



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 7th NOVEMBER 2011

ATLANTIC POTASH PROJECT BRAZIL

DRILLING UPDATE

DRILLING AT ATLANTIC POTASH PROJECT APPROACHING TARGET

Potash and phosphate exploration and development company Aguaia Resources Limited (ASX: AGR) (“Aguaia” or “Company”) is pleased to provide the following update on drilling at the Atlantic Potash Project located in the Sergipe Basin in NE Brazil.

Drilling of the first hole, PAC-11-0001, is progressing well and is currently at a depth of 1,050 metres. 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.

Drilling has gone to plan with the completion of several staged changes in hole size and subsequent casing of the hole to a depth of 300 metres as shown in Figure 2. Open hole drilling has continued from the bottom of the casing and will continue to a depth of 1,650 metres at which time diamond coring will commence through the target zone for a further proposed 150 metres. It is anticipated that diamond coring could commence later this week.

The initial four hole drilling program will focus on the discovery and delineation of a Mineral Resource that can be reported in accordance with the JORC Code. The Atlantic Potash project is located approximately 30 kilometres to the south of Brazil’s only operating potash mine, Vale’s Taquari-Vassouras underground sylvinite mine.

“This is a very active and exciting time for Aguaia,” commented Managing Director Simon Taylor from the drill site in Brazil with his fellow directors. “Drilling on the potash project is going well, which is a credit to the excellent planning and preparation by our experienced in-country technical team.

We hope to be into the target zone at the Atlantic Potash Project early next week and will provide further updates to investors as results become available.”

As previously announced, the Company is also completing an initial diamond drilling program in the south of Brazil at the Rio Grande Phosphate Tres Estrada project with results expected in November.

“With two significant drill programs underway the company expects increased news flow from both projects over the coming months as results become available” says Mr Taylor.



Figure 1: Location of the Atlantic Potash Project and Rio Grande Projects in Brazil

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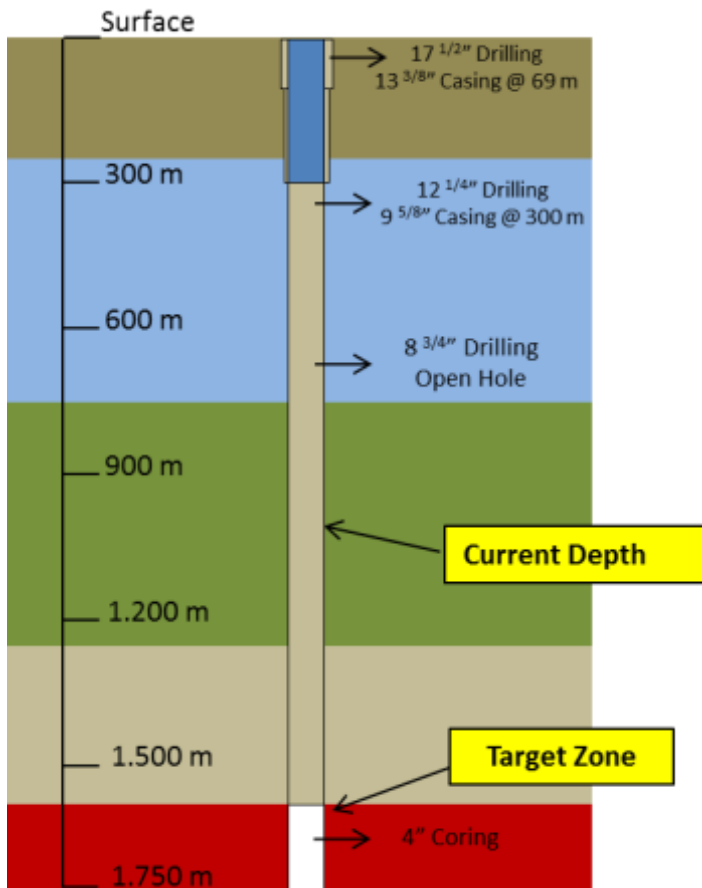


Figure 2: Section of drillhole PAC-11-0001, drilling phases, progress and target depth

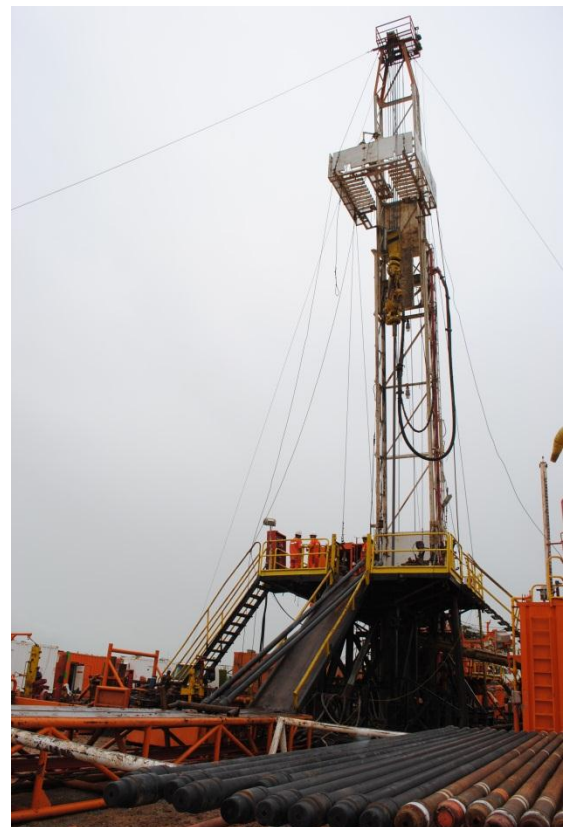


Photo: Drilling Rig – Sunday 6th November



Photo: Geological Logging Control Room

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 Aguiar 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.