

News Release

Apella Stakes Magnetite Bay Iron Deposit Interest

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Apella Resources Inc.(TSX.V: APA); (Frankfurt Symbol: NWN) and its Board of Directors are pleased to announce the acquisition of 19 mineral claims which when finalized will include a 2.4 kilometer strike length of the Magnetite Bay Iron Deposit. The deposit is close to existing mining-rail-hydroelectric infrastructure being about 11 miles (18 kms) east of Chibougamau, Quebec, only 2 kilometers from a major logging route and 320 kilometers from the La Baie seaport on the Saguenay. Magnetite Bay is 6.8 miles (11 kms) from Apella's Lac Dore Iron-Vanadium-Titanium interests.

The Magnetite Bay deposit had been entirely controlled since 1961 by Campbell Resources until most of it recently came open. It was last drilled for its iron potential in the early 1960's decade. Magnetite-rich layers in the Layered Series of the Lac Dore Anorthosite Complex occur in a steeply dipping continuous zone that is about 50 to 70 metres thick. The deposit on Apella's claims was initially tested by trenches and 37 drill holes (20,774 ft or 6,332 m) on 10 sections that were spaced about 820 ft (250 m) apart. In 1974 the Quebec Department of Mines essentially confirmed by re-analysis Campbell Chibougamau Mines assays done in the 1960's. A resource was estimated by Campbell Chibougamau Mines Ltd in 1975 for the Ferchib South Zone. The resource portion under the Apella claims was estimated to be 92.8 million tons at 26% iron, and 1% titanium. Initial metallurgical testing in 1974 by the Quebec Bureau of Mines suggested 31.75 million tons of concentrate could be made containing 66.7% iron and 1% TiO₂. Qualified persons have not done sufficient work to classify the above historical estimates as current mineral resources or recoveries and Apella is not treating the historical estimates as current mineral resources or recoveries. The historical estimates should not be relied upon.

Apella sees this deposit acquisition as part of its larger plans for iron-vanadium-titanium developments in the Chibougamau region. Improvements in exploration, geological and metallurgical technologies and techniques in the past 40 years can now be applied to the Magnetite Bay deposit for the first time. Detailed magnetometer surveys, surface sawn channel sampling and inclined drill holes will better define geochemical variations in the steeply dipping magmatic- layered magnetite-rich units. In addition to its iron potential, other elements such as vanadium will be systemically explored for in the deposit. The Magnetite Bay deposit occurs in more magnesium-rich rocks than the other stratiform iron deposits in the Lac Dore Complex. Sulfide occurrences have also been noted in the historical drilling. Both the higher magnesium host rocks and the sulfide occurrences are favourable for exploring the potential for platinum group element (PGE) mineralization.

For reference purposes only, Apella presents the following table detailing some of the historical diamond drill iron assay results from the claims that Apella has acquired. Average iron grades were calculated by Robert D. Stewart using data from the original Campbell Chibougamau Mines assay tables and applying a 15% iron cutoff for determining the start and end of intersections. Note that most holes were drilled vertically in sub-vertically dipping formations so true widths for these intersections cannot be determined at this time.

TABLE 1:

Weighted Averages of Original Campbell Chibougamau Mines Ltd. Assays for Drill-Hole Intersections Determined Using a 15% Iron Cutoff (Robert D. Stewart, P.Geo.)

