

# AQUILA RESOURCES

*Focused on the Great Lakes Region*

Investor Presentation | September 2016



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*Thomas O. Quigley, Vice President of Exploration for Aquila Resources, is the Qualified Person for the Company as described in National Instrument 43-101 and is responsible for the contents of this presentation.*

# Investment Highlights

Operating in a favorable jurisdiction

Strong Shareholder base

Favorable metal exposure to Gold and Zinc

Several near-term catalysts for value creation

- Permitting – Q3 2016
- New drill results – Q3 2016
- Feasibility Study – Q4 2016

# \$20.75M

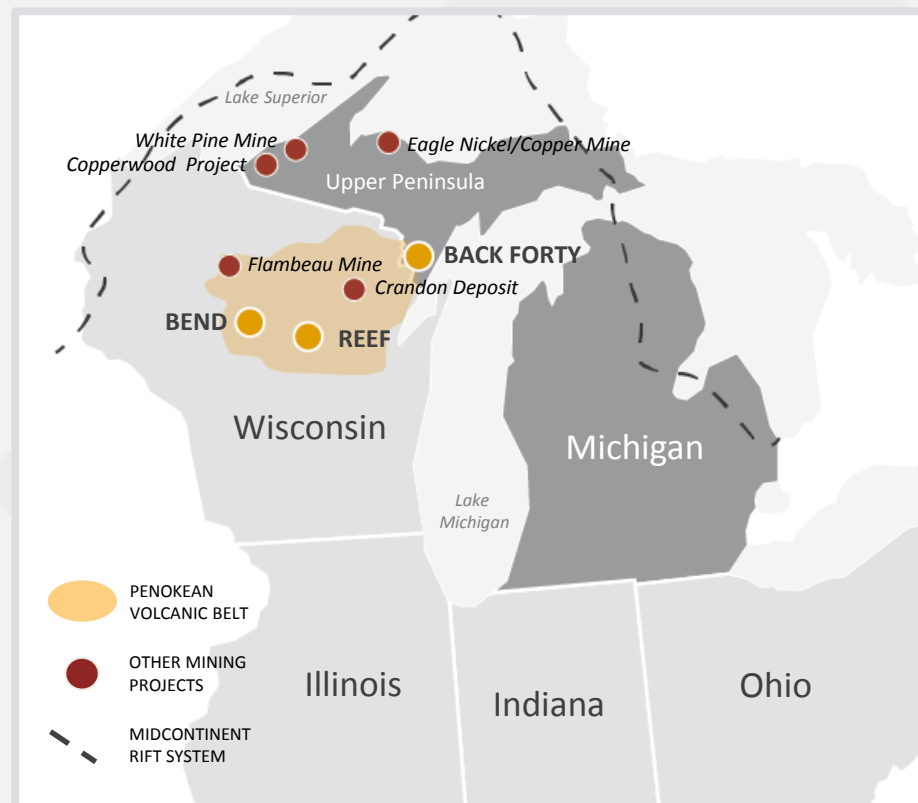
Closed financing agreement with Orion in March 2015:

- Provides funding into 2017



# Focused on the Great Lakes Region

- Strategic focus on high-grade, poly-metallic assets
  - **Back Forty** – Gold and Zinc - Permitting
  - **Bend** - Copper-Gold - Exploration
  - **Reef**- Gold – Exploration
  - **New Project** - Nickel, PPG - Exploration
- Located along the Penokean Volcanic Belt
- Upper Peninsula has long history of mining
- Recent resurgence supported by recent permitting and acquisition activity
- Michigan State issues all permits



Primary focus is Back Forty Project

# Back Forty | Flagship Project

- 100% owned Gold- and zinc-rich deposit
- Re-acquired from Hudbay in 2014
- Located in Michigan's Upper Peninsula
- Granted draft permits – Q3 2016
- Drill results of step-out program expected in Q3 2016
- Feasibility study expected in Q4 2016
- Next low-cost producer

