Aquila Resources Inc. Enters Into Arrangement Agreement With Gold Resource Corporation

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Aquila Resources Inc. (TSX: AQA, OTCQB: AQARF) ("Aquila" or the "Company") is pleased to announce that it has entered into a definitive arrangement agreement (the "Arrangement Agreement") with Gold Resource Corporation ("GORO") (NYSE American: GORO) providing for the acquisition by GORO of all the issued and outstanding common shares of Aquila by way of a plan of arrangement under the Business Corporations Act (Ontario) (the "Transaction").

As announced by Aquila on September 7, 2021, pursuant to the Transaction GORO will, through a wholly-owned subsidiary, acquire all the issued and outstanding Aquila shares for 0.0399 of a GORO share per Aquila share (the "Exchange Ratio"). Based upon the 20-day volume-weighted average price ("VWAP") of GORO's shares on the NYSE American stock exchange on September 3, 2021, being the last trading day prior to the date of the announcement of the Transaction, the Exchange Ratio represents a 29% premium to the 20-day VWAP of Aquila's shares on the Toronto Stock Exchange as of such date.

Upon closing of the Transaction, the existing GORO and Aquila shareholders will own approximately 85.1% and 14.9%, respectively, of the combined company on a fully diluted basis.

Barry Hildred, Executive Chair of Aquila, commented, "We believe strongly that the Transaction outlined in the Arrangement Agreement provides significant benefits to Aquila shareholders. GORO has a strong balance sheet, it owns a consistently profitable mine in the Americas, and it has a highly accomplished technical and operating team. As such, this Transaction materially de-risks the financing and development of the Back Forty Project for the benefit of our stakeholders."

Guy Le Bel, President & CEO of Aquila, added, "The new Gold Resource Corporation will be a multi-jurisdictional, diversified precious and base metal producer with an attractive growth profile underpinned by the Back Forty Project. We look forward to closing the Transaction in short order."

Strategic Rationale for the Transaction

As previously announced on September 7, 2021, the benefits of the Transaction to GORO and Aquila shareholders include the following:

- Enhanced Market Presence and Re-Rating Potential. GORO currently benefits from inclusion in the VanEck Junior Gold Miners ETF (the "GDXJ") and from an average daily trading volume of approximately 1 million shares, trailing three months. The Transaction is intended to result in the Back Forty Project being placed into production on a more accelerated basis, funded by cash flow generation, thus elevating the combined company to intermediate producer status. Following the completion of the Transaction, GORO is expected to continue to be included in the GDXJ and to benefit from an enhanced capital markets profile in the United States and Canada, as well as increased trading liquidity and broadened appeal to global index, resource, and generalist investors. This offers the potential for a re-rating to a multiple more in line with other intermediate gold producers.
- Enhanced Project and Jurisdictional Diversification. Each of GORO and Aquila is currently a single-asset, single-jurisdiction company. Through the Transaction, GORO and Aquila shareholders will have the opportunity to participate in the ongoing growth of a multi-jurisdictional, diversified precious and base metal producer with exposure to gold, silver, zinc, copper and lead through GORO's producing Don David Gold Mine in Oaxaca, Mexico and Aquila's Back Forty Project in Menominee County, Michigan.

- Growth Profile and Financial Strength of Combined Company. The combined company is expected to benefit from a peer leading growth profile, a robust balance sheet with no debt and cash of US$30.2 million at June 30, 2021, free cash flow generation from its Don David Gold Mine and the synergies that generally accrue from scale in the areas of general and administrative expenses, from less duplication of salaries, wages and other public company expenses, improved concentrate sales and marketing and supply chain efficiencies.

- Materially De-Risks the Financing and Development of the Back Forty Project for Aquila Shareholders. Benefitting from the free cash flow generated by the Don David Gold Mine, Aquila shareholders will not be diluted by a near-term equity financing that would otherwise be required to advance the Back Forty Project through the final stages of permitting and engineering. GORO is supportive of Aquila's project development plans including continuing working towards an optimized Feasibility Study. The combined Company's position of financial strength is also expected to result in an improved ability to access required additional financing to fund the Back Forty Project's construction capital expenditures.

- All-Stock Transaction Enables Aquila Shareholders to Maintain Upside Exposure. Through their ownership in the combined company, Aquila shareholders will maintain exposure to the value that is expected to be unlocked as the Back Forty Project is advanced towards construction and production. Despite being a proven gold producer, GORO currently trades at only approximately 2.5 times free cash flow from operations. Aquila shareholders will participate in the anticipated re-rating of GORO from a one mine company in Mexico to a two-mine company with jurisdictional diversification.

- Experienced Management Team. The combined company will benefit from GORO's and Aquila's technical and operational teams' expertise in polymetallic open pit and underground mines. The GORO executive team has a demonstrated record of success in developing and operating mining projects in the Americas.

