AQUILA RESOURCES INC.

ANNUAL INFORMATION FORM

FISCAL YEAR ENDED DECEMBER 31, 2014

DATED MARCH 30, 2015

ANNUAL INFORMATION FORM INDEX

GENERAL

This is the "Annual Information Form" (the "**AIF**") for Aquila Resources Inc. ("**Aquila**" or the "**Company**") dated as at March 30, 2015**.**

NOTICE REGARDING FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking statements" and "forward-looking information" (forward-looking statements) as defined in applicable securities laws that reflect Aquila's current expectations and projections about its future results. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are based on assumptions, estimates, analyses and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors which the Company believes to be relevant and reasonable in the circumstances.

Words such as "estimate", "intend", "believe", "expect", "anticipate", "plan", "potential" and similar terminology to identify forward-looking statements are used in this AIF, which are, by their very nature, not guarantees of Aquila's future operational or financial performance, and are subject to risks and uncertainties, both known and unknown, as well as other factors that could cause Aquila's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to risks associated with the mining industry including operational risks in exploration, development and production; uncertainties relating to the interpretation of drill results and the geology, continuity, grade and estimates of mineral reserves and resources; production risks and the uncertainty of estimates and projections in relation to development and production revenues and expenses; fluctuations in metal prices and currency exchange rates; operational hazards and risks, including the inability to insure against all risks; compliance with applicable government regulations, including environmental requirements; and the availability of adequate infrastructure; the Company's limited financial resources and its ability to continue as a going concern and to fund its operating and capital expenses necessary to achieve its business objectives; the Company's dependence on key employees; the Company's ability to compete with other mining companies possessing greater financial resources; the Company's ability to obtain requisite permits and licenses; risks arising from challenges to the Company's title to its assets, including those arising in respect of aboriginal rights; and the potential for conflicts of interest to arise. Specifically, this AIF contains forward-looking statements regarding:

- the expected activities at the Back Forty Project and the expected completion date of a feasibility study and permitting application and other project milestones;

- the continued financial support from parties to satisfy the Company's ongoing working capital and other contractual commitments

These forward-looking statements and information are based on current expectations and are naturally subject to uncertainty and changes in circumstances that may cause actual results to differ materially from those expressed or implied by such forward-looking statements and information.

Inherent in forward-looking statements and information are risks and uncertainties beyond the Company's ability to predict or control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements and information contained in, or incorporated by reference into, this AIF. Such statements and information are based on a number of assumptions and factors which may prove to be incorrect, including, but not limited to, assumptions about:

- the availability of financing for the Company's exploration and development projects and other operations on reasonable terms;
- the availability of personnel for the Company's exploration and development projects;
- interest rates and foreign exchange rates;
- the supply and demand for, deliveries of, and the level and volatility of prices of zinc, copper, gold, silver and other commodities;

- the timing of the receipt of regulatory and governmental approvals for the Company's development projects and other operations;
- market competition;
- risks involved in mining, processing, exploration and research and development activities;
- tax benefits;
- the supply and availability of consumables and services;
- the supply and availability of all forms of energy and fuels at reasonable prices;
- the Company's ongoing relations with its employees;
- inaccurate geological and metallurgical assumptions (with respect to the size, grade and recoverability of mineral reserves and resources);
- unanticipated operational difficulties;
- unanticipated events relating to regulatory, environmental, health and safety matters; and
- changes in general economic conditions or conditions in the financial markets.

The Company's ability to predict the results of its operations or the effects of various events on its operating results is inherently uncertain. Therefore, the reader is cautioned to consider carefully the matters described under the caption "Narrative Description of the Business – Risk Factors". Such factors and many other factors beyond the Company's control could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by the forward-looking statements and information.

The above list is not exhaustive of the factors that may affect the forward-looking statements and information. These and other factors should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements and information.

Statements relating to "mineral reserves" or "mineral resources" are deemed to be forward-looking statements and information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future. These statements reflect belief of management of the Company ("Management") and are based on information currently available to Management. Although Management believes that these statements and information are based on reasonable assumptions, a number of factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements and information.

The forward-looking statements and information contained in this AIF and any documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statement and information after the date of this AIF to conform such statements and information to actual results or to changes in the Company's expectations except as otherwise required by applicable legislation.

TECHNICAL INFORMATION

Technical information provided herein for the Company's Back Forty Project located in Menominee County, Michigan (the "**Back Forty Project**") is based upon information contained in the preliminary economic analysis in respect of the Back Forty Project entitled "Preliminary Economic Assessment of the Back Forty Project, Michigan, USA" with an effective date of February 4, 2013 for the resource estimate contained therein and July 23, 2014 for the balance of the report (the "**PEA**"), prepared by Tetra Tech, authored by Andrea K. Martin, P.E., EUR ING Andrew Carter, B.Sc., C.Eng., MIMMM, SAIMM, SME, Arun Vathavooran, Ph.D., C.Eng., MIMMM, SME, Daniel Sweeney, P.Eng., Dharshan Kesavanathan, P.Eng., Mike McLaughlin, P.Eng., Rex Bryan, Ph.D., SME, Sabry Abdel Hafez, Ph.D., P.Eng and Wenchang Ni, P.Eng. all independent Qualified Persons under National Instrument 43-101 ("**NI 43-101**"), and filed on September 8, 2014. All summaries and references to the PEA are qualified in their entirety by reference to the complete text of the PEA, which can be found under the Company's profile at www.sedar.com.