# \$70M

Invested to date

- Exploration
- Technical reports
- Land Acquisition
- Permitting activities

# Back Forty | PEA Economics

	Pre-Tax	After-Tax
NPV @ 6%	<b>\$282.2M</b>	<b>\$210.8M</b>
IRR	<b>38.8%</b>	<b>32.0%</b>
Payback Period	<b>1.4 years</b>	<b>1.8 years</b>

- New PEA includes 2013 resource estimate
- Contemplates mining 16.1Mt over 16 years
  - 12.5Mt open-pit
  - 3.6Mt underground
- Average OPEX of \$29.25/tonne for open-pit & \$66.20/tonne for underground
- Total estimated initial capital cost of \$261M
  - \$177M direct pre-production CAPEX;
  - \$44M contingency; and,
  - \$40M of indirect and owner's costs.
- Potential to develop reduced-CAPEX high-grade initial phase operation

*The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized.*

PEA Metal Prices: Gold: \$1,293/oz; Zinc: \$0.96/lb; Silver: \$20.46/oz; Copper: \$3.18/lb; Lead: \$0.96/lb

## Strong PEA Results Pave the Way for Feasibility Study

# Back Forty | Recovery Rates

Average Metallurgical Recovery*	
Ore Type	Recovery %
<b>Au**</b>	63.3%
<b>Zn**</b>	93.0%
<b>Ag**</b>	55.5%
<b>Pb**</b>	41.1%
<b>Cu**</b>	79.9%

# 4

Product streams:

- Gold – Silver doré
- Zinc concentrate
- Copper concentrate
- Lead concentrate

*\*As calculated using 2016 Metallurgical Test Program data applied to 2016 PEA mine plan .*

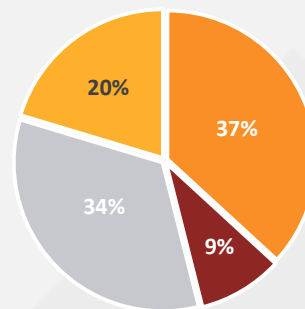
*\*\*Values are weighted averages of ore types where the specified metal is recovered*

## Improved Recoveries Contribute to Stronger Project Economics

# Back Forty | Production Highlights

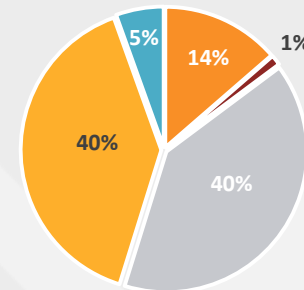
Production Parameters	
Mine Life	<b>16 years</b>
Throughput	<b>5,350 tpd (open pit)</b>
Total Payable Production	
Gold	<b>532K oz</b>
Zinc	<b>721M lbs</b>
Copper	<b>74M lbs</b>
Silver	<b>4,645K oz</b>
Lead	<b>21M lbs</b>

Revenue by Product



■ Cu concentrate 
 ■ Pb concentrate  
■ Zn Concentrate 
 ■ Au/Ag Dore

Revenue by Metal



■ Cu 
 ■ Pb 
 ■ Zn 
 ■ Au 
 ■ Ag

Benefits of polymetallic deposits

Diverse Revenue Streams Provide Natural Hedge



# Back Forty | Sensitivity Analysis

	Base Case -15%	Base Case	Base Case + 15%
Gold	\$1,099/oz	\$1,293/oz	\$1,487/oz
Silver	\$17.39/oz	\$20.46/oz	\$23.53/oz
Zinc	\$0.82/lb	\$0.96/lb	\$1.10/lb
Copper	\$2.70/lb	\$3.18/lb	\$3.66/lb
Lead	\$0.82/lb	\$0.96/lb	\$1.10/lb
<b>Pre-Tax</b>			
NPV @ 6%	\$122.3M	\$282.2M	\$440.6M
IRR	23.7%	38.8%	52.0%
Payback Period	2.8 years	1.4 years	0.9 years
<b>After-Tax</b>			
NPV @6%	\$95.2M	\$210.8M	\$324.8M
IRR	20.2%	32.0%	42%
Payback Period	3.1 years	1.8 years	1.2 years