| Project Name | DDH | Year Sampled | From (ft) | To (ft) | Length (ft) | Length (m) | Fe % | Owner |
|---------------|-------|--------------|-----------|---------|-------------|------------|------|--------|
| Magnetite Bay | FS-41 | 1966 | 6 | 607 | 601 | 183.4 | 32.9 | Apella |
| Magnetite Bay | FS-45 | 1966 | 10 | 585 | 575 | 175.2 | 32.7 | Apella |
| Magnetite Bay | FS-51 | 1966 | 16 | 606 | 590 | 179.9 | 30.9 | Apella |
| Magnetite Bay | FE-6 | 1965 | 15 | 550 | 535 | 163.1 | 27.2 | Apella |
| Magnetite Bay | FS-47 | 1966 | 42 | 570 | 528 | 161.0 | 27.3 | Apella |
| Magnetite Bay | FS-42 | 1966 | 3 | 601 | 598 | 182.3 | 23.8 | Apella |
| Magnetite Bay | FE-7 | 1972 | 5 | 548 | 543 | 165.5 | 23.7 | Apella |
| Magnetite Bay | FS-52 | 1966 | 27 | 448 | 422 | 128.5 | 27.9 | Apella |
| Magnetite Bay | FE-14 | 1965 | 3 | 550 | 547 | 166.8 | 21.3 | Apella |
| Magnetite Bay | FE-3 | 1965 | 12 | 507 | 495 | 150.9 | 22.5 | Apella |
| Magnetite Bay | FS-43 | 1966 | 3 | 657 | 654 | 199.4 | 15.8 | Apella |
| Magnetite Bay | FE-1 | 1962 | 12 | 390 | 378 | 115.2 | 26.5 | Apella |
| Magnetite Bay | FE-17 | 1965 | 225 | 500 | 275 | 83.8 | 32.2 | Apella |
| Magnetite Bay | FE-13 | 1965 | 339 | 644 | 305 | 92.9 | 24.3 | Apella |
| Magnetite | FE-11 | 1965 | 50 | 299 | 249 | 75.9 | 28.5 | Apella |

| Bay | | | | | | | | |
|---------------|-------|------|-----|------|-----|------|------|--------|
| Magnetite Bay | FS-56 | 1966 | 250 | 475 | 225 | 68.6 | 30.6 | Apella |
| Magnetite Bay | FE-18 | 1965 | 255 | 500 | 245 | 74.7 | 26.9 | Apella |
| Magnetite Bay | FE-18 | 1965 | 6 | 207 | 201 | 61.1 | 31.4 | Apella |
| Magnetite Bay | FE-10 | 1965 | 158 | 394 | 236 | 72.0 | 26.0 | Apella |
| Magnetite Bay | FS-64 | 1966 | 55 | 298 | 244 | 74.2 | 24.5 | Apella |
| Magnetite Bay | FE-13 | 1965 | 50 | 266 | 216 | 65.7 | 22.7 | Apella |
| Magnetite Bay | FS-66 | 1966 | 135 | 286 | 151 | 46.0 | 32.3 | Apella |
| Magnetite Bay | FS-43 | 1966 | 160 | 300 | 140 | 42.7 | 28.3 | Apella |
| Magnetite Bay | FS-52 | 1966 | 500 | 606 | 106 | 32.3 | 33.5 | Apella |
| Magnetite Bay | FE-5 | 1965 | 511 | 700 | 189 | 57.7 | 16.7 | Apella |
| Magnetite Bay | FS-66 | 1966 | 18 | 113 | 95 | 29.0 | 31.4 | Apella |
| Magnetite Bay | FE-5 | 1965 | 950 | 1085 | 135 | 41.2 | 19.3 | Apella |
| Magnetite Bay | FS-59 | 1966 | 75 | 210 | 135 | 41.0 | 17.4 | Apella |
| Magnetite Bay | FE-17 | 1965 | 100 | 172 | 72 | 22.0 | 30.3 | Apella |
| Magnetite Bay | FE-15 | 1965 | 250 | 370 | 120 | 36.6 | 16.7 | Apella |
| Magnetite Bay | FS-59 | 1966 | 350 | 414 | 64 | 19.5 | 30.6 | Apella |
| Magnetite Bay | FS-44 | 1966 | 398 | 471 | 73 | 22.3 | 23.6 | Apella |
| Magnetite Bay | FS-69 | 1966 | 3 | 62 | 59 | 18.0 | 26.2 | Apella |