The PEA should not be considered to be a prefeasibility or feasibility study, as the economics and technical viability of the Back Forty Project have not been demonstrated at this time. 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. Furthermore, there is no certainty that the PEA results will be realized.

The scientific and technical information in this AIF was reviewed and approved by Thomas O. Quigley, Vice President of Exploration and Senior Technical Advisor for the Back Forty Project. By virtue of his education, experience, and professional association, Mr. Quigley is considered a Qualified Person as defined under NI 43-101.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF INDICATED AND INFERRED RESOURCES

This AIF uses the terms “Measured”, “Indicated” and “Inferred” Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. “Inferred Resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies except at the scoping or preliminary economic assessment level. United States investors are cautioned not to assume that all or any part of Indicated Resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable.

1 CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

The Company was originally incorporated in the Province of Ontario as 1223068 Ontario Limited by Articles of Incorporation dated February 17, 1997.

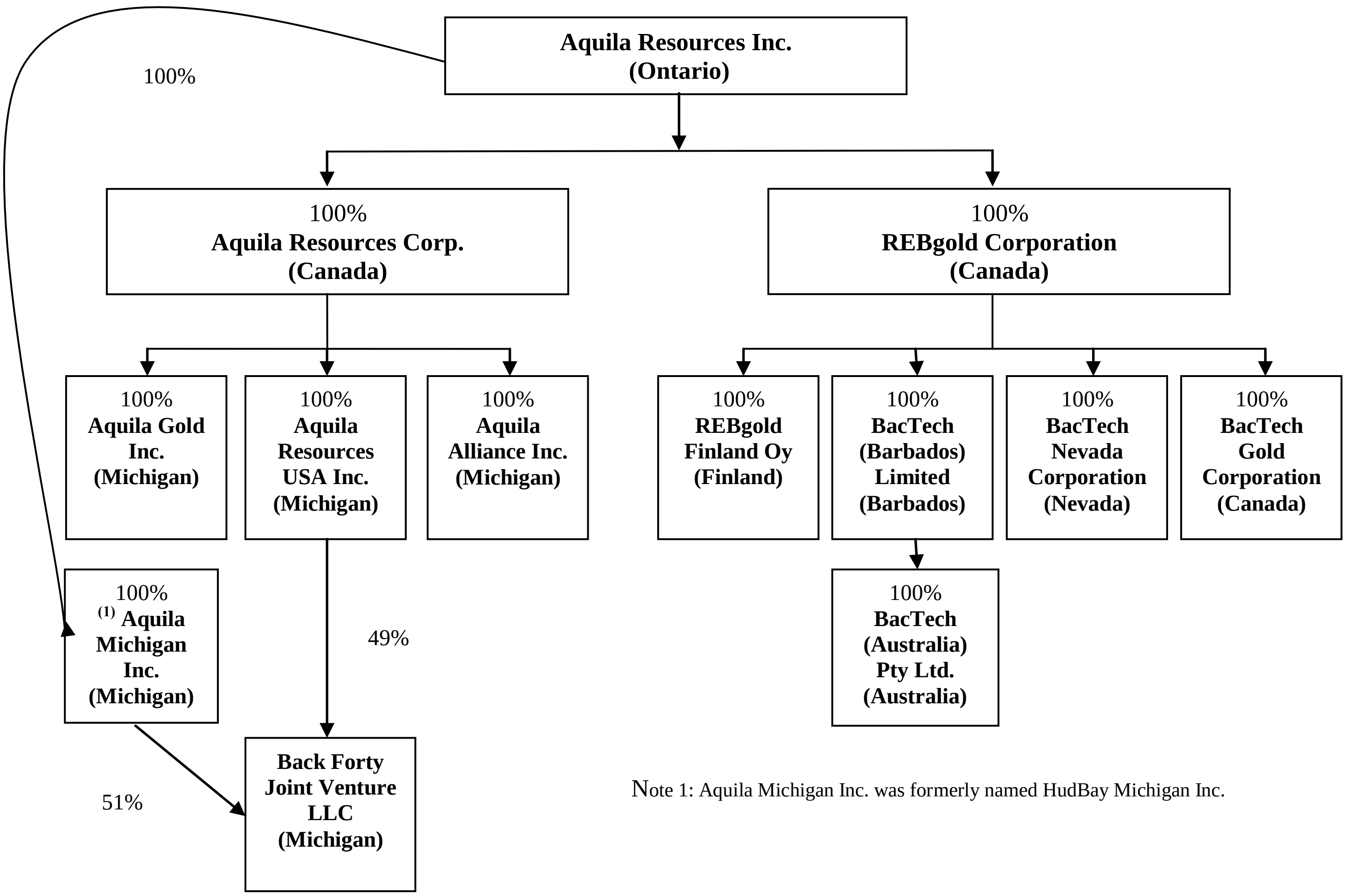
The Company’s head office is located at Suite 300, 10 King St E., Toronto, Ontario, M5C 1C3. The Company’s registered office is located at Suite 3400, 333 Bay Street, Toronto, Ontario M5H 2S7. The Company’s U.S. operations are located at 414 10th Avenue, Suite 1, Menominee, MI, 49858.