Economically Viable Against Commodity Price Fluctuations

# Back Forty | Mineral Resources\*

Category	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (oz) Content	Zn (lbs) Content
Measured	6,700,000	2.16	27.30	0.47	0.18	3.95	465,000	583,000,000
Indicated	8,430,000	1.92	22.24	0.22	0.26	2.36	520,000	439,000,000
<b>M&amp;I</b>	15,130,000	2.03	24.48	0.33	0.22	3.06	985,000	1,022,000,000
Inferred	2,340,000	2.07	26.53	0.36	0.33	2.20	156,000	113,000,000

\*Mineral resources are not mineral reserves and do not have demonstrated economic viability. NSR cut-off values for the 2013 resource estimate were based on metal price assumptions of US\$0.96 per pound zinc, US\$3.65 per pound copper, US\$1.01 per pound lead, US\$1456.36 per troy ounce gold and US\$27.78 per troy ounce silver. Metallurgical recoveries were determined and applied for each of the metallurgical domains determined for the deposit. Cut off values were determined for each of the metallurgical domains contained in the optimized open pit were based on NSR values. Average cut-off value for the open-pit resource contained within an optimized pit shell was US\$27.75. Cut off values were determined for each of the metallurgical domains based on NSR values. Average cut-off value for the underground resources outside of the optimized pit shell was US\$66.45. Refer to the February 4, 2013 press release for full cautionary language and disclosures.

~90% of Resources are in M&I Category

# Back Forty Development Strategy

- Permitting and Feasibility of Open-pit only
- Continue to drill and better define underground
  - Ore body open at depth
  - Potentially introduce underground earlier in open-pit life
- Seek new permit of underground post-construction
- Continue to drill satellite targets
  - Results of 10 drill holes expected in Q3 2016

