30 August 2012

DRILLING PROGRAM TO EXPAND RESOURCE PROGRESSING WELL

TRÊS ESTRADAS PHOSPHATE PROJECT

Summary

- **The second stage drilling program at Três Estradas ("TE") is progressing well with two diamond drill rigs and a reverse circulation rig now on site**
- **The diamond drilling program is aimed at expanding the initial JORC compliant inferred resource through additional drilling below 100 metres**
- **Eight diamond drill holes of the planned 21 diamond drill holes have now been completed with all holes successfully intersecting the targeted phosphate bearing zone**
- **A reverse circulation rig will further test the higher grade oxide zone that extends from surface with 50 x 20 metre holes planned**
- **The Company expects initial drilling results to be available from late September**

Emerging phosphate and potash exploration and development company Aguia Resources Limited (ASX: **AGR**) ("Aguia" or "Company") is pleased to announce that the second diamond drilling program at the Três Estradas ("TE") phosphate project in southern Brazil is progressing well and a third drilling rig to test the shallow high grade oxide zone has now been mobilised.

The TE project represents a significant new phosphate discovery with characteristics similar to existing producers in Brazil. Importantly, first stage drilling has shown that the grade and mineralogy is similar to that of other open-cut operating mines globally including Yara's Siilinjärvi mine in Finland and Vale's Cajati mine in Brazil, both of which produce a high quality phosphate concentrate within carbonatite host rocks.

Table 1: Comparative Phosphate (P_2O_5) Deposits Within Carbonitite Hosted Rocks[1]

Name of Deposit	Location	Tonnage (Mt)	Head Grade	Recovery	Concentrate Grade	Stage
Siilinjärvi (Yara)	Finland	465	4%	84%	35%	Production
Cajati (Vale)	Brazil	100	5%	78%	36%	Production
Três Estradas (Aguia)	**Brazil**	**21**[2]	**4.6%**	**76%**	**28%**[3]	**Exploration / Development**

Aguia completed a first stage drilling program in late 2011 and commissioned leading independent global consulting company SRK Consulting to prepare the initial Mineral Resource Statement that was

[1] JSA Consultoria e Assessoria Técnica, Company data
[2] Inferred resource calculated from 40% of potential target length and to 100 metres depth
[3] Based on preliminary beneficiation test work, optimisation test work underway

announced to the market on 15 June 2012. The mineral resources were reported within a conceptual pit shell at a 3.0% P_2O_5 cut-off grade.

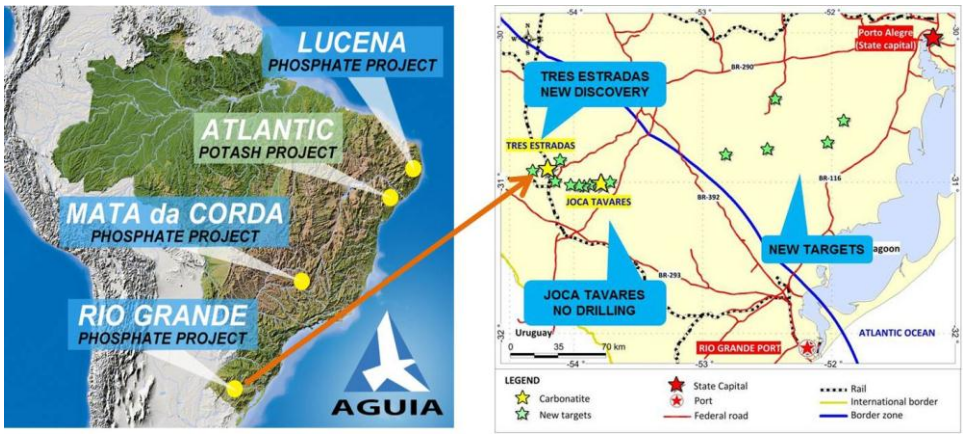
The initial resource was based on limited drilling of the TE phosphate project to a vertical depth of 100 metres. The second program of drilling is now testing to a 200 metre vertical depth comprising 21 holes totalling 3,870 metres.

