

21st June 2013

**UPDATE IN RELATION TO ACTION RELATING TO TERMINATION
OF DRILLING CONTRACT BY AGUIA SUBSIDIARY**

Further to the Company's announcement on 15 April 2013, the Board of Aguia Resources Limited (ASX: **AGR**) ("Aguia" or "Company") wishes to update the market in relation to the legal action involving its Brazilian subsidiary, Potassio do Atlantico Ltda (PAL), arising from the termination of a drilling contract.

Overnight in Brazil, PAL was served with a formal court notice from Prest Perfuracoes Limitada ("Prest") containing a demand BRL\$4,500,000 (approximately AU\$2.15 million) for an alleged breach of a drilling contract for drilling services that were undertaken on behalf of PAL by Prest in the first half of 2012 on some of the PAL's Potash assets.

As noted in the Company's previous announcement, the Company believes that its subsidiary, PAL, has acted appropriately at all times and is not in breach of the contract and both PAL and the Company will vigorously defend the action.

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About Aguia

Aguia is an emerging fertiliser development company focusing on 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 four 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.