



For Immediate Release
January 11, 2010
Toronto, Ontario

TSX: AQA
Frankfurt Exchange: JM4A
Shares Outstanding: 81,770,529

BUDGET OF US\$18.5 MILLION FOR BACK FORTY PROJECT ANNOUNCED BY HUDBAY AND AQUILA

AQUILA RESOURCES INC. (TSX:AQA – Frankfurt:JM4A) (“Aquila” or the “Company”) today provided an update on the Back Forty Project located in Menominee County, Michigan. The project is subject to a Subscription, Option, and Joint Venture Agreement (the “Agreement”) with HudBay Minerals Inc. (“HudBay”) (TSX:HBM), whereby HudBay has an option to earn up to a 65% interest in the project. The technical committee for the project has agreed on a project schedule and work plan with a targeted completion date of early 2011 for a feasibility study and permit application. The US\$18.5 million budget for achieving these milestones has been approved by HudBay.

Project Budget

The approved work plan and budget will be utilized to complete scoping, prefeasibility and feasibility studies for the project as well as environmental and engineering studies to support a permit application with the State of Michigan. Budgeted expenditures will also include social outreach, cultural resource studies, exploration and resource drilling, geotechnical studies, land acquisition, and ongoing economic studies. HudBay will earn an initial 51% joint venture interest in the project upon spending US\$10 million, and can increase that interest to 65% by completing a feasibility study and permit applications for the project.

“Aquila is extremely pleased with progress made on the project to date, and that HudBay has approved a comprehensive budget and development plan for moving the project through feasibility,” stated Thomas O. Quigley, Aquila’s President and CEO. “We are pleased with HudBay’s motivation and commitment to advance the Back Forty Project rapidly towards a production decision.”

Drill Program Update

A drill program targeting near surface gold mineralization as well as untested areas in the potential open pit, is continuing at the project with 40 holes drilled to date. Drilling has been focused on the near surface gold mineralization in the NS Zone which was not included in the National Instrument 43-101 resource estimate announced January 15, 2009 prepared by SRK Consulting (Canada) Inc. Positive results from NS Zone intercepts reported in recent releases continue to confirm and expand this zone. Geologic interpretation of the NS Zone is underway in anticipation of commissioning a NI 43-101 resource evaluation.

Drilling in 2010 will also include a recently identified geophysical target situated approximately 500 meters to the east of the Back Forty Resource.

About Aquila

Aquila signed a Subscription, Option, and Joint Venture Agreement (the “Agreement”) with Hudbay in August 2009 under which HudBay is to fund exploration and development at the Back Forty Project (see Aquila press release dated August 6, 2009). The Back Forty Project is an advanced stage VMS deposit which contains multiple lenses of massive sulfide mineralization with closely associated gold and silver zones. The January 2009 NI 43-101 resource estimate contains a measured and indicated resource of 8.5 million tonnes of 2.13 grams/tonne (g/t) gold, 30.6 g/t silver, 5.61% zinc and 0.51% copper. Approximately 6 million tonnes of the identified resource are potentially open pit ores, and many of the individual zones comprising the resource are open for expansion.

Thomas O. Quigley is the Qualified Person for Aquila as described in National Instrument 43-101 responsible for contents of this release.

More information about Aquila and the Back Forty Project including updated drilling information can be found on the Company’s website at www.aquilaresources.com.

Aquila Resources Inc. (Toronto)
Robin Dunbar, CFO
Tel: 416-203-1404
Email: info@aquilaresources.com

Aquila Resources Inc. (U.S.)
Thomas O. Quigley, President
Tel: 906-753-9602
Email: tquigley@aquilaresources.com

This press release contains certain forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; changes in project parameters as plans continue to be refined, future prices of resources; possible variations in reserves, grade or recovery rates, accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.