The Company is a reporting issuer in the Provinces of Ontario, Alberta, Nova Scotia, Saskatchewan and British Columbia. The common shares of the Company are listed on the Toronto Stock Exchange (“TSX”) under the symbol “AQA”, on the Frankfurter Wertpapierbörse (“FWB”) as “JM4A” and on the American OTC Pink Sheets under the symbol “AQARF”.

1.2 Intercorporate Relationships

Unless otherwise indicated herein, the terms ‘we”, “us”, “our”, “the Company”, “the Issuer” and “Aquila” refer collectively to Aquila Resources Inc. The Company has four main subsidiaries, Aquila Resources Corp, and Aquila Resources USA Inc. Aquila Michigan Inc. (formerly known as HudBay Michigan Inc.) and REBgold Corporation, The remaining subsidiaries are inactive. All subsidiaries are 100% owned.

As of December 31, 2014, the corporate structure of Aquila Resources Inc. is as follows:



2 GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three Year History

The Company is a natural resource company engaged in the acquisition, exploration and development of the Back Forty Project and other mineral resource properties in the United States of America and Finland. The following is a summary of the general development of the Company over the last three years.

Activities – Fiscal Year 2014

Back Forty Project

The principal asset of the Company is its 100% interest in the Back Forty Project. The Company filed a new PEA for the Back Forty Project on September 8, 2014. The PEA includes the resource estimate for the Back Forty Project that was announced February 18, 2013.

The PEA incorporates a revised mine plan and results from Aquila's 2013 resource update, with the result of various trade-off studies which looked at different mine configurations to determine the optimal scenario for the project. The base case scenario indicates a pre-tax net present value ("**NPV**") of $282.2 million, using a discount rate of 6%, with an internal rate of return ("**IRR**") of 38.8%. The base case scenario indicates after tax NPV of $210.8 million, using a discount rate of 6%, with an IRR of 32.0%. Furthermore the PEA describes an alternative low initial capital starter pit option that focuses on mining near-surface, high-grade zones by way of three small open pits in order to maximize capital return in the early years of production.

The PEA should not be considered to be a prefeasibility or feasibility study, as the economics and technical viability of the Back Forty Project have not been demonstrated at this time. 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. Furthermore, there is no certainty that the PEA results will be realized.

A number of geophysical anomalies have been identified peripheral to the known mineralization at Back Forty, and detailed ground geophysics and up to a thousand metres of diamond drilling are planned to test these high priority targets. The Company is planning a small exploration program for 2015 subject to available financing.

The Company is also planning to ramp-up activities related to its permit application for Back Forty with the Michigan Department of Environmental Quality. The Company will continue to use the services of Foth Infrastructure and Environment, LLC based in Green Bay, WI and is targeting a submission date in the first half of 2015. The level of activities is subject to the extent of available financing.

During the year ended December 31, 2014 the Company incurred project exploration and administrative expenditures of $571,700. Acquisition costs incurred on the Back Forty Project for the year ended December 31, 2014 were $1,488,414. Included in this amount is the 7th property purchase installment of US$1.4 million that was made prior to August 3, 2014 to the owners of the Thoney Property as per the option agreement to purchase the Thoney property.

Reef Gold Project:

During the year ended December 31, 2014 the Company incurred exploration expenditures of $44,100 (2013 - $1,108). Acquisition costs incurred on the Reef Gold Project for the year ended December 31, 2014 was $30,219 (2013 - $30,149). Future exploration of the property will depend on the availability of funding.

Bend Project:

The Company had lease and/or option costs for fiscal 2013 in connection with the Bend Project. During the year ended December 31, 2014 the Company incurred exploration expenditures of nil (2013 - $44,286) Future exploration of the property will depend on the availability of funding.

Corporate Activities:

On January 16, 2014, the Company completed the Acquisition Transactions, which are described in further detail in Section 2.2 “Significant Acquisitions and Significant Dispositions” below.

On September 22, 2014, the Company completed a non-brokered private placement of 8,972,354 units (“**Units**”) at a price of $0.13 per Unit. Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at $0.15 per share for a period of thirty-six (36) months following the closing of the offering.

As part of its next phase of development, the company is looking to complete a Feasibility study at Back Forty towards the latter half of 2015. The completion of this study is subject to the company securing long-term funding. In a January 27, 2015 press release, Aquila announced that it had entered into an exclusivity agreement with Orion Mine Finance (“**Orion Financing**”) on a multilevel financing transaction that will include a private placement and a silver stream for total financing of $20.75-million (U.S.). Summary highlights of the Orion Financing include:

- Aquila will issue 26,923,077 units ("**Unit Financing**") at a price of US$0.13 per shares for gross proceeds of US$3.5 million, with each unit consisting of one common share and one-half warrant a. Each whole warrant has a term three-years to purchase one common share at a price of US$0.19 per share;

- Orion will acquire 75 per cent of Aquila's life-of-mine silver production from Back Forty for gross proceeds of $17.25-million (U.S.), subject to a drawdown schedule that will be set out in the definitive agreement;

- Orion will further pay a continuing price of $4 (U.S.) per ounce of silver delivered under the streaming agreement; and

- Concurrent with the proposed transaction, Aquila will repurchase the existing royalties with the Back Forty project from Vale Exploration USA Inc. for cash consideration of US$4.0 million, and from HudBay Minerals Inc. for and US$1.0 million in cash plus US$225,000 of Unit financing.

