



For Immediate Release
August 8, 2006
Toronto, Ontario

Symbol – AQA
Exchange – TSX Venture
Shares Outstanding: 46,973,233

AQUILA ACQUIRES IMPORTANT EXTENSIONS OF MINERALIZATION AT BACK FORTY

AQUILA RESOURCES INC. (TSX-V:AQA – Frankfurt:JM4A) (“Aquila” or the “Company”) is very pleased to announce that it has optioned with the right to purchase, the MRT Property which contains important extensions of known mineralization at the Back Forty Project in the Upper Peninsula of Michigan. The optioned property consists of a strategic parcel of less than 100 acres of surface and mineral rights. Aquila has an option to acquire the property by completing a series of option payments totaling US \$11.7 million over a nine year period. The initial US \$1.33 million has been paid by Aquila, with an additional US \$3.17 million payable over the first five years of the option. The purchase option can be exercised by Aquila at any time during the term of the option. There are no royalty payments, securities or any other form of consideration payable to the vendor or third parties. The option to purchase is an arms length transaction with a private land owner.

The MRT Property

Aquila President Thomas O. Quigley commented “The MRT property contains significant zones of mineralization including gossans in outcrop and near surface massive sulfides, which will be documented in subsequent press releases. This acquisition significantly increases the potential to add additional resource to the known zinc, gold, silver, and copper mineralization at the Back Forty Project. Our immediate objectives will be to expand, define and integrate mineralization on the MRT property with the existing mineral resource at Back Forty. The exploration and development of this system offers significant upside potential for our shareholders.”

Acceleration of Share Purchase Warrants

In order to advance exploration including drilling on the near surface targets at MRT, the Company intends to accelerate the outstanding share purchase warrants. In accordance with the terms of the common share purchase warrants that were set to expire on November 29, 2007 (the “Warrants”), Aquila has elected to accelerate the expiry date of all such currently outstanding Warrants. A total of 13,277,958 Warrants were issued in connection with the financing of the reverse takeover transaction with Aquila Resources Corp. completed May 1, 2006 and are exercisable to acquire one common share of the Company at a price of \$0.30 each. Under the terms of the Warrants, if the trading price of the Company’s shares exceeds \$0.45 for 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants. Since the Company’s shares have exceeded \$0.45 for the requisite 20 consecutive trading days, the Company has today exercised its right and caused to be delivered to each holder of Warrants a notice confirming the acceleration of the expiry date of the Warrants to September 6, 2006.

All Warrants must be exercised on or before 4:00 p.m. Toronto time on September 6, 2006, failing which they will expire.

Holders who wish to exercise the Warrants are requested to complete the exercise form which was attached to their Warrant certificate and surrender the Warrant certificate to the Company at Suite 530 65 Queen St. West Toronto Ontario Canada, M5H 2M5, together with a certified cheque, bank draft or money order in lawful

money of Canada payable to the order of the Company for the aggregate purchase price of the common shares subscribed for. Prior to the election to accelerate the expiry date of the Warrants, approximately 7.8 million Warrants had been exercised, leaving approximately 5.5 million Warrants eligible to be exercised. If all of the Warrants are exercised, the Company will have received total proceeds of approximately \$3.9 million and will have approximately 52.4 million shares issued and outstanding. Funds raised by the early exercise of the Warrants will be used to advance the development of the Back Forty Project as well as to provide general working capital to the Company.

Incentive Options

The Board of Directors of Aquila Resources Inc. has approved the issuance of 500,000 incentive options exercisable for a period of 2 years at an exercise price of \$1.25 per common share to management consultants to the Company, as well as 100,000 options exercisable for a period of 2 years at an exercise price of \$1.00 per common share to an industry consultant to the Company. The issuance of options is subject to the approval of the TSX Venture Exchange.

For more information about Aquila Resources Inc. please contact:

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the contents of this release.

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