



For Immediate Release
August 6, 2009
Toronto, Ontario

TSX: AQA
Frankfurt Exchange: JM4A
Shares Outstanding: 69,609,478

AQUILA RESOURCES AND HUSBAY MINERALS SIGN AGREEMENT ON BACK FORTY PROJECT

AQUILA RESOURCES INC. (TSX:AQA – Frankfurt:JM4A) (“Aquila” or the “Company”) today announced it has entered into a Subscription, Option, and Joint Venture Agreement (the “Agreement”) with HudBay Minerals Inc. (“HudBay”) (TSX: HBM) The Agreement grants HudBay the right to acquire a majority interest in Aquila’s Back Forty Project (the “Project”), located in Menominee County, Michigan.

Under the agreement, HudBay has agreed to subscribe for 12,141,051 common shares of Aquila, a 14.9% undiluted ownership interest, at a price of CDN\$0.1827 per share for an investment of CDN\$2.2 million. Completion of the subscription is subject to receipt of approval from the Toronto Stock Exchange. Upon completion of the subscription, HudBay will obtain an option to acquire a 51% ownership interest in the Project through the expenditure of US\$10 million within three years and the right to further increase its ownership to 65% by completing a feasibility study, submitting an application for permitting the Project and making certain option payments. Upon HudBay acquiring a 51% interest in the Project, a joint venture will be formed between the parties. HudBay will act as operator for the joint venture and will have marketing rights to the metal production from the Project.

Thomas O. Quigley, President and CEO of Aquila commented, “HudBay brings to the project extensive development and operating expertise, as well as financial resources and marketing expertise for the metals to be produced at Back Forty. The transaction announced today will allow us to maintain our timeline for development of the Project, and is a strong fit with the Aquila strategy of working to create shareholder value by participating in building and maintaining economically sound, environmentally responsible operations with a focus on safety and social responsibility.”

“This is an excellent opportunity for HudBay to advance the Project towards production, and is a close fit with our strategic plan,” said Peter R. Jones, HudBay’s chief executive officer. “HudBay brings experience in mining 27 VMS deposits in northern Manitoba, together with local operating knowledge in Michigan at its White Pine copper refinery. As a significant potential open pit zinc mine the Project may also supply concentrate to our Flin Flon metallurgical plant.”

“Aquila’s strong relationship with the local community mirrors HudBay’s commitment to positive stakeholder engagement and will help support Project permitting,” added Mr. Jones. “This agreement presents a win-win for both HudBay and Aquila, and we look forward to advancing the Project toward production.”

The Back Forty Project is an advanced exploration-stage volcanogenic massive sulfide (“VMS”) deposit containing zinc, gold, copper and silver. The January 2009 NI 43-101 compliant resource statement released by Aquila, and available at www.sedar.com, is summarized in the table below.

Mineral Resource Statement¹ for the Back Forty Deposit, Michigan, U.S.A., SRK Consulting, January 12, 2009.

Resource Category	Tonnes	Gold (g/t)	Zinc (%)	Grade		
				Silver (g/t)	Copper (%)	Lead (%)
Open Pit Resources²						
Measured	4,660,000	2.04	3.64	29.2	0.68	0.08
Indicated	1,260,000	4.03	5.63	47.3	0.37	0.30
Measured & Indicated	5,920,000	2.46	4.06	33.1	0.61	0.13
Inferred	620,000	3.68	2.46	46.5	0.15	0.44
Underground Resources³						
Measured	1,060,000	1.21	9.23	26.5	0.39	0.86
Indicated	1,510,000	1.51	9.11	24.0	0.19	0.47
Measured & Indicated	2,580,000	1.39	9.16	25.0	0.28	0.63
Inferred	550,000	2.03	6.62	36.4	0.28	0.67
Combined Open Pit & Underground						
Measured & Indicated	8,500,000	2.13	5.61	30.6	0.51	0.28
Inferred	1,170,000	2.90	4.42	41.7	0.21	0.55

¹ Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on metal price assumptions of US\$0.79 per pound zinc, US\$1.89 per pound copper, US\$0.55 per pound lead, US\$678 per troy ounce gold and US\$10 per troy ounce silver. Metallurgical recoveries were determined and used for each of eight metallurgical domains determined for the deposit.

² Cut off grades for each of eight metallurgical domains based on NSR values, average cut-off grade for open pit resource contained within an optimized pit shell US\$20.

³ Cut off grades were determined for each of eight metallurgical domains based on NSR values, average cut-off grade for underground resources outside of an optimized pit shell is US\$62.

Much of the deposit can be mined using open pit methods, which could allow for faster, low cost mine development. The Project also includes an exploration land package of approximately 9,600 acres with excellent potential for additional discoveries.

Key terms of the Agreement with HudBay are as follows:

- HudBay will subscribe for 12,141,051 million common shares of Aquila, a 14.9% undiluted ownership interest, at a price of CDN \$0.1827 per share for an investment of CDN \$2.2 million, subject to regulatory approval. The common shares issued to Hudbay will be subject to a four month hold period.
- While HudBay maintains at least a 10% ownership interest, HudBay will have the right to nominate a director to Aquila’s Board of Directors and will have pre-emptive rights to maintain its ownership interest. HudBay has also agreed to provisions related to the orderly disposition of its interest in Aquila, should HudBay choose to make such a disposition.
- To acquire a 51% ownership interest in the Project, HudBay must complete expenditures of US\$10 million on the Project prior to the third anniversary of the Agreement, made up of US\$3 million by the first anniversary, US\$3 million by the second anniversary, and the final US\$4 million by the third anniversary. HudBay is not obliged to make those expenditures if it chooses not to exercise its option, and HudBay may accelerate the expenditures if it chooses.
- HudBay may increase its interest in the Project from 51% to 65% by (i) funding and completing a feasibility study; (ii) funding and submitting a permitting application; and (iii) making outstanding

specified option payments, if any. Expenditures on these activities can also contribute towards HudBay's requirement to spend US\$10 million to acquire a 51% interest.

- Once a feasibility study is complete and permitting applications are submitted, if HudBay elects to put the Project into production, and following issuance of a development notice Aquila will have 90 days to arrange financing for its share of project costs. If Aquila is unable or elects not to obtain such financing, HudBay, by assuming the obligation to finance 100% of the development costs, will increase its ownership in the Project by a further 10% to 75%. Aquila's 25% share of the development costs would then be deducted from Aquila's share of distributable cash flow from the Project.
- While HudBay retains the largest ownership interest in the Project, HudBay will be the operator. HudBay will also have exclusive marketing rights to sell production to HudBay or third parties on commercial terms.
- If the feasibility study is not completed and all applications for permitting are not submitted on or before the fourth anniversary of the Agreement, Aquila has the right to re-acquire HudBay's 51% JV interest by reimbursing HudBay 50% of its total expenditures in respect of the Project incurred from the execution of the Agreement. If the Project is not brought into commercial production within four years from the grant of mining permits, Aquila may re-acquire HMI's 65% JV interest by reimbursing HudBay 50% of its total Project expenditures incurred after execution of the Agreement.

In addition to continued exploration and expansion of the Back Forty resource, Aquila will work closely with HudBay to facilitate the timely completion of feasibility and permitting activities to maintain timelines and schedules leading to commercial production.

Management is developing a business plan and growth strategy with a focus on acquisition and development of additional quality mineral assets in the Upper Peninsula of Michigan and elsewhere.

Aquila is an exploration and development stage company focusing on the Back Forty Project in Menominee County, Michigan. More information about Aquila and the Back Forty Project can be found on the Company's website at www.aquilaresources.com.

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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.