- Demonstrated Consistent Dividend History. Post-Transaction, GORO intends to continue to pay dividends in accordance with its past practice. GORO has made consistent dividend payments to its investors for more than ten years.

Transaction Summary

The Transaction will require the approval of (i) 66? percent of the votes cast by Aquila shareholders and (ii) a simple majority of the votes cast by the minority shareholders (excluding shareholders whose votes are required to be excluded pursuant to Multilateral Instrument 61 - 101) at a special meeting of shareholders (the "Aquila Shareholder Meeting"). The Aquila Shareholder Meeting is scheduled to be held on November 17, 2021. The Transaction is also subject to approval by the Ontario Superior Court of Justice (Commercial List) and applicable stock exchange approvals. The Transaction does not require the approval of GORO's shareholders.

In addition to shareholder, court and regulatory approvals, the Transaction is also subject to the satisfaction of certain other closing conditions that are customary for a transaction of this nature, and each of GORO and Aquila has provided appropriate interim period covenants regarding the operation of its business in the ordinary course. The Arrangement Agreement includes customary deal protection provisions pursuant to which Aquila has agreed not to solicit any other acquisition proposal (subject to customary fiduciary out rights), has agreed to grant GORO the right to match any superior proposal, and will pay a termination fee of US$1,000,000 to GORO if the Arrangement Agreement is terminated in certain circumstances.

Details of the Transaction and the Arrangement Agreement will be set out in the management information circular to be prepared and mailed to Aquila shareholders in connection with the Aquila Shareholder Meeting.

Subject to all conditions precedent to completion of the Transaction being met, the Transaction is expected to close in late November 2021. In connection with the closing of the Transaction, Aquila will apply to have its shares delisted from the Toronto Stock Exchange.

Support for the Transaction from Key Aquila Stakeholders

Each of Orion Mine Finance and Hudbay Minerals Inc., which hold 28.3% and 10.4%, respectively, of the issued and outstanding Aquila shares, has entered into a voting support agreement with GORO pursuant to

which they have agreed to vote their Aquila shares in favour of the Transaction. In addition, all of the directors and officers of Aquila holding approximately 1.9% of the issued and outstanding Aquila shares in aggregate have also executed a voting support agreement.

Osisko Bermuda Limited, which is a wholly-owned subsidiary of Osisko Gold Royalties Ltd., and a party to gold and silver stream agreements with Aquila relating to the Back Forty Project, has also reiterated that it considers GORO to be an approved purchaser under those agreements, and that it is supportive of the Transaction.

Board Approvals

The Arrangement Agreement has been unanimously approved by the boards of directors of both GORO and Aquila. The Aquila board's approval of the Arrangement Agreement was based in part on the unanimous recommendation of a special committee of independent directors of Aquila which was appointed to consider the Transaction. The board of Aquila has received an opinion from PI Financial Corp. that based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration to be received by Aquila shareholders pursuant to the Transaction is fair, from a financial point of view, to Aquila shareholders.

Advisors

Goodmans LLP is Aquila's Canadian legal advisor and Scotiabank and PI Financial Corp. are Aquila's financial advisors.

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.

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.

ABOUT GOLD RESOURCE CORPORATION

Gold Resource Corporation is a gold and silver producer, developer, and explorer with its operations centered on the Don David Gold Mine in Oaxaca, Mexico. Under the direction of a new board and senior leadership, the Company focus is to unlock the significant upside potential of its existing infrastructure and large land position surrounding the mine, to close the acquisition of Aquila Resources Inc., and to develop the Back Forty Project in Michigan, USA. For more information, please visit GRC's website, located at www.goldresourcecorp.com and read the Company's 10-K for an understanding of the risk factors involved.

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: statements regarding the Transaction, including with respect to the benefits of the Transaction and expectations regarding the combined company (including its growth profile and resource profile, the development of the Back Forty Project, cash flow generation from the Don David Gold Mine, and its market presence and re-rating potential and expectations regarding the payment of dividends); the timing of key Transaction milestones and closing; the ability of GORO and Aquila to satisfy the conditions to and to complete the Transaction; and expectations regarding the impact of the Transaction on GORO and Aquila including in respect of anticipated financial and operating results, strategy and business, and on stakeholders in general. 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 satisfaction of the conditions precedent to the closing of the Transaction (including the obtaining of all shareholder, court, and regulatory approvals); risks associated with the Transaction and acquisitions generally; the Arrangement Agreement may be terminated in certain circumstances; Aquila will incur costs even if the Transaction is not completed; all necessary approvals and consents may not be obtained; uncertainty regarding the ability of the parties to complete all Transaction milestones on the intended timing; inherent risks of mining exploration, development and production operations; economic factors affecting the Company and/or GORO; the integration of the businesses of the Company and GORO; political conditions and the regulatory environment in the United States and Mexico; and the scope, duration, and impact of the COVID-19 pandemic on the Company and GORO as well as the scope, duration and impact of government action aimed at mitigating the 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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