The proposed transaction is subject to satisfactory completion of the due diligence by Orion, the execution of mutually acceptable definitive agreements and receipt of Toronto Stock Exchange approvals. As of the date of this report, the Orion Financing has not closed, but is expected to close by the end of the second quarter.

Activities – Fiscal Year 2013

Back Forty Project

On February 18, 2013, Aquila announced an resource estimate for the Back Forty Project. The updated mineral resource expanded on and incorporated parameters derived from the April 26, 2012 Preliminary Economic Assessment that utilized a 2010 mineral resource. The updated open pit mineral resource consisted of 9,647,498 tonnes, an increase of 28% from the 2010 estimate.

Reef Gold Project:

During the year ended December 31, 2014 the Company incurred exploration expenditures of $1,108 (2013 - $713,375). Acquisition costs incurred on the Reef Gold Project for the year ended December 31, 2014 was $45,961 (2013 - $47,865). Future exploration of the property is dependent on the availability of funding.

Bend Project:

During the year ended December 31, 2014 the Company incurred exploration expenditures of NIL (2013 - $35,454). Future exploration of the property is dependent on the availability of funding.

Activities – Fiscal Year 2012

Back Forty Project:

The Company's 49% interest in the Back Forty Joint Venture was transferred to a limited liability company called Back Forty Joint Venture LLC on March 9, 2012.

Back Forty Project Preliminary Economic Assessment:

The Company completed a Preliminary Economic Assessment ("**2012 PEA**") of the Back Forty Project. The potential economic viability of the Back Forty deposit was evaluated using measured, indicated and inferred mineral resources and a discounted pre-tax cash flow analysis. The mine plan evaluated in the 2012 PEA assessed the mining of only parts of the near surface portion of the resource by open pit methods. Potential underground mining of deeper resources was not addressed in the 2012 PEA

HudBay suspension of its development activities on the Back Forty Project:

On July 3, 2012 the Company announced it had been informed by HudBay Minerals Inc. ("**HudBay**") that it had decided to suspend its development activities at the Back Forty Project. The Company evaluated a range of options and opportunities available to it to continue advance the project and strengthening its position in the Great Lakes region. The Company worked with HudBay to consider strategic alternatives that were in the best interests of the Company's shareholders, other stakeholders, and the Back Forty Project.*Michigan Gold:*

In 2012 the Company decided not to exercise its option with MPC as the prospects for the Michigan Gold properties did not warrant further exploration. The capitalized acquisition costs were written off at that time.

Reef Gold Project:

Drill results on the 100% owned Reef Gold Project were announced on May 8, 2012 and July 9, 2012 and can be viewed at www.sedar.com

Bend Project:

Drill results at the Bend property, formerly an Exploration Alliance property, were announced on June 11, 2012 and August 2, 2012 and can be viewed at www.sedar.com .

Termination of the Exploration Alliance between HudBay and the Company:

During the year the Exploration Alliance between HudBay and the Company was terminated by HudBay. As a result of the termination the Company's interest in the four former Exploration Alliance properties were increased to 100% from 49%, subject to a HudBay back in right on the Bend deposit.

2.2 Significant Acquisitions and Significant Dispositions

On November 7, 2013 the Company announced the following transactions which were subsequently completed on January 16, 2014. The transactions have been reflected as of December 30, 2013, the date on which the shareholders of Aquila and REBgold Corporation ("REBgold") approved the transactions.

i. a statutory plan of arrangement pursuant to which the Company acquired all of the outstanding shares of REBgold in exchange for shares of the Company on a 1-for-1 basis (the "**Arrangement"**);

ii. a non-brokered private placement of REBgold shares for gross proceeds of approximately CDN$4.85 million (the "**REBgold Financing**"). Pursuant to the REBgold Financing, Baker Steel Capital Managers LLP, on behalf of investment funds managed or controlled by it ("**Baker Steel**"), REBgold's larger shareholder, invested CDN$4.5 million of such gross proceeds. Proceeds from the REBgold Financing will be used for general working capital and to fund the next phase of development activity at Back Forty; and

iii. the acquisition of 100% of the shares of HudBay Michigan Inc. ("**HMI**"), a subsidiary of HudBay Minerals Inc. ("**HudBay**"), effectively giving Aquila 100% ownership in the Back Forty Project (the "**HMI Acquisition**"). Pursuant to the HMI Acquisition, HudBay's 51% interest in the Back Forty Project was acquired in consideration for the issuance of common shares of Aquila, future milestone payments tied to the development of the Back Forty Project and a 1% net smelter return royalty on production from certain land parcels in the project.