Two diamond drilling rigs are in operation and eight holes have been completed to date. All holes have successfully intersected the phosphate carbonatite host rock.

Last weekend a third drilling rig (reverse circulation) arrived at the project and should commence drilling in the latter part of this week. The third rig will test the higher grade oxide zone from surface with an initial 50 shallow holes (average depth 20 metres) on a 50 metre by 100 metre grid which will then be in filled on a 50 metre by 50 metre grid. The objective of the shallow drilling is to better constrain the high grade oxide zone and improve the category of the resource (Refer Figure 2: Stage Two Drilling Program Location Plan).

"The current drilling program is progressing well and we are encouraged that each of the deeper diamond drill holes has intersected the targeted phosphate bearing carbonatite host rock. We are aiming to expand the resource at depth and at the same time better define the higher grade oxide zone that starts at surface," commented Aguia's Managing Director, Simon Taylor.

Figure 1: Location of Rio Grande Phosphate Projects, SE Brazil



Drilling Results

The Company expects to commence releasing results to the market progressively from late September and into the fourth quarter of calendar 2012. On confirmation of further positive results, Aguia intends on upgrading the JORC resource and commence a project scoping exercise.

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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 capitalise on the growing demand for phosphorus 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.

APPENDIX

Figure 2: Três Estradas Project Proposed 2012 (Stage Two) Diamond Drilling and Reverse Circulation Drilling Program Status – Hole Locations. TED 28 (Drill Hole) is Now in Progress.