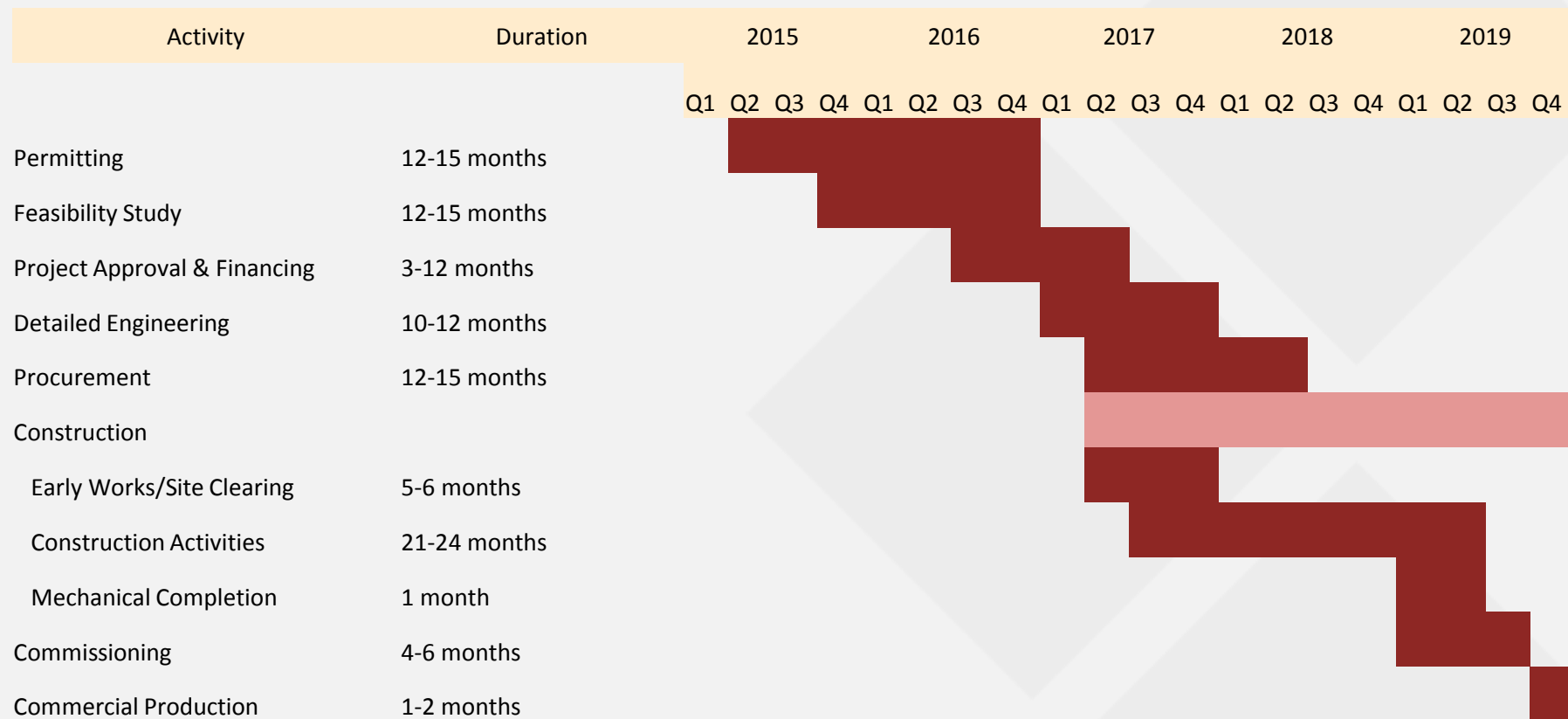
Potential to Extend Mine Life and Improve Project Economics

# Back Forty | Permitting Update

- Application to permit open-pit – Phase 1
  - Underground permit application to follow start of commercial production
- 4 concurrent permits:
  - Mining Permit (Part 632)
  - Pollutant Discharge & Elimination System Permit (NPDES)
  - Wetlands Protection Permit
  - Air Permit
- Application review period
  - Responded to 197 questions from regulator
- Series of public meetings
  - MDEQ as well as Aquila sponsored events throughout permitting process
  - MDEQ held first public meeting on Jan 5th
- Granted draft permits
  - Mining Permit
  - NPDES
  - Air Permit
- Wetlands Protection Permit under review

Notice of Mine Permit Decision Provided in Q3 2016

# Back Forty | Milestone Calendar



Management supported by advisors and consultants

# Aquila | Future Opportunities

## Regional Exploration

- Targets near Back Forty
- VMS deposits occur in clusters
- Ongoing exploration
  - Step-out drilling
  - Underground
  - Satellite targets

## New projects in the U.P.

- Aquila Nickel
- Favorable regulatory environment
- Resource-rich area with strong mining legacy

