



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 27th March 2012

ATLANTIC POTASH PROJECT BRAZIL

DRILLING UPDATE

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

The Atlantic Potash project is located adjacent to Brazil’s only operating potash mine, Vale’s Taquari-Vassouras underground sylvinitic mine.

Drilling of the second hole, PAC-02 was completed overnight on 26th March 2012 (Brazilian Time). The hole successfully tested the targeted Ibura member that hosts an important potash bearing evaporite sequence within the Sergipe Basin.

The second hole intersected the top of the Ibura member at 1,360 metres and coring was completed at a depth of 1578.8 metres. Drilling intersected wide zones of evaporite indicators including nodules and massive zones of anhydrite however no zones of potash mineralisation were returned from the hole.

The hole was located centrally within a four kilometre radius of historical Petrobras holes that had indicated potash mineralisation to the southwest, southeast and northeast.

The drilling results indicate a good correlation of marker horizons evident from other historical Petrobras holes within the region. The interpretation from drilling indicates the potash mineralisation reported in the historical holes is limited in lateral extent and as such was not intersected in PAC-02.

“All the right geological marker beds and the right host target were intersected in this second hole so we are obviously disappointed with the result from PAC-02” commented Managing Director Simon Taylor. “It appears the potash mineralisation intersected in the surrounding historical Petrobras holes that are up to four kilometres away has limited lateral extent. We will need to use the information from this hole in conjunction with the 2D seismic to better understand the basin for future drilling.”

The Company will advise and release further updates on a proposed third hole to be located on the Lara Option property that will twin an historical Petrobras hole that returned potash mineralisation over a width of 55 metres.

The Company also wishes to report that it is on track to announce a maiden JORC resource from its Rio Grande, Tres Estradas phosphate project in the June quarter as well as results of beneficiation test work.

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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 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.



Figure 1: Location Aguia Projects, Brazil

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.