

Aquila Resources Announces Third Quarter 2018 Financial Results

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Shares Outstanding: 337,974,556

TORONTO, Nov. 8, 2018 /CNW/ - AquilaResourcesInc. (TSX: AQA) ("Aquila" or the "Company") announced the filing of its financial results for the third quarter ended September 30, 2018. All amounts, unless indicated, are reported in US dollars.

"Despite recent market weakness, we continue to execute on our strategy of advancing the Back Forty Project and unlock its fundamental value," said Barry Hildred, President and Chief Executive Officer of Aquila. "Aquila is well funded to advance the planned pre-construction activities at Back Forty, which is one of a select group of permitted development-stage projects in the US."

Third Quarter Highlights

- On August 1, 2018, the Company announced the results of an independent open pit only Feasibility Study (the "Feasibility Study") for its Back Forty Project. The Feasibility Study demonstrated robust economics including a pre-tax NPV at a 6% discount rate of \$259M and an IRR of 32.0% at base case metal prices of \$1,300/oz gold, \$1.20/lb zinc, \$20/oz silver, \$0.80/lb copper and \$1.00/lb lead. On an after-tax basis, the Project generates an after-tax NPV at a 6% discount rate of \$130M and an IRR of 28.2% with a 2.2 year payback. The Company has also identified a number of opportunities to further enhance the overall economics of the Project including the future addition of an underground expansion.
- The Company finalized its Project Execution Plan which will further define the design and construction strategy including the contracting philosophy, plans for basic and detailed engineering and any required permit amendments, as well as the approach to building the owner's team in preparation for the construction and operational readiness phases of the Back Forty.
- As at September 30, 2018, Aquila had cash of \$10.5 million and working capital of \$8.0 million. This compared to cash of \$17.2 million and working capital of \$15.5 million at December 31, 2017. The decrease in working capital is primarily due to the funding of the Company's permitting activities and finalization of the Feasibility Study.

Post Quarter Highlights

- On October 5, 2018, the Company received a payment of \$7.4 million from an affiliate of [Osisko Gold Royalties Ltd.](#) under the gold streaming agreement entered into on November 8, 2017 (the "Streaming Agreement"). This payment represents the second deposit of the total advance payment of \$55 million to be made by Osisko under the Streaming Agreement. The payment, which was made net of a \$100,000 capital commitment fee, followed the receipt by Aquila of all the material permits required for the development and operation of its Back Forty Project in Michigan and the completion of the Feasibility Study.
- On November 2, 2018, the Company submitted final amendments to its Mining Permit to the Michigan Department of Environment, Great Lakes, and Energy and the Michigan Department of Natural Resources and Environment Quality to align the permit with the project design outlined in the Feasibility Study as well as in the Project's Environmental Impact Statement.

Outlook

- During the balance of 2018 and into 2019, the Company will continue discussions with prospective financial partners to raise the required capital to build the Back Forty Project. Aquila, with the assistance from its advisors, will consider all sources of capital and financial options available to the Company and the Project.
- Pre-construction activities including project set-up and basic engineering will continue to advance at the Back Forty Project.
- The Company will continue to evaluate an underground mine expansion design and business case. A Preliminary Economic Assessment is expected to be published in a future period.
- In addition to recently filled positions, the Company will continue to add to its leadership team to prepare for the construction and operational readiness phases of the Back Forty Project.
- The Company is also evaluating its strategy with respect to its early stage exploration projects in Wisconsin in light of the recent repeal of the decades-old moratorium on non-ferrous mining in the state.
- With its current cash resources and an additional \$40M in staged payments that remain available to the Company under the gold Streaming Agreement with Osisko, Aquila is well-financed to complete its planned pre-construction activities.

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information that should be read in conjunction with the financial statements of the Company for the three and nine months ended September 30, 2018:

	Three months ended		Nine Months Ended	
	September 30,	2018	September 30,	2017
Administrative expenses	\$ 1,289,473	\$ 699,781	\$ 3,699,132	\$ 2,319,425
Mineral property exploration expenses	1,935,172	1,209,587	5,377,127	4,304,143
Net finance charges	516,045	871	1,551,572	2,995
Loss from operations	3,740,690	1,910,239	10,627,831	6,626,563
(Gain) loss on foreign exchange	52,813	254,136	(275,623)	454,895
(Gain) loss on change in value of contingent consideration (50,102)	(556)		412,403	(10,934)
(Gain) loss on change in fair value of warrant liability	(1,298,287)	(997,322)	(1,405,491)	(768,117)
Net and comprehensive loss for the period	2,445,114	1,166,497	9,359,120	6,302,407
Net loss per share - basic and diluted	0.01	0.01	0.03	0.02

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 focused on advancing pre-construction activities for its 100%?owned zinc? and gold?rich Back Forty Project in Michigan.

Aquila's flagship Back Forty Project is an open pit volcanogenic massive sulfide deposit with underground potential located along the mineral?rich Penokean Volcanic Belt in Michigan's Upper Peninsula. The Project contains approximately 1.1B pounds of zinc and 1M ounces of gold in the Measured & Indicated Mineral Resource categories, with additional upside potential. Aquila has received all State and Federal permissions required for the construction and commencement of operations at the Back Forty Project.

The Company has three other exploration projects: Reef Gold Project located in Marathon County, Wisconsin, the Bend Project located in Taylor County, Wisconsin and Aquila Nickel located in the Upper Peninsula, Michigan. Reef is a gold-copper property and Bend is a volcanogenic massive sulfide occurrence containing copper and gold.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This press release may contain 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, statements with respect to additional upside potential of the Project and the potential for underground mining activities at the Project and benefits associated therewith, statements with respect to the expected project economics for the Project, such as estimates of life of mine, total production and average production, metal production and recoveries, C1 cash costs, AISC, capital and operating costs, pre- and post-tax IRR, pre- and post-tax NPV and cash flows, the potential conversion of Inferred Mineral Resources into Indicated Mineral Resources, any projections outlined in the Feasibility Study in respect of the Project, those related to the receipt by the Company of the remaining payments from the Streaming Agreement, the permitting status of the Project and Aquila's future exploration and development plans.

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 here in. These risks include those described under the heading "Risk Factors" in Aquila's most recent annual information form and its other public filings, copies of which can be under Aquila's profile at www.sedar.com. 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.

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