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AQUILA PROVIDES UPDATED MINERAL RESOURCE AT BACK FORTY

AQUILA RESOURCES INC. (TSX: AQA – Frankfurt: JM4A) (“Aquila” or the “Company”) is pleased to release an updated National Instrument (NI) 43-101 resource estimate for its Back Forty Project in the Upper Peninsula of Michigan. The new resource statement was prepared by SRK Consulting (Canada) Inc (“SRK”) and includes 8.5 million tonnes in the measured and indicated categories and 1.17 million tonnes inferred category. An additional 9.1 million tonnes of mineralization below cut off grade was identified and estimated that did not qualify as mineral resource.

Tom Quigley, President and CEO of Aquila Resources commented on the updated resource. “We are extremely pleased with the expansion of the resource and the potential it represents. The large open pit component of this resource is especially significant in light of current commodity prices and escalating capital and operating costs. The overall size and quality of the resource establish the Back Forty Project as a major source of base and precious metals, and the potential for continued expansion further enhances the prospects for ultimate development into a major mining operation.”

NI 43-101 RESOURCE ESTIMATE

The NI 43-101 compliant mineral resource statement is presented in Table 1 and consists of a total of 8.5 million tonnes measured and indicated (M+I) and an additional 1.17 million tonnes inferred. The mineral resource statement is reported at various NSR cut-off grades reflecting metallurgical recoveries, long term metal price projections, and estimated operating costs, and reflects reasonable prospects for economic extraction.

The open pit mineral resources are reported at an average NSR cut-off of US\$20 and comprise a substantial tonnage (5.92 million tonnes M+I) and 620,000 tonnes inferred that is potentially minable by surface methods. The underground mineral resources, reported with an average NSR cut-off of US\$62 (assuming underground mining costs estimated at US\$43 per tonne), show excellent zinc grade, over 9%, in the indicated M+I category.

Table 1. Mineral Resource Statement* for the Back Forty Deposit, Michigan, U.S.A. SRK Consulting, January 12, 2009.

Resource Category	Tonnage [t]	Grade					Contained Metal				
		Gold [g/t]	Zinc [%]	Silver [g/t]	Copper [%]	Lead [%]	Gold [1000 oz]	Zinc [M lbs]	Silver [1000 oz]	Copper [M lbs]	Lead [M lbs]
Open Pit Resources[†]											
Measured (M)	4,660,000	2.04	3.64	29.2	0.68	0.08	305	374	4,380	70	8
Indicated (I)	1,260,000	4.03	5.63	47.3	0.37	0.30	160	156	1,872	10	8
M + I	5,920,000	2.46	4.06	33.1	0.61	0.13	465	530	6,252	80	16
Inferred	620,000	3.68	2.46	46.5	0.15	0.44	74	34	921	2	6
Underground Resources[‡]											
Measured (M)	1,060,000	1.21	9.23	26.5	0.39	0.86	41	216	904	9	20
Indicated (I)	1,510,000	1.51	9.11	24.0	0.19	0.47	74	303	1,163	6	16
M + I	2,580,000	1.39	9.16	25.0	0.28	0.63	115	521	2,067	16	36
Inferred	550,000	2.03	6.62	36.4	0.28	0.67	36	80	643	3	8
Combined Open Pit and Underground											
M + I	8,500,000	2.13	5.61	30.6	0.51	0.28	580	1,051	8,319	96	52
Total Inferred	1,170,000	2.90	4.42	41.7	0.21	0.55	110	114	1,564	5	14

* 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.

[†] 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.

[‡] 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.

A previous NI 43-101 compliant resource published in March of 2007 contained a measured plus indicated 6.64 million tonnes at 5.32% zinc, 2.28 g/t gold, 28.8 g/t silver, and 0.52 % copper and 1.75 million tonnes inferred at 2.61% zinc, 2.82 g/t gold, 32.4 g/t silver, and 0.15% copper. This resource did not use NSR parameters to determine the prospect for economic extraction.

The new mineral resource statement places the Back Forty deposit in the top 20th percentile in terms of size and contained zinc when compared to 137 Canadian VMS deposits with reported production and reserves, and in the top 10 percent of deposits in terms of contained gold in the mineral resource. When compared to published geologic tonnages for 846 VMS deposits worldwide, Back Forty ranks in the top 18 percent for size, the top 16 percent for contained zinc, and the top 10 percent for contained gold (Source: Geological Survey of Canada, Mineral Deposits of Canada: Synthesis of mineral deposits knowledge, Volcanogenic-Associated Massive Sulfide Deposits, Appendix 1: http://gsc.nrcan.gc.ca/mindep/synth_dep/vms/index_e.php).