(collectively, the "**Acquisition Transactions**")

The Acquisition Transactions closed on January 16, 2014. Pursuant to the REBgold Financing, REBgold issued a total of 37,300,385 shares at a price of CDN$0.13 cents per share for gross proceeds of approximately CDN$4.85-

million. All shares issued pursuant to the REBgold Financing were immediately exchanged for Aquila shares on a one-for-one basis in accordance with the terms of the Arrangement. In connection with the issuance of 2,285,000 REBgold shares for gross proceeds of CDN$297,050 as part of the REBgold Financing, REBgold paid broker compensation consisting of: (i) a cash commission equal to 7 % of the gross proceeds related to such subscriptions; and (ii) non-transferable broker warrants to purchase a total of CDN$159,950 REBgold shares (representing 7 % of the REBgold shares related to such subscriptions) at a price of CDN$0.15 per share for two years from the closing of the REBgold Financing. As a result of completion of the Arrangement, each broker warrant became exercisable for one Aquila share at a price of CDN$0.15 cents per share.

Immediately prior to completion of the Arrangement and related transactions, there were 64,825,568 REBgold shares outstanding (including shares issued pursuant to the REBgold Financing). All of these shares were exchanged for Aquila shares pursuant to the Arrangement on a one-for-one basis.

In connection with HMI Acquisition, Aquila issued 18,650,193 shares to HudBay in satisfaction of the portion of the purchase price for HMI that was payable on closing.

<u>Post closing capital structure and effective date of transaction</u>

Upon completion of the Arrangement, REBgold became a wholly-owned subsidiary of Aquila. REBgold Shares were delisted from the TSXV following completion of the Arrangement and REBgold has ceased being a reporting issuer.

Immediately following completion of the Arrangement, the REBgold Financing and the HMI Acquisitions, there were 183,160,901 Aquila shares outstanding together with outstanding stock options, convertible debentures and warrants that will collectively be exercisable for up to approximately 27.6 million Aquila shares.

As Aquila was able to exercise defacto control as of December 30th, 2013, management has determined that HMI and REBgold should be consolidated from this date onwards, as it represents the date on which the acquirer has gained control of the acquirees. In addition, Baker Steel had provided a letter of commitment on the financing by this date, ensuring one of the key conditions on the transaction was in place. While approval had not yet been received from the courts until January 7, 2014, the remaining authorization was considered administrative in nature, as all other major precedents conditional to the transaction occurring had been completed. Accordingly, the transactions have been reflected as of December 30th, 2013. As the shares were not legally issued until after year-end, they have been reflected as shares to be issued.

<u>*Accounting Treatment*</u>

During 2012, the Company transferred its interest in the Back Forty Project to a limited liability company, BFJV (described in Note 8 Mineral Properties - Back Forty). In consideration of the transfers of their respective property interests, the Company and HudBay took back a 49% and 51% interest, respectively, in BFJV. The Company accounted for the transaction as a transfer between mineral properties and investments at carrying value during 2012. The Company has significant influence over BFJV and accounted for the investment using the equity method.

The Mineral property costs accumulated by the Company on the Back Forty Project up to the time it acquired the 49% interest in BFJV on March 9, 2012 amounted to $9,294,235, and that amount has been reflected as the Company's Investment in BFJV. This initial investment amount is adjusted based on the Company's share of the income or losses reported by BFJV.

On December 30, 2013 the Company effectively controlled 100% of the Back Forty Project and changed the classification of the investment to mineral property.

As Aquila was able to exercise defacto control as of December 30th, 2013, management has determined that HMI and REBgold should be consolidated from this date onwards, as it represents the date on which the acquirer has gained control of the acquirees. In addition, Baker Steel had provided a letter of commitment on the financing by this date, ensuring one of the key conditions on the transaction was in place. While approval had not yet been received from the courts until January 7, 2014, the remaining authorization was considered administrative in nature, as all other major precedents conditional to the transaction occurring had been completed. Accordingly, the transactions have been reflected as of December 30th, 2013. As the shares were not legally issued until after year-end, they have been reflected as shares to be issued.

3 NARRATIVE DESCRIPTION OF THE BUSINESS

3.1 General

The Company is engaged in the acquisition, exploration and development of the Back Forty Project and other mineral properties.

The principal asset of the Company is the exploration and development of its 100% interest in the Back Forty Project. The principal asset of the Company is its 100% interest in the Back Forty Project located in Menominee County, Michigan. The Company filed the PEA on September 8, 2014.

[This is redundant given disclosure above]The Company also has two exploration projects: Reef Gold Project located in Marathon County Wisconsin and, the Bend Project located in Taylor County, Wisconsin. Reef is a gold property and Bend is a volcanogenic massive sulfide occurrence containing copper and gold.

Through the acquisition of REBgold, the Company has an 19% interest in a joint venture arrangement with Belvedere Resources ("Belvedere", TSX.V:BEL) in the Kiimala and Rantasalmi projects located in Finland. As of July 2014, the Company has suspended funding to this project and is seeking to divest itself from this project As of July 2014, the Company suspended funding of this project and is considering its strategic alternatives of this non-core asset of the Company. As a result, the Company has written the value of this asset down to Nil for the year ended December 31, 2014.Also through the acquisition of REBgold, the Company acquired REBgold's proprietary bioleaching technology and process knowledge which utilizes bacteria in the extraction of precious and base metals from complex refractory ores and concentrates with environmental and economic benefits. To date, the BACOX technology has been used at three gold mines located in Western Australia, Tasmania and China. The Company will investigate project opportunities to leverage the proprietary technology held by the Company.