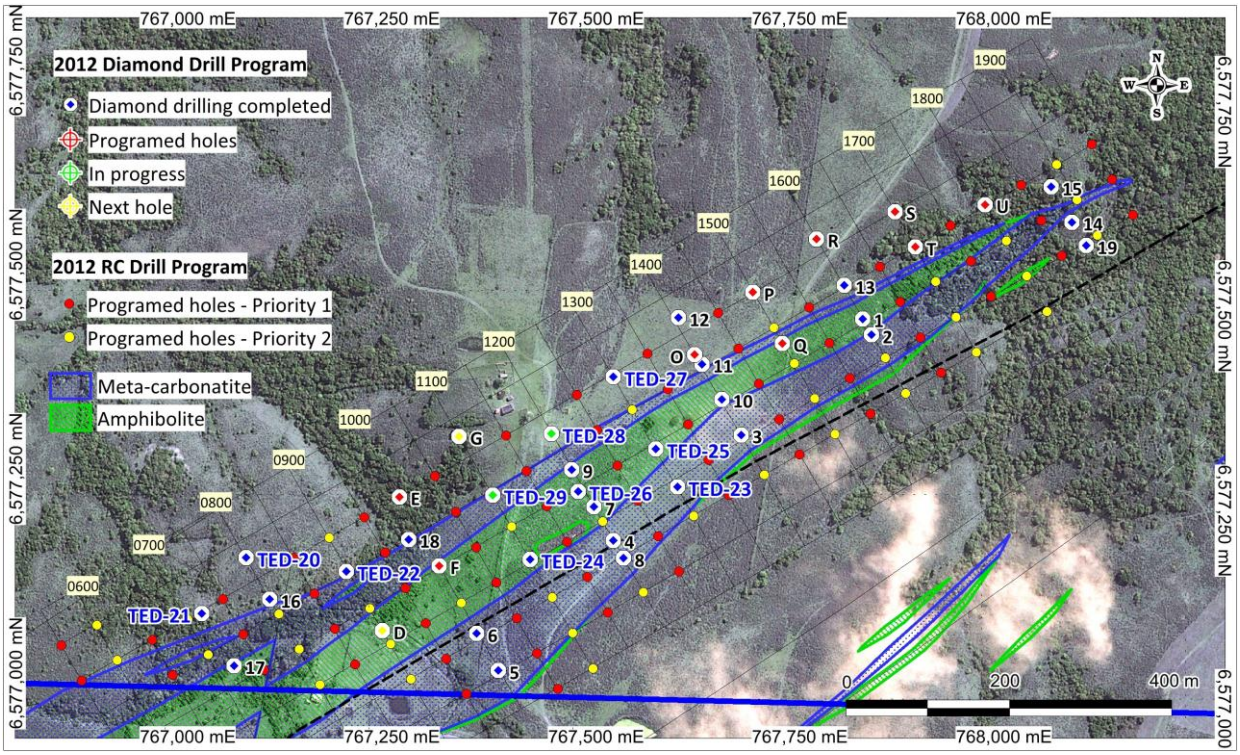
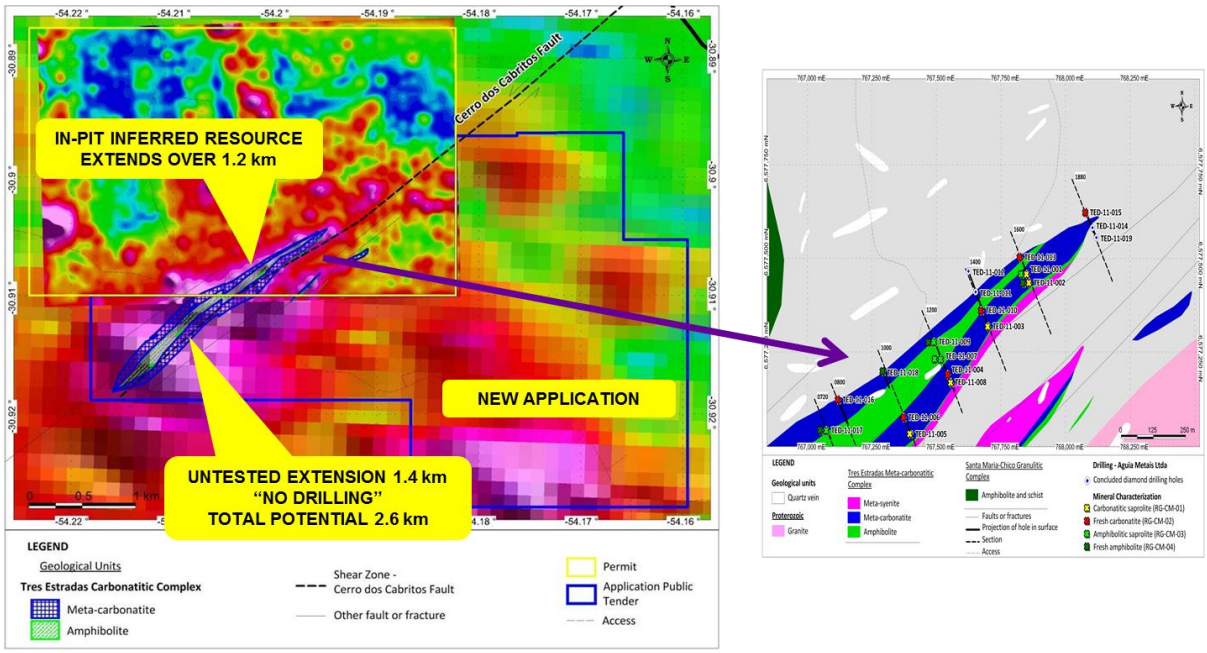


Figure 3: Diamond Drilling Rig at the Três Estradas Project

Figure 4: Reverse Circulation Drilling Rig Arriving in the Town of Lavras Do Sul Close to the Três Estradas Project

Figure 5: Três Estradas Project In-Pit Inferred Resource Outline and Untested Extension Zones (Left Image) and Drill Hole Location Plan (Right Image)



JORC Code Competent Person Statements

The Três Estradas Phosphate Project has a current JORC compliant inferred mineral resource of 21.33Mt @ 4.63% P_2O_5 (total initial contained phosphate of 0.99Mt P_2O_5).

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.