

# Aquila Resources Files Third Quarter 2017 Financial Results

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TORONTO, Nov. 10, 2017 /CNW/ - Aquila Resources Inc. (TSX: AQA) ("Aquila"), a permitting-stage company advancing its copper and gold-rich Back Forty Project in Michigan's Upper Peninsula, today filed its financial results for the three- and nine-month periods ended September 30, 2017. All amounts, unless indicated, are reported in U.S. dollars.

## THIRD QUARTER HIGHLIGHTS

- Released the second round of results from the Company's 2017 drill program at the Back Forty project. The 5 hole combination of infill, step out and geotechnical drilling. The results included 1.23 g/t gold, 112.96 g/t silver, 1.12% 13.61% zinc over 2.39 meters\* and 0.82 g/t gold, 75.37 g/t silver, 0.10% copper, 2.69% lead, 9.6% zinc over 5.9 m 0.98 g/t gold, 65.75 g/t silver, 2.53% lead, 8.95% zinc over 6.00 meters\* in hole LK-17-528 (\*Drilled thickness; true width is 85% of drilled thickness).
- Finalized optimization of the Feasibility Study for the Back Forty Project. Key progress included freezing layout, permitting and improved metallurgical recovery testwork.
- Commenced Resource Update to be included in the Feasibility Study.
- As at September 30, 2017, Aquila had cash of \$3.1 million and working capital of \$2.2 million. This compared to cash of \$1.5 million and working capital of \$0.6 million at December 31, 2016. The working capital increase was due to the private placement in February 2017 and warrant exercises during Q3 2017 offset by the funding of the Company's permitting activities and development of the Feasibility Study.

## POST QUARTER HIGHLIGHTS

- The Company announced a financing transaction with Osisko Bermuda Limited ("OBL"), a wholly owned subsidiary of [Osisko Gold Royalties Ltd.](#) (TSX & NYSE: OR), pursuant to which OBL has agreed to commit \$65 million to Aquila through a private placement and \$55 million gold stream purchase agreement. OBL has agreed to purchase 49,173,000 shares of Aquila at a price of C\$0.26 per unit for aggregate gross proceeds of approximately \$10 million (the "Strategic Investment"). Each unit shall consist of one common share and one-quarter of one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share of the Company for C\$0.34 for a period of 42 months from the Issue Date. Concurrent with the equity financing, the parties have entered into a Gold Purchase Agreement (the "Stream Agreement"). OBL will purchase 18.5% of the refined gold from the Project (the "Threshold Stream Percentage") until the Company has delivered 105,000 ounces of gold (the "Production Threshold"). Upon satisfaction of the Production Threshold, the Threshold Stream Percentage will be reduced to 9.25% of the refined gold (the "Tail Stream"). In exchange for the refined gold delivered under the Stream agreement, OBL will pay the Company ongoing payments equal to 30% of the spot price of gold at the time of delivery, subject to a maximum payment of \$600 per ounce. In consideration for the Stream, OBL will make 4 up-front deposit payments to Aquila totaling \$55 million, including \$7.5 million on close of the equity and Gold Purchase Agreements.
- Appointed Joseph de la Plante, Vice President Corporate Development for [Osisko Gold Royalties Ltd.](#) to the board of directors. Mr. de la Plante, Osisko's nominee pursuant to the subscription agreement, has been Vice President, Corporate Development of Osisko since June 2014. Prior to this, Mr. de la Plante held the position of Senior Advisor, Investor Relations and Corporate Development of [Osisko Mining Corp.](#) since November 2010, where he played a key role in the company's relations and corporate development efforts prior to the sale of the company.
- Released the final results from the Company's 2017 exploration drill program at the Back Forty project. The drilling was designed to test the along-strike extension of the 2016 Zone massive sulphide. The results included 1.27 g/t gold, 12.17% zinc, over 7.09 meters (drilled thickness) in LK-17-537.
- The final required permit to operate and build the Back Forty mine is a Wetlands Protection Act permit covered under the Northern Rockies Ecosystem Protection Act ("NREPA") 1994 PA 451, as amended. On January 13, 2017, the Company submitted its wetland protection permit application to the Michigan Department of Environmental Quality ("MDEQ"). MDEQ sent a detailed "Correction Request" letter on January 26, 2017 requesting additional information and clarification/corrections in the permit application. A new wetlands delineation and mapping was also requested by MDEQ and completed in June 2017.

- On October 2, 2017, the Company re-submitted its wetlands permit application. At the request of the MDEQ, the Company temporarily withdrew the application to provide the MDEQ with additional time to review the application prior to determining the application administratively complete. The Company will resubmit the application shortly and anticipates that the application will be deemed complete and put on public notice in the near term.

"During the quarter we made significant progress related to the advancement of the Back Forty Project," said Barry Hildred, CEO of Aquila Resources. "We are working closely with the MDEQ in order to expedite the completion of the fourth and final State permit. As we await this permit, we are moving ahead on a number of initiatives to ensure we are construction ready, including adding to the leadership team and exploring strategic and financing options for the project."

#### ABOUT AQUILA RESOURCES

[Aquila Resources Inc.](#) (TSX: AQA) is a development-stage company with strategic assets in the Great Lakes Region. The company is currently focused on advancing permitting activities for its 100%-owned high grade polymetallic Back Forty Project in Michigan.

Aquila's flagship Back Forty Project is an open pit volcanogenic massive sulfide deposit with underground potential located in the mineral-rich Penokean Volcanic Belt in Michigan's Upper Peninsula. The Project contains approximately 1 billion pounds of zinc and 1 million ounces of gold in the M&I categories, with additional upside potential. Currently Aquila is trying to secure the final State permit required to build and operate Back Forty while completing a Feasibility Study.

This press release contains certain forward-looking statements within the meaning of applicable Canadian securities laws. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "intends", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "might" or "will be taken", "occur" or "be achieved" and similar expressions suggesting future outcomes or statements regarding the company's future plans and objectives. These forward-looking statements are based on the current beliefs, expectations and assumptions of the management of Aquila and involve significant risks and uncertainties. These risks and uncertainties include, but are not limited to, the following: (i) the economic analysis contained in the PEA; (ii) the development plan of the PEA and results thereof; (iii) the timing and amount of future capital expenditures; (iv) the quality or quantity of the mineral resources subject to estimates by Aquila; and (v) work programs and results of future exploration and development activities conducted by Aquila.

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, statements made with respect to: (i) the economic analysis contained in the PEA; (ii) the development plan of the PEA and results thereof; (iii) the timing and amount of future capital expenditures; (iv) the quality or quantity of the mineral resources subject to estimates by Aquila; and (v) work programs and results of future exploration and development activities 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 statements or 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.](#)

#### Contact

Barry Hildred, CEO, [Aquila Resources Inc.](#), Tel: 647-943-5672, Email: [bhildred@aquilaresources.com](mailto:bhildred@aquilaresources.com); Fiona Grant Leydier, NATIONAL Equicom, Tel: 416-848-9851, Email: [fgrantleydier@national.ca](mailto:fgrantleydier@national.ca)

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