3.2 Principal Property and Assets – Back Forty Project

The Back Forty Project is an advanced exploration stage volcanogenic massive sulfide (VMS) discovery deposit containing gold, zinc, lead, silver and copper, located in the Upper Peninsula of Michigan, USA and is the primary mineral property interest of the Company. The Back Forty Project is a high-grade, poly-metallic project, which contains approximately 1 million ounces of gold and 1 billion pounds of zinc in the M&I categories, with additional upside potential. The Back Forty Project is directly owned by the Back Forty Joint Venture LLC ("**BFJV**") which controls approximately 4,095 acres of surface and mineral rights which are owned or held under lease or option by BFJV. Some lands are subject to net smelter royalties varying from 1% to 3.5%, with certain lands subject to a 2% to 7% royalty, which includes state royalties, which under state law can be renegotiated.

Upon the completion of the Acquisition Transactions, Aquila owned 100% of the BFJV through its 49% direct interest in BFJV and the 51% interest held through HMI .

New Preliminary Economic Assessment

The Company filed a new PEA on September 8, 2014. This PEA updates the 2012 PEA and includes the resource estimate for the Back Forty Project that was announced on February 18, 2013. The PEA, incorporates a revised mine plan after considering various trade-off studies which looked at different mine and concentrator configurations to determine the optimal scenario for the project.

The PEA should not be considered to be a prefeasibility or feasibility study, as the economics and technical viability of the Back Forty Project have not been demonstrated at this time. 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. Furthermore, there is no certainty that the PEA results will be realized.

Highlights from the new PEA include:

- The PEA contemplates mining 16.1Mt of mineralized material over the 16-year life of mine, of which 12.5Mt is open-pit and 3.6Mt is underground. The PEA demonstrates the potential for a diverse earnings stream with a payable metal value mix of 41.2% gold, 40.5% zinc, 12.0% copper, 5.7% silver, and 0.6% lead;
- The base case scenario indicates a pre-tax NPV of $282.2 million, using a discount rate of 6%, with an IRR of 38.8%. The base case scenario reports an after-tax NPV of $210.8 million, using a discount of 6%, with an IRR of 32.0%;
- Operating at an initial throughput rate of 5,350 tpd, the total payable production of the mine is expected to be 532 thousand ounces of gold, 704 million pounds of zinc, 63 million pounds of copper, 4,645 thousand ounces of silver, and 11 million pounds of lead;
- A total estimated initial capital cost of $261 million comprised of $177 million of direct pre-production capital expenditure ("**CAPEX**"), a $44 million contingency, and $40 million of indirect and owner's costs;
- The average on-site operating costs are $29.25 per tonne processed for open-pit mining and $66.20 per tonne processed for the underground mine; and
- An alternate mine plan, which considers a low-CAPEX ($100.8m), high-grade initial phase operation, was evaluated in the PEA and provides some flexibility in the development of the project. This option would focus on mining near-surface, high-grade zones by way of three small open pits in order to maximize capital return in the early years of production. This approach has the potential to provide attractive economic returns, mitigate certain start-up risks, and allow for significant optionality in the long-term development of the project. Following the five-year initial phase operation, Aquila could commence a second phase operation which would consider an expanded pit and / or inclusion of the underground resource. This opportunity would be fully evaluated during the feasibility stage of project development and could be pursued depending on future macro-economic conditions. The resulting pre-tax NPV at 6% is $129.4m and IRR 38.6% for the stand-alone initial phase operation.

Sensitivity Analysis

A sensitivity analysis was performed to test the economic viability of Back Forty against possible fluctuations in commodity prices. A table illustrating project sensitivity is presented below:

	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
Pre-Tax			
NPV @ 6%	$122.3M	$282.2M	$440.6M
IRR	23.7%	38.8%	52.0%
Payback Period	2.8 years	1.4 years	0.9year
After-Tax			
NPV @6%	$95.2M	$210.8M	$324.8M
IRR	20.2%	32.0%	42.0%
Payback Period	3.1 years	1.8 years	1.2 years

Project Potential

The optimized mine plan provides some flexibility in the development of the project including a low-CAPEX, high-grade initial phase operation. This option would focus on mining near-surface, high-grade zones by way of three small open pits in order to maximize capital return in the early years of production. This approach has the potential to provide attractive economic returns, mitigate certain start-up risks, and allow for significant optionality in the long-term development of the project. This opportunity would be fully evaluated during the feasibility stage of project development and could be pursued depending on future macro-economic conditions.

Other opportunities for consideration include optimization of the underground mining approach, which was not completed as part of the PEA, improving processing performance, and defining the upside potential, including further exploration and expansion of the underground resource, in-pit targets, and near-mine drill targets, which have the potential to extend mine life and improve project economics.