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|---------------|-------|------|-----|-----|----|------|------|--------|
| Magnetite Bay | FS-57 | 1966 | 10 | 67 | 58 | 17.5 | 21.5 | Apella |
| Magnetite Bay | FE-4 | 1965 | 379 | 437 | 58 | 17.7 | 19.9 | Apella |
| Magnetite Bay | FE-8 | 1965 | 60 | 117 | 57 | 17.3 | 20.2 | Apella |
| Magnetite Bay | FS-44 | 1966 | 8 | 50 | 42 | 12.8 | 26.3 | Apella |
| Magnetite Bay | FE-15 | 1965 | 475 | 519 | 44 | 13.4 | 23.2 | Apella |
| Magnetite Bay | FS-57 | 1966 | 375 | 414 | 39 | 11.9 | 24.7 | Apella |
| Magnetite Bay | FE-2 | 1965 | 36 | 72 | 36 | 11.0 | 25.7 | Apella |
| Magnetite Bay | FE-2 | 1965 | 177 | 226 | 49 | 14.8 | 18.7 | Apella |
| Magnetite Bay | FS-43 | 1966 | 325 | 350 | 25 | 7.6 | 32.8 | Apella |
| Magnetite Bay | FE-32 | 1966 | 140 | 182 | 42 | 12.7 | 19.2 | Apella |
| Magnetite Bay | FE-5 | 1965 | 409 | 439 | 31 | 9.3 | 18.0 | Apella |
| Magnetite Bay | FS-44 | 1966 | 580 | 602 | 22 | 6.6 | 24.8 | Apella |
| Magnetite Bay | FE-4 | 1965 | 100 | 127 | 27 | 8.4 | 19.4 | Apella |
| Magnetite Bay | FS-43 | 1966 | 125 | 150 | 25 | 7.6 | 20.3 | Apella |
| Magnetite Bay | FE-4 | 1965 | 52 | 83 | 31 | 9.3 | 16.5 | Apella |
| Magnetite Bay | FE-43 | 1966 | 50 | 75 | 25 | 7.6 | 19.4 | Apella |
| Magnetite Bay | FS-43 | 1966 | 6 | 25 | 19 | 5.8 | 20.8 | Apella |
| Magnetite Bay | FS-64 | 1966 | 7 | 25 | 18 | 5.4 | 21.4 | Apella |
| Magnetite Bay | FE-4 | 1965 | 476 | 501 | 25 | 7.5 | 15.1 | Apella |

| | | | | | | | | |
|---------------|-------|------|-----|-----|----|-----|------|--------|
| Magnetite Bay | FS-44 | 1966 | 297 | 318 | 21 | 6.5 | 16.9 | Apella |
| Magnetite Bay | FS-44 | 1966 | 125 | 141 | 16 | 4.7 | 21.7 | Apella |
| Magnetite Bay | FE-15 | 1965 | 4 | 25 | 21 | 6.4 | 15.4 | Apella |
| Magnetite Bay | FE-4 | 1965 | 4 | 19 | 15 | 4.4 | 20.5 | Apella |
| Magnetite Bay | FS-42 | 1966 | 8 | 15 | 8 | 2.3 | 28.0 | Apella |
| Magnetite Bay | FS-56 | 1966 | 570 | 576 | 6 | 1.9 | 26.0 | Apella |
| Magnetite Bay | FS-44 | 1966 | 65 | 70 | 5 | 1.6 | 21.8 | Apella |

The Qualified Person for this news release is Robert D. Stewart, P.Geo.

Apella invites the public to visit its website at <http://www.apellaresources.com> or e-mail us at apella@apellaresources.com to be added to the Company's e-mail list for press releases and updates.

ON BEHALF OF THE BOARD OF DIRECTORS OF APELLA RESOURCES INC.

"Patrick D. O'Brien"

Patrick D. O'Brien – Chairman

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