

Shares Outstanding: 220,960,374

TORONTO, May 12, 2016 /CNW/ - Aquila Resources Inc. (TSX: AQA) ("Aquila"), a development-stage company advancing the gold- and zinc-rich Back Forty Project in Michigan's Upper Peninsula, announced that it has filed its financial results for its first quarter ended March 31, 2015. All amounts, unless indicated, are reported in U.S. dollars.

Q1 Highlights

- Received notification from the Michigan Department of Environmental Quality ("MDEQ") that three of the Company's four mine permit applications were deemed administratively complete. Aquila has since provided additional clarification and information relating to its Wetlands permit application to the MDEQ.
- Commenced a Feasibility Study on Back Forty, which is expected to be completed before the end of 2016. Aquila awarded the Feasibility Study's development to Lycopodium Minerals Canada, who will be supported by a group of globally-recognized experts and specialist engineering companies.
- Announced drill results from an exploration drilling program completed at Back Forty late in 2015. The drill program included four holes, two of which tested a separate geophysical anomaly and two that tested an extension of the deposit which returned 2.8 metres of 38.5 g/t of gold and 231.8 g/t of silver overlying zinc and copper-rich massive sulphides.
- Appointed Cliff Nelson, a mining industry executive with 35 years of operational, metallurgical and mine management experience, as Vice President of US Operations as Vice President of U.S. Operations. Mr. Nelson is responsible for Aquila's day-to-day activities in Michigan's Upper Peninsula and is based in Stephenson, in close proximity to the Company's flagship Back Forty project.
- Supported its permitting activities through local stakeholder engagement and outreach activities, including public hearing and town hall meetings.
- As at March 31, 2016 Aquila had cash of \$1.6 million and working capital of \$0.4 million. These compare to cash of \$3.3 million and a working capital of \$1.5 million at December 31, 2015. The working capital decline is due to funding for the Company's feasibility study and increased overhead costs primarily relating to permitting activities. Aquila expects to receive \$4.9 million in 2016 as part of a financing arrangement signed with Orion Mine Finance in March 2015.

Highlights Subsequent to Quarter End

- Completed comprehensive and integrated metallurgical test work that indicated improved recoveries and the potential for increased production of Back Forty's two primary metals, gold and zinc. Gold recoveries improved to 63%, up from 61%, and zinc recoveries improved to 93%, up from 91% when benchmarked against the Company's Preliminary Economic Assessment Study of June 2014.
- As expected, the Company received responses and questions related to its Back Forty Mine Permit Application from the MDEQ. The Company is currently working with its permitting consultant Foth Infrastructure and Environment to address all 197 responses received to date and will respond to the MDEQ in due course.

Outlook

"Building on the significant momentum we generated in 2015, we made considerable progress in Q1 advancing our flagship Back Forty project," said Mr. Barry Hildred, President and CEO of [Aquila Resources Inc.](http://www.aquilaresources.com) "Of note, we started work on our Feasibility Study, which we expect to complete before end of year, improved the recoveries of gold and zinc, which strengthened Back Forty's economics, and expanded our management team with the appointment of Cliff Nelson as Vice President of U.S. operations. More importantly, we made headway with our permitting activities through ongoing interactions with various levels of government, assorted regulatory agencies and various community stakeholders.

"Based on preliminary indications, we anticipate that the MDEQ will render its decision on our mine permit application in Q3 of 2016. We believe this decision, coupled with the completion of our Feasibility Study, will have a material impact to the Company's shareholder value and strategic direction in the coming months."

Aquila's Management Discussion and Analysis and Financial Statements for the first quarter 2016 are available on the Company's website, www.aquilaresources.com, and via the Company's SEDAR profile.

Qualified Person

This news release was reviewed and approved by Thomas O. Quigley, Vice President of Exploration and Senior Technical Advisor for the Back Forty Project. By virtue of his education, experience, and professional association, Mr. Quigley is considered a Qualified Person as defined under National Instrument 43-101. Information regarding data verification is provided in Aquila's annual information form dated March 30, 2016.

About Aquila Resources

[Aquila Resources Inc.](http://www.aquilaresources.com) (TSX: AQA) is a development-stage company with strategic assets in the Great Lakes Region. The company's experienced management team is currently focused on advancing permitting activities for its 100%-owned gold- and zinc-rich Back Forty Project in Michigan.

Aquila's flagship Back Forty Project is a volcanogenic massive sulfide (VMS) deposit located along the mineral-rich Penokean

Volcanic Belt in Michigan's Upper Peninsula. In its updated Preliminary Economic Assessment filed in September 2014, Back Forty demonstrated strong economics with a pre-tax NPV of \$282 million (\$210.8 million after-tax) and a pre-tax IRR of 38.8% (32% after-tax) based on mining 16.1M tonnes of measured, indicated, and inferred resources over the 16-year life of mine, of which 12.5M tonne will be open-pit and 3.6M tonnes will be underground.

This press release contains certain forward-looking statements within the meaning of applicable Canadian securities legislation. 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" and similar expressions suggesting future outcomes or statements regarding an outlook.

Forward-looking statements relate to any matters that are not historical facts and statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, without limitation, statement with respect to: (i) the economic analysis contained in the PEA; (ii) the development plan of the PEA and results thereof; (iii) capital expenditure programs; (iv) the quality or quantity of the mineral resources subject to estimates by Aquila; and (v) work plans to be conducted by Aquila.

These and other forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of Aquila to control or predict, that may cause their actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. Aquila expressly disclaims any obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents Aquila's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. Furthermore, mineral resources that are not mineral reserves do not have demonstrated economic viability.

SOURCE [Aquila Resources Inc.](#)

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