2013 Resource Estimate Update

The Company's most recent resource estimate was announced on February 18, 2013. The result of the updated mineral resource estimate for the Back Forty Project was as follows:

AQUILA RESOURCES INC. BACK FORTY RESOURCE ESTIMATE February 4, 2013

Open Pit†								Contained Metals				
Category	Tonnes	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)	NSR ($/tonne)	Au (oz)	Ag (oz)	Cu (lbs)	Pb (lbs)	Zn (lbs)
Meas.	4,720,716	2.24	26.77	0.55	0.13	3.49	141.88	340,142	4,062,741	57,393,561	12,988,245	363,225,517
Ind.	4,926,783	1.9	18.3	0.14	0.21	1.49	92.41	300,521	2,899,139	14,875,002	23,236,294	162,317,020
Meas. + Ind.	9,647,498	2.07	22.45	0.34	0.17	2.47	116.62	640,663	6,961,880	72,268,562	36,224,539	525,542,537
Inf.	152,488	2.76	34.56	0.19	0.39	2.86	143.31	13,534	169,456	623,620	1,302,241	9,625,371

Underground‡								Au	Ag	Cu	Pb	Zn
Category	Tonnes	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)	NSR ($/tonne)	(oz)	(oz)	(lbs)	(lbs)	(lbs)
Meas.	1,982,087	1.97	28.56	0.29	0.31	5.04	141.22	125,365	1,819,853	12,542,412	13,568,164	220,076,983
Ind.	3,504,462	1.96	27.78	0.33	0.32	3.57	117.79	221,208	3,130,080	25,615,715	24,505,659	276,053,878
Meas. + Ind.	5,486,549	1.97	28.06	0.32	0.32	4.1	126.27	346,572	4,949,933	38,158,127	38,073,823	496,130,862
Inf.	2,184,246	2.03	25.96	0.37	0.33	2.15	101.89	142,351	1,823,307	18,026,223	15,903,291	103,702,673

Global Resource								Au	Ag	Cu	Pb	Zn
Category	Tonnes	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)	NSR ($/tonne)	(oz)	(oz)	(lbs)	(lbs)	(lbs)
Meas.	6,702,803	2.16	27.3	0.47	0.18	3.95	141.68	465,507	5,882,594	69,935,973	26,556,409	583,302,501
Ind.	8,431,244	1.92	22.24	0.22	0.26	2.36	102.96	521,729	6,029,219	40,490,717	47,741,953	438,370,899
Meas. + Ind.	15,134,047	2.03	24.48	0.33	0.22	3.06	120.11	987,236	11,911,813	110,426,690	74,298,362	1,021,673,399
Inf.	2,336,734	2.07	26.53	0.36	0.33	2.2	104.6	155,885	1,992,763	18,649,843	17,205,532	113,328,043

**Mineral resources are not mineral reserves and do not have demonstrated economic viability. Net smelter return ("NSR") cut-off values 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. "See Mineral Resource Estimate Disclosure."‡ 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. See "Mineral Resource Estimate Disclosure."*

The updated resource was compiled by Tetra Tech of Golden Colorado with input by Aquila's technical team, and incorporated the results of an additional 78 drill holes from the previously calculated resource prepared in 2010. In addition to incorporating recent drilling, the updated resource includes a new geological model of the deposit with increased detail on the geologic boundaries of the Back Forty deposit from both a geological and geo-metallurgical standpoint.

The updated mineral resource expanded on and incorporated parameters derived from the April 26, 2012 PEA that utilized the 2010 mineral resource. The PEA contemplated mining 7,536,000 tonnes of mineral resources from an open pit. The updated open pit mineral resource consisted of 9,647,498 tonnes of measured and indicated resources utilizing a NSR cut off averaging US$27.75 per tonne. The updated resource also quantified mineralization outside of the open pit shell utilizing an underground NSR cut off averaging US$66.45 per tonne.

Mineral Resource Estimate Disclosure:

- **Ordinary Kriging Estimation:** Ordinary kriging (OK) by Datamine® was used to estimate the Back Forty resources. The estimate was constrained to be within interpreted geologic domain wireframes. Specific gravity was assigned to lithologic zones by regression equations using sulfur and iron content. Gold, silver, lead and zinc values were capped at levels based on interpreted composite statistics and cumulative frequency plots. Variography was used to define anisotropy of mineralization and search parameters within each lithologic zone. Mineral classification of measured, indicated and inferred was defined by a strategy of three kriging passes using increasing search ranges.

- Mineralization offering reasonable prospects for economic extraction by open pit were determined using the Lerchs-Grossman optimizing algorithm which evaluates the profitability of each resource block based on its NSR value. Optimization parameters were based on cost parameters derived in the April PEA as well as updated metallurgical recoveries and updated metal prices. Metal grades were estimated using an ordinary kriging estimator for each mineral domain.

- Block model grade estimates were validated by comparison with nearest neighbor and inverse distance squared methodogies and visual comparison of composites and drill hole data with resource block data.

- **Open Pit Cut Off:** Cut off values based on metallurgical type for the open pit mineral resources were US$25 for flotation and US$39 for hydrometallurgical or leaching. Average cut off values for the open pit mineral resources were US$27.75.

- **Outside of Pit (Underground) Cutoff:** Cut off values based on metallurgical type for the underground mineral resources were US$65.50 for the flotation and US$79.50 for the hydrometallurgical type. Average cut off values for an underground mining scenario were US$66.45.

