

# Aquila Resources Announces Third Quarter 2020 Financial Results

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[Aquila Resources Inc.](#) (TSX:AQA, OTCQB: AQARF) (Aquila; or the Company;) announced the filing of its financial results for the third quarter ended September 30, 2020. All amounts, unless indicated, are reported in US dollars.

Barry Hildred, President & CEO of Aquila, commented, As site operations began to normalize in the third quarter, Aquila added key hires to our team in the areas of Environment & Infrastructure as well as Exploration. We are focused on activities to support an updated Back Forty Project feasibility study that will build on the positive Preliminary Economic Assessment published in September and we are also actively in the planning phase for drill programs at Back Forty and our gold-copper exploration properties in Wisconsin.;

## THIRD QUARTER HIGHLIGHTS

- Aquila has had no confirmed or presumptive cases of the COVID-19 virus at any of the Company's offices or at the Back Forty site. Aquila's top priority is maintaining the health and safety of its employees and local communities. Aquila's team is following the guidelines and directions set out by the local public health authorities.
- As at September 30, 2020, Aquila had cash of \$2.6 million and working capital of \$0.6 million. This compared to cash of \$4.0 million and working capital of \$1.6 million at December 31, 2019. The decrease in working capital is primarily due to permitting and legal activities at its Back Forty Project. The Company has been focused on securing interim financing and on the implementation of required permitting activities, including progressing certain Back Forty pre-construction activities such as environmental fieldwork and site data collection.
- In September 2020, the Company filed the technical report supporting the positive Preliminary Economic Assessment (PEA;) for the Company's 100% owned Back Forty. The PEA was prepared in accordance with National Instrument 43-101 by P&E Mining Consultants Inc. in collaboration with Golder Associates Ltd. and Lycopodium Minerals Canada Ltd.
- As site operations began to normalize in the third quarter, the Company added key hires to its team in August 2020:
  - The Company hired Mike Foley as Director of Environment & Infrastructure. Mr. Foley has 32 years of experience as a Civil Engineer in the Upper Peninsula of Michigan and northern Wisconsin.
  - The Company hired Bob Mahin as Director of Exploration. Mr. Mahin is a senior level geologist with thirty years of progressive experience guiding mineral exploration programs. Since 1990, Mr. Mahin has been based in Michigan's Upper Peninsula and has gained progressive experience from fieldwork to managing multi-million dollar exploration programs in the pursuit of gold and base metals.
- In September 2020, the Company held its 2020 annual meeting of shareholders at which the six nominees listed in the management information circular were elected as directors of Aquila. The Company welcomed a new director, Mr. Paul Johnson, to the Board. Mr. Johnson is a mining engineer with 40 years of experience in the mining industry. Prior experience includes serving as Open Pit Project Evaluation Manager for Osisko Gold Royalties and being part of the initial development team for Osisko Mining Corporation's Canadian Malartic project.
- In August 2020, the Company achieved DTC eligibility for its common shares from The Depository Trust Company (DTC). The DTC is a subsidiary of the Depository Trust & Clearing Corp. and manages the electronic clearing and settlement for the vast majority of publicly traded equities and other securities in the United States. This electronic method of clearing securities accelerates the settlement process for investors and brokers, enabling the stock to be traded over a much wider selection of brokerage firms by coming into compliance with their requirements. The Company's common shares continue to be listed for trading in the United States on the OTCQB market under the symbol AQARF.

## POST QUARTER HIGHLIGHTS

- The Company obtained a proposal for decision from a Michigan Public Service Commission Administrative Law Judge in its favour rejecting the Alger Delta Power Cooperative's objections to Upper Michigan Energy Resources Corp. (UMERC) providing electrical power service to the Back Forty Project. The Company believes this decision paves the way for Aquila to choose whichever electrical service provider it deems best for the Back Forty Project.

## OUTLOOK

- With the completion of the PEA, the Company will continue to progress certain Back Forty pre-construction activities including environmental fieldwork and site data collection. Aquila is also completing plans for a drilling program at Back Forty, which will be followed by a resource update. The resource update will form the basis for an updated feasibility study that is expected to commence in 2021. Trade off studies will also commence evaluating opportunities identified in the PEA, including investigating opportunities to improve gold recoveries.
- The Company has received the four primary permits required to commence construction and operations at Back Forty. The Company is awaiting a decision by an administrative law judge regarding the contested case challenge to its Wetlands Permit, which is expected by year-end. The Company is also working to secure additional permits prior to construction, including a Dam Safety Permit.
- Operational readiness activities including advancing plans with respect to roads, power, and concentrate logistics are underway.
- The Company is also developing exploration programs for its Bend and Reef copper-gold properties in Wisconsin. Depending on availability of capital, the Company plans to drill these properties in 2021.
- In addition to future milestone payments due to the Company under its gold stream with Osisko Gold Royalties, the Company will need to raise equity capital to fund its planned exploration and development 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 quarter ended September 30, 2020:

	Three months ended		Nine Months Ended	
	September 30		September 30	
	2020	2019	2020	2019
Mineral property exploration expenses	\$537,696	\$2,168,491	\$1,059,202	\$5,376,659
Administrative expenses	742,633	1,025,997	2,393,686	3,446,757
Net finance charges (recoveries)	405,214	646,124	3,137,227	1,951,458
Loss from operations	\$1,685,543	\$3,840,612	\$6,590,115	\$10,774,874
(Gain) loss on foreign exchange	51,227	(3,023)	(141,780)	(15,860)
Loss (gain) on change in value of contingent consideration	6,580	(476,224)	243,185	(313,736)
(Gain) loss on change in fair value of warrant liability	(88,000)	(444,123)	(133,064)	(793,745)
Net and comprehensive loss for the period	\$1,655,350	\$2,917,242	\$6,558,456	\$9,651,533
Net loss per share - basic and diluted	-	0.01	0.02	0.03

## ABOUT AQUILA

[Aquila Resources Inc.](#) (TSX:AQA, OTCQB: AQARF) is a development-stage company focused on high grade and gold-rich projects in the Upper Midwest, USA. Aquila's experienced management team is focused on advancing pre-construction activities for its 100%-owned gold and zinc-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. Back Forty contains approximately 1.1 million ounces of gold and 1.2 billion pounds of zinc in the Measured & Indicated Mineral Resource classifications, with additional upside potential.

Aquila has two other exploration projects: Reef Gold Project located in Marathon County, Wisconsin and the Bend Project located in Taylor County, Wisconsin. Reef is a gold-copper property and Bend is a volcanogenic massive sulfide occurrence containing copper and gold. Additional disclosure of Aquila's financial statements, technical reports, material change reports, news releases and other information can be obtained at [www.aquilaresources.com](http://www.aquilaresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Cautionary statement regarding forward-looking information

This press release may contain certain forward-looking statements. 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", "will be taken", "occur" or "be achieved". Forward-looking statements and information include, but are not limited to, statements with respect to future permitting and legal timelines and the advancement of the Company's Back Forty Project, the additional upside potential of the Project, 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, and any projections outlined in the Preliminary Economic Assessment in respect of the Project. 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, including but not limited to: risks with respect to the COVID-19 pandemic; and other related risks and uncertainties, including, but not limited to, risks and uncertainties disclosed in Aquila's filings on its website at [www.aquilaresources.com](http://www.aquilaresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Aquila undertakes no 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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