The quantities of material offering reasonable prospects for economic extraction by open pit were determined using Mintec's Minesight and the Lerchs-Grossman optimizing algorithm, which evaluates the profitability of each resource block based on its NSR value. The optimization parameters are based on ongoing scoping studies for the project as well as by survey of similar deposits. Metal price assumptions are as follows: 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.

The drill hole database used for grade estimation consists of approximately 5,170 assay intervals from 336 diamond drill holes. Metal grades were estimated using an ordinary kriging estimator and two or three estimation runs for each domain. The first estimation run used a search ellipse corresponding to the full two structure variogram ranges. The second estimation used a search ellipse twice the two structure variogram ranges. For domains with relatively short variogram ranges, a third estimation run was used using a search ellipse three times the variogram range. A minimum of two composites were needed to make a block estimate with a maximum of seven or ten composites for the first estimation run. The second estimation considered a minimum of one composite and a maximum of seven and twenty composites to estimate a grade into a block. In some cases with long second structure ranges, the second estimation run used the full variogram range with a minimum of one composite per block estimate.

Block model grade estimates were validated by:

- Comparison of estimates to parallel estimate using nearest neighbor methodology at zero cut-off grade;
- Comparison of estimates to parallel estimate using inverse distance squared methodology;
- Comparison of domain average grades with declustered means of composites;
- Visual comparison of composites and original drill hole data with resource block data; and
- Evaluation of kriging efficiency.

This analysis indicates that the ordinary kriging resource estimate for the Back Forty projects is reasonable and appropriate.

Aquila measured specific gravity for approximately 293 sampled intervals using a weight in air and weight in water methodology. Based on these measurements an average specific gravity was assigned to sulfide, stringer, gold and gossan zones. The massive sulfide zone exhibits significant variation in specific gravity. For these zones, specific gravity was estimated into each sub-domain block when sufficient specific gravity data is available. On a sub-domain basis, a linear regression was developed to correlate measured specific gravity with sulfur assays. This relationship was then used to assign a specific gravity value for those intervals with sulfur assays, but without specific gravity measurement.

RESOURCE BY METALLURGICAL DOMAIN AND ZONE

Metallurgical studies of the Back Forty conducted by G&T Metallurgical Services Ltd. of Kamloops, B.C., released in 2008, defined eight metallurgical domains based on the dominant economic minerals and metal recovery method that correspond to the different mineralized zones. For example, higher grade zinc zones, such as the Main zone massive sulfide, were separated from high gold, low base metal zones, e.g. the 90 Zone. Mineral resources were estimated separately for each metallurgical zone to determine an appropriate NSR cut-off grade for reporting each resource block.

The mineral resources by metallurgical zones are shown in Tables 2 and 3. The open pit indicated M+I resource of 5.92 million tonnes can thus be viewed as a combination of 3.39 million tonnes M+I of higher grade zinc material (6.29% zinc), 1.24 million tonnes M+I of copper-rich resource (1.81% copper) and a further 620,000 tonnes M+I of high grade gold zones averaging 6.5 g/t gold plus stringer and Tuff zone material. The underground resource consists largely of zinc-rich Main zone (in the South Limb) and Pinwheel massive sulfide with accessory material contributed by the Tuff, Stringer, and PM zones.

