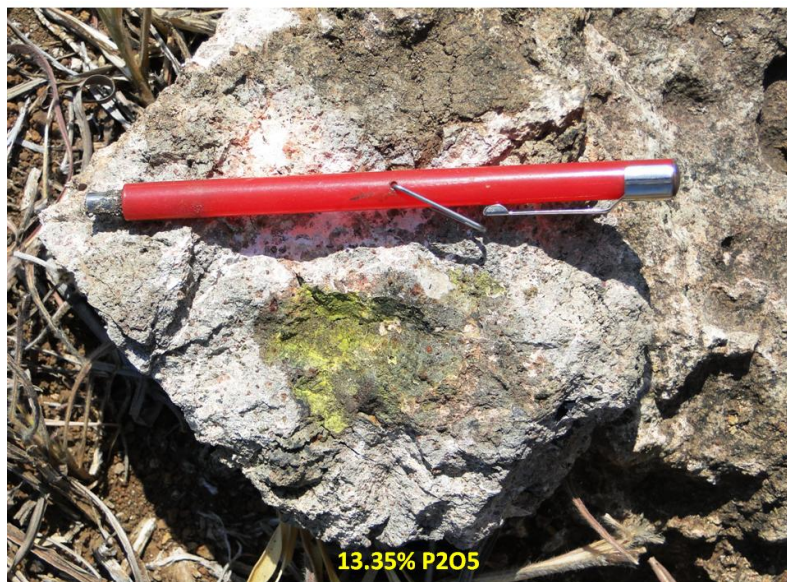


Figure 5: Sample No. 2102, 13.35% P<sub>2</sub>O<sub>5</sub>. Volcanic Rock showing strong reaction to ammonium molybdate

## About the Mata da Corda Phosphate Project

The MCPP is located within 150km of the three largest phosphate mines in Brazil; Araxá – Vale (290Mt @ 14.88% P<sub>2</sub>O<sub>5</sub>), Tapira – Vale (744Mt @ 8.35% P<sub>2</sub>O<sub>5</sub>) and Catalão – Anglo/Vale (203Mt @ 8.80% P<sub>2</sub>O<sub>5</sub>). These three mines account for 95% of the phosphate rock production in Brazil. Within this existing transportation corridor there are 32 major bulk fertilizer blenders (Figure 1).

The MCPP covers approximately 300,000 hectares and is central to the agricultural and industrialized heartland of the southeast region of Brazil in the state of Minas Gerais (English Translation = General Mining State) some 250km to the west of Belo Horizonte.

Agua identified the property through a review of historical phosphate occurrences reported by CPRM in the late 1960's and early 1970's. After an initial analysis of these occurrences, the geology and its distribution, Agua staked the MCPP in August 2008. This triggered a staking rush in the area with Amazon Mining Ltd (late August 2008) and Vale (September 2008) staking to the north, south and west.

The MCPP is well located with excellent logistics. It is close to infrastructure (roads, water, railway and energy), potential primary (agriculture) customers, fertilizer blenders and is on the main transportation route for the expanding agricultural districts of Mato Grosso Brazil.



Figure 6: Location of the MCPP and LPP in Brazil

## About Agua

Agua is focused on the exploration and development of phosphate rock projects in Brazil which as a country imports approximately 50% of its phosphate requirements annually. Agua is well positioned to capitalize on the growing demand for phosphorous-based fertilisers in the expanding agriculture sector in Brazil and controls a large land position of about 400,000 hectares, located close to existing infrastructure. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the phosphate 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.