## Advance development of secondary projects:

- Bend and Reef
- Build on early strong drill results



# Management Team | Experienced & Committed

Management	Directors
<p><b>Barry Hildred, CEO</b> - Current Chairman of Aldridge Minerals. Founder and Former President of TMX Equicom + 20 years of capital markets experience. Vice chair of Children's Aid Foundation of Canada.</p>	<p><b>Edward Munden, Chairman</b> - Currently a Director and Co-Founder of private investment company and a Director of Mustang Minerals. Co-founded a NASDAQ-traded energy company and held senior positions until it was sold in 2001, +35 years of experience in energy, mining and technology industry.</p>
<p><b>Andrew Boushy, Vice President</b>, P.Eng - 25+ years of experience in project delivery, engineering design, strategic planning, contract management, construction and operational improvement. Previously with Ausenco Canada, Mining and Minerals, Xstrata Nickel, Kinross Gold, Hatch Africa and the Nuclear Waste Management Organization.</p>	<p><b>Barry Hildred</b> (refer to Management column)</p>
<p><b>Stephanie Malec, CFO</b> – 15+ years of experience combining accounting, financial reporting, public markets and mining sector work. Previously with Malbex Resources, Starfield Resources, Dundee Precious Metals, Falconbridge and PriceWaterhouseCoopers</p>	<p><b>Peter M.D. Bradshaw</b> - Currently a Director with First Point Minerals, 45 years of international mineral exploration experience in over 30 countries with Barringer Research, Placer Dome and Orvana Minerals.</p>
<p><b>Tom Quigley, VP Exploration</b> P. Geo - Former President and CEO of Aquila Resources Inc. &amp; current President of Minerals Processing Corporation. Qualified Person for Aquila Resources.</p>	<p><b>Kevin Drover</b> – President &amp; CEO of Aurcana Corporation since 2014. 40+ years of experience in management, operations and project development with mining companies with assets around the world, including Kinross Gold, Benz Mining, Oracle Mining and Glencairn Gold.</p>
<p><b>Cliff Nelson, VP US Operations</b> – 35 years of operational, metallurgical and mine management experience. Previously with Comstock Mining, BHP Copper and EMC Metals.</p>	<p><b>Stephen Fabian</b> – Currently a Principal and Director of Genus Capital Fund, listed on the LSE as the Baker Steel Resource Trust. Founder of South American Ferro Metals and formerly held positions with County NatWest and Rock Capital Partners. +25 years of experience in the mining and finance industry.</p>
	<p><b>Andrew W. Dunn</b> – Currently Managing Partner of Canadian Shield Capital and Senior Advisor of Atlas Partners. Previously spent 27 years at Deloitte, and served as Vice Chair of Deloitte Canada and Chair of its Client Cabinet</p>

Committed to Un-locking Aquila's Potential

# Aquila | Capital Structure

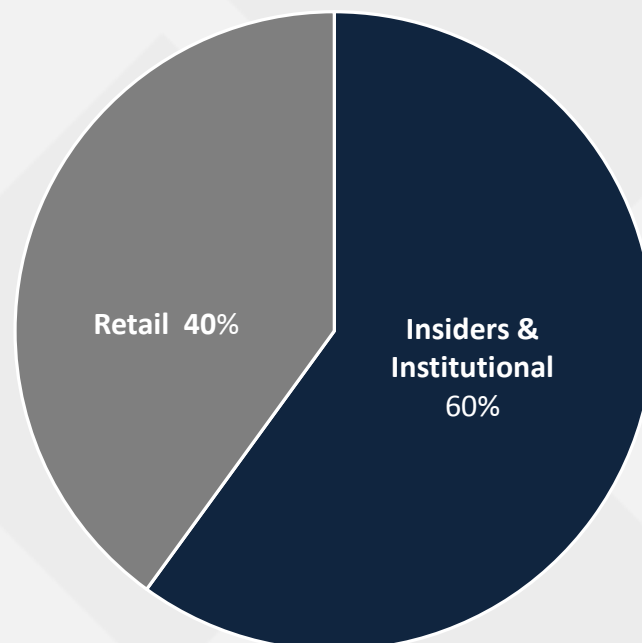
## CURRENT CAPITAL STRUCTURE

TSX	AQA
Share Price (As of Sep 9, 2016)	\$ 0.27
Avg. 3-mth volume	64,098
52-week range	\$0.12 - \$0.32
Market Cap.	\$ 70.3M
Shares O/S	234 M
Year End	December 31

## MAJOR INSTITUTIONAL SHAREHOLDERS

Orion	19%
Hudbay Minerals	15%
Ruffer	15%

## CURRENT OWNERSHIP STRUCTURE



**Strong Shareholder Support & Investor Backing**

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# Contact Information

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