Table 2. Open Pit Mineral Resources* - Metallurgical Domains and Zones

Metallurgical Domain/Zone	Cut-off† [US\$NSR]	Quantity Tonnes	Gold g/t	Silver g/t	Copper %	Lead %	Zinc %
Massive Sulfide (Main Zone)							
Measured + Indicated	19	3,390,000	2.00	15.7	0.30	0.09	6.29
Inferred	19	100,000	1.94	16.2	0.21	0.21	9.22
Massive Sulfide (Tuff Zone)							
Measured + Indicated	19	90,000	1.92	108.7	0.10	2.92	10.81
Inferred	19	30,000	1.53	94.8	0.07	2.8	11.41
Massive Sulfide (Pinwheel Zone)							
Measured + Indicated	19	1,240,000	1.85	62.1	1.81	0.06	0.97
Inferred	19	10,000	1.20	123.4	0.45	0.14	2.00
Stringer Sulfide (Stringer Zone)							
Measured + Indicated	19	580,000	2.19	10.4	0.26	0.05	0.76
Inferred	19	170,000	2.39	9.9	0.27	0.05	0.71
Oxide (Pinwheel Gossan)							
Measured + Indicated	29	200,000	7.83	153.8	0.99	0.07	0.01
Inferred	29	0					
Oxide (East Gossan)							
Measured + Indicated	24	80,000	17.98	7.5	0.04	0.02	0.01
Inferred	24	0					
Gold (90 Gold Zone)							
Measured + Indicated	24	340,000	3.05	53.8	0.02	0.17	0.25
Inferred	24	150,000	2.86	70.4	0.02	0.23	0.50
Gold (PM Gold Zone)							
Measured + Indicated		0					
Inferred	24	160,000	7.46	68.1	0.12	0.78	0.3
Totals							
Measured + Indicated		5,920,000	2.46	33.1	0.61	0.13	4.06
Inferred		620,000	3.68	46.5	0.15	0.44	2.46

*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, values of zero indicate quantities below the relative accuracy of the estimate. The cut-off grades are based on metal price assumptions of US\$0.79 per pound Zn, 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 for the deposit.

†Cut off grades for each of eight metallurgical domains based on NSR values, cut-off grade for open pit resource contained within an optimized pit shell.

Table 3. Underground Mineral Resources*- Metallurgical Domains and Zones

Metallurgical Domain/Zone	Cut-off [†] [US\$NSR]	Quantity Tonnes	Gold g/t	Silver g/t	Copper %	Lead %	Zinc %
Massive Sulfide (Main Zone)							
Measured + Indicated	62	1,410,000	1.57	20.7	0.22	0.29	8.93
Inferred	62	370,000	1.69	29	0.34	0.42	6.7
Massive Sulfide (Tuff Zone)							
Measured + Indicated	62	160,000	1.28	52.3	0.06	1.97	9.63
Inferred	62	100,000	1.49	36.3	0.05	1.73	8.41
Massive Sulfide (Pinwheel Zone)							
Measured + Indicated	62	980,000	1.02	26.8	0.4	0.91	9.65
Inferred	62	40,000	0.53	88.4	0.42	0.16	7.52
Stringer Sulfide (Stringer Zone)							
Measured + Indicated	62	30,000	5.36	21.2	0.11	0.19	1.35
Inferred	62	10,000	5.57	10.9	0.12	0.11	1.94
Gold (PM Gold Zone)							
Measured + Indicated	67						
Inferred	67	30,000	8.8	66.3	0.10	1.00	0.06
Totals							
Measured + Indicated		2,580,000	1.39	25.0	0.28	0.63	9.16
Inferred		550,000	2.03	36.4	0.28	0.67	6.62

*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, values of zero indicate quantities below the relative accuracy of the estimate. The cut-off grades are based on metal price assumptions of US\$0.79 per pound Zn, 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 for the deposit.

[†]Cut off grades were determined for each of eight metallurgical domains based on NSR values, cut-off grade for underground resources outside of an optimized pit shell.

EXPLORATION POTENTIAL

The current resource has not closed off the Back Forty deposit. The Main zone massive sulfide remains open at depth and to the west. Deep drilling on the Main zone indicates that zinc mineralization continues. DDH LK-291 was one of the last step-out holes on the Main zone and intersected 7.7 meters of over 10% zinc at a depth of 400 meters. The 90 and PM gold zones also remain open and a new gold zone, the Near Surface, or “NS,” zone remains to be delineated and modeled into the resource. In addition, airborne VTEM targets are currently being evaluated.

Mineral resources for the deposit were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (December 2005) by G. David Keller, P. Geo (APGO #1235), an appropriate independent qualified person for the purpose of National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

The effective date of this resource estimate is January 12, 2009. Images and details of the new resource are available on the Company's website at www.aquilaresources.com. Tom Quigley, P.Geo., and President of Aquila is the Qualified Person as described in National Instrument 43-101 for the Back Forty Project and is responsible for the content of this press release. For more information about Aquila Resources Inc. please contact:

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

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

First Canadian Capital Corp.
Leo Karabelas
Tel: 416-742-5600
Email: request@firstcanadiancapital.com

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