- Company provides update on Back Forty permit status -
- Company announces new exploration programs and new project opportunity -

Shares Outstanding: 234,421,913

TORONTO, Aug. 11, 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, provided an update on its recent developments, including the status of permitting activities, the launch of a new exploration program and progress on its Feasibility Study, and announced that it has filed its financial results for its second quarter ended June 30, 2016. All amounts, unless indicated, are reported in U.S. dollars.

Back Forty Permit Update:
During the quarter, the company responded to the Michigan Department of Environmental Quality's (DEQ) request for additional information relating to its previously filed Mine Permit Application (MPA) for its Back Forty project in the Upper Peninsula. Subsequent to the quarter end, the Company granted the DEQ an extension to August 25th to render a draft decision on the MPA. Recently, Aquila also received notification that the DEQ publically noticed a draft of the National Pollutant Discharge Elimination Systems (NPDES) permit, one of the four required permits at Back Forty.

Back Forty Exploration and New Project Opportunity:
The Company also announced that it has commenced an exploration program that includes 10 drill holes testing step out and satellite targets near the known Back Forty deposit. Initial results from this program are expected before the end of the Company's third quarter.

In addition, the Company initiated exploration activities, including geophysics, mapping and land acquisition in several project areas north of the Company's Back Forty project. The project areas have been deemed to be prospective and similar in style to the nickel, copper, and platinum group mineralization found at the Eagle Mine, which is located in nearby Marquette County of Michigan's Upper Peninsula. These newly identified properties are expected to be vended into a wholly-owned subsidiary named Aquila Nickel Inc.

Management Commentary:
"Our second quarter was among our most active yet and was marked by considerable progress," said Mr. Barry Hildred, President and CEO of Aquila Resources Inc. "Most notably, we advanced our permitting activities as well as Feasibility Study for Back Forty, setting the stage for what we believe will be a very active second half of the year for Aquila."

Mr. Hildred added, "In addition to our first priority of obtaining permit approvals for Back Forty, we will continue to focus on new near mine exploration targets that will showcase what we believe is meaningful resource upside and future underground potential. In addition, we will allocate select resources to the pursuit of new regional asset opportunities in the Upper Peninsula that we expect will result in Aquila holding a larger portfolio of projects in a very favorable mining jurisdiction."

Other Q2 2016 Highlights:

- Received gross proceeds of $2,557,692 following Orion Mine Finance's exercise of 13,461,539 warrants at a strike price of $0.19. As a result of the transaction, Orion owns 44,412,616 or 18.9% of Aquila's outstanding float.
- Advanced work on the Feasibility Study for Back Forty. Progress included: completion of process design and procurement packages for all major equipment; commencement of resource model update and mine design/optimization; and completion of a geotechnical and site investigation program including 11 boreholes and 10 test pits. The Feasibility Study is still expected to be completed before the end of 2016.
- 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 September 2014.
- As at June 30, 2016 Aquila had cash of $1.6 million and working capital of $0.1 million. This compares 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 $4,275,000 in 2016 as part of a financing arrangement signed with Orion Mine Finance in March 2015 and amended in June 2016.

Aquila's Management Discussion and Analysis and Financial Statements for the second quarter 2016 ended June 30, 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. (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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