Aquila Resources Announces First Quarter 2021 Financial Results

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Aquila Resources Inc. (TSX: AQA, OTCQB: AQARF) ("Aquila" or the "Company") announces the filing of its financial results for the first quarter ended March 31, 2021. All amounts, unless indicated, are reported in US dollars.

Guy Le Bel, President & CEO, commented, "Since joining Aquila as President & CEO in February, my focus has been making an already strong project even better. I am pleased with the progress our team is making on the optimized Back Forty Project Feasibility Study, which will demonstrate reduced surface impact and a longer mine life for the benefit of all stakeholders. I continue to be impressed by Michigan as a jurisdiction, notably highlighted by last week's Senate resolution in support of responsible mining in the State. We look forward to advancing the Back Forty though its next phase of development, while at the same time evaluating opportunities to realize additional value for shareholders through the monetization of our non-core assets."

FIRST QUARTER HIGHLIGHTS

- As at March 31, 2021, Aquila had cash of $0.8 million and negative working capital of $1.8 million. This compared to cash of $1.8 million and negative working capital of $0.8 million at December 31, 2020. The decrease in working capital is primarily due to permitting and legal activities at its Back Forty Project. The Company is focused on securing financing in the near-term.
- On February 1, 2021, the Company appointed Guy Le Bel as President & CEO of Aquila. Barry Hildred transitioned to the role of Executive Chair of the Board of Directors and Ted Munden, outgoing Chair of the Board of Directors, was appointed to the position of Lead Director. Mr. Le Bel brings more than 35 years of experience in business and project development, strategic and financial planning, and permitting in the Americas to Aquila.
- In March 2021, Aquila announced that it entered into definitive agreements (the "2021 Stream Agreement Amendments") with a subsidiary of Osisko Gold Royalties Ltd. ("OGR") to amend certain terms of the Gold Stream and Silver Stream in order to provide additional flexibility. Under the terms of the 2021 Stream Agreement Amendments, OGR agreed to adjust certain milestone dates under the Gold Stream and the Silver Stream to align the streams with the current project development timeline.
- In March 2021, Aquila engaged Osisko Technical Services ("OTS") to lead an optimized feasibility study (the "Feasibility Study") for the Back Forty Project. OTS' technical team has a proven track record of project execution. Aquila will leverage the team's combined engineering, permitting, construction and operating expertise to unlock value and advance the Back Forty Project through its next phase of development.
- In January 2021, an administrative law judge for the Michigan Office of Administrative Hearings and Rules (the "Administrative Law Judge") issued a decision denying the prior issuance of the Back Forty Wetlands Permit, which had been previously issued by the Michigan Department of Environment, Great Lakes, and Energy ("EGLE"). Aquila has appealed the Administrative Law Judge's decision to EGLE's environmental review panel (the "Panel").
- In January 2021, the Michigan Public Service Commission issued a decision rejecting Alger Delta Power Cooperative's objections to Upper Michigan Energy Resources Corporation's (UMERC) filing of its Notice of Intent to Serve the Back Forty Mine. That decision was reaffirmed by the Commission in its April order addressing Alger Delta's motion for reconsideration. The Company believes this decision paves the way for Aquila to choose whichever electrical service provider it deems best for the Back Forty Project.

POST QUARTER HIGHLIGHTS

- On April 28, 2021, the Michigan State Senate unanimously approved resolution SR0016: A resolution to express support for mining and the mining industry and encourage the Governor, state agencies, local governments, members of the public, and labor organizations to support mining by taking certain actions (the "Resolution"). The Resolution passed with bipartisan support.

- On April 23, 2021, a judge for the Ingham County Circuit Court in the State of Michigan ("Circuit Court Judge") granted a motion to reconsider in connection with the original Back Forty Mining Permit. By granting the motion, the Circuit Court Judge is allowing the Administrative Law Judge, who is currently overseeing the contested case related to the amended Mining Permit, the opportunity to consider certain testimony from the Wetland Permit case. In December 2020, the same Circuit Court Judge upheld the final decision of EGLE to issue the original Back Forty Mining Permit. The recent decision by the Circuit Court Judge does not reverse the earlier decision or otherwise deny the Mining Permit. Aquila believes that the decision by the Circuit Court Judge does not have a material impact on the Back Forty Project or Aquila's permitting strategy or timelines, nor does it say anything about Michigan's hospitability to mining generally and the Back Forty Project in particular.

OUTLOOK

- The Company will continue to advance its Back Forty Project in Michigan, where the main objectives are completing the optimized Feasibility Study and securing the remaining permits required for construction and operations. The Feasibility Study will incorporate both the open pit and underground mine plans and will reflect Aquila's commitment to sustainability and responsible mining employing industry best practices.
- The Company will continue to undertake technical studies to support the optimized Feasibility Study that will seek to evaluate areas of opportunity. These include opportunities to:
    - Simplify the process flowsheet and increase gold recoveries in light of improved metal prices; and
    - Optimize the mine plan to enhance economics, reduce environmental impact, and improve the Project configuration and strip ratio.
- A key objective of the optimized Feasibility Study is to incorporate feedback from EGLE and the local community since the original permits were issued. By incorporating the underground mine plan and modifying the Project footprint, the Company expects to demonstrate substantially reduced surface impact, including wetland impacts, and a longer mine life for the benefit of all stakeholders.
- The Company will continue to work with EGLE to finalize the Back Forty groundwater model. Aquila is pleased with the significant progress made in this regard and has now completed the gathering of required site-specific data.
- Following the completion of the Feasibility Study, Aquila will seek to permit the optimized Project design.

- The Company will continue its efforts to secure additional financing and, in parallel, will evaluate various strategic alternatives to maximize shareholder value.

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 March 31, 2021:

	Three Months Ended March 31	
	2021	2020
Mineral property exploration expenses	$519,707	$712,160
Administrative expenses	708,322	804,227
Net finance charges (recoveries)	429,173	170,598
Loss from operations	$1,657,202	$1,686,895
(Gain) loss on foreign exchange	61,529	(984,234)
Loss (gain) on change in value of contingent consideration	(76,125)	220,913
(Gain) loss on change in fair value of warrant liability	(5,304)	(163,054)
Net and comprehensive loss for the period	$1,637,302	$760,610

Net loss per share - basic and diluted	-	-

ABOUT AQUILA

Aquila Resources Inc. (TSX: AQA, OTCQB: AQARF) is a development-stage company focused on high grade polymetallic projects in the Upper Midwest, USA. Aquila's experienced management team is currently advancing pre-construction activities for its flagship 100%-owned gold and zinc-rich Back Forty Project in Michigan.

The Back Forty Project is a volcanogenic massive sulfide deposit with open pit and 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 exploration upside. An optimized Feasibility Study for the Project is underway.

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 or on SEDAR at 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" or "will be taken", "occur" or "be achieved". In particular, this news release contains forward-looking information pertaining to the following: the ability of the Company to complete the optimized Feasibility Study and the results thereof, the ability of the Company to successfully permit the Back Forty Project, the ability of the Company to realize value from its Wisconsin properties, and other development plans and objectives. 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: the ability of the Company to close the Offering; risks and uncertainties related to the availability of further advances of the remaining deposit under the Gold Stream; the availability of senior construction financing for the Back Forty Project; 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 and on SEDAR at 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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