- **Net Smelter Return Estimation:** The Back Forty is a poly-metallic deposit with each metal contributing to the value of the mineralization. The mineral resources are therefore reported by utilizing a calculated net smelter return ("NSR"). The NSR calculations were based on the metal grades and metallurgical type designation. Key inputs for the NSR estimation include metal prices, metallurgical parameters (process recovery and product specification by metallurgical type) and concentrate and dore terms (which took into account cost estimates including smelter terms, refining costs, penalties, transportation, insurance, and marketing).

- NSR values for the 2013 resource were calculated in a similar manner as they were in the PEA dated April 26, 2012. Notable changes in the NSR calculation include updated metal prices utilizing a three year trailing average, and updated metallurgical recoveries and concentrate/dore specs. The NSR Value takes into consideration values from lead as opposed to copper in two mineral domains (Tuff Zone massive sulfide and associated stringer zone) as well as value from copper in a mineral domain where only gold and silver were previously considered (Pinwheel Gossan).

- **Updated Metallurgical Recoveries:** Metallurgical recoveries were estimated for a total of 13 metallurgical domains. Six of these domains reflect sulfide-rich flotation ores and seven represent sulfur-poor, gold-silver leach ores. The estimated recoveries were developed utilizing both past and recent metallurgical testing and reflect the best estimate of recovered metals for each individual and discrete metallurgical domain. These recoveries do not take into account 'blending' certain metallurgical zones in an open pit mining scenario. However, the detailed metallurgical domaining of the deposit and associated recoveries allows for development of a more selective mining plan with respect to both open pit and underground mining scenarios.

- **Resource Disclosure:** Because the updated mineral resource estimate does not constitute a material change, a 43-101 technical report will not be completed. Additional details about the updated resource will be available on the Company's website. Mineral resources for the deposit were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves by Rex Bryan, Ph.D., an appropriate independent qualified person for the purpose of National Instrument 43-101.

Reef Gold Project

On March 7, 2011 Aquila announced the acquisition of the Reef Gold Project located in Marathon County, Wisconsin. The Reef area was the focus of historic exploration by Noranda in the 1970's and 1980's. The Reef Gold project hosts a high grade (412,410 tonnes @ 10.6 g/t gold) historical, non NI 43-101 compliant, resource *(1)* which is ope*n* in all directions and in the view of management has potential for expansion.

The Company entered into a series of agreements with private landholders in Marathon County, Wisconsin for the optioning of surface and mineral rights. The agreements consist of mining leases and exploration agreements with an option to purchase. Currently there are a total of 643 acres under these agreements which have terms from 2 to 20 years up to 2031. A variable net smelter royalty up to 2% is payable in the event of mineral production on the property.

Since acquiring the Reef Gold Project Aquila has completed 42 diamond drill holes at Reef that have confirmed and expanded the presence of gold and copper mineralization within loosely defined zones identified by previous explorers. In addition, Aquila has completed a VTEM survey over the Reef Property.

Note (1:) The historical resource estimates for the Reef Gold Project are based on prior data and reports prepared by previous owners of the properties. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources under NI 43-101. The Company is not treating the historical estimates as current mineral resources or mineral reserves. The Company considers that the historical estimates should be considered only as historical references of tonnes and grades. No reliance should be placed on these historical estimates.

Bend Project (a Former Exploration Alliance property*, now 100% owned by the Company)

The Bend Project is located 35 miles southeast of the former producing Flambeau mine and occurs within the Penokean Volcanic Belt. The Penokean Belt is one of the most prolific VMS belts globally and hosts a number of significant deposits, including Aquila's Back Forty Project. The Bend deposit contains a historical, non NI 43-101 compliant, resource estimate *(1)*) of 2.7 million tonnes grading 2.4% copper, 1.4 g/t gold and 13.7 g/t silver, and remains open down dip and down plunge. In addition, a separate gold zone containing 1.12 million tonnes of 4.7 g/t gold and 0.31% copper was delineated in historic, non NI 43-101 compliant, technical reports *(1*) and remains open in all directions. The Company believes the historical results to be relevant.

On October 15, 2010, the Company signed an Exploration Alliance agreement with HudBay. Under the agreement HudBay funded exploration conducted by the Company (as Project Operator) in Michigan and other designated areas. On July 3, 2012 HudBay notified the Company of its intent to terminate the Exploration Alliance agreement, which resulted in 100% of the interest in the Bend project reverting back to Aquila.

Note (1:) The historical resource estimates for the Bend Project are based on prior data and reports prepared by previous owners of the properties. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources under NI 43-101. The Company is not treating the historical estimates as current mineral resources or mineral reserves. The Company considers that the historical estimates should be considered only as historical references of tonnes and grades. No reliance should be placed on these historical estimates.

Finland - Kiimala and Rantasalmi Project

In July 2011, the REBgold entered into a definitive Shareholders' Agreement with Belvedere Resources Finland oy ("**BelFin**"), a wholly-owned subsidiary of Belvedere Resources ("**Belvedere**", TSX.V:BEL) for REBgold to earn an interest in two of BelFin's gold properties in Central Finland, the Kiimala and Rantasalmi properties (the "Properties").

Under the terms of the Shareholders' Agreement, REBgold had the right to earn a 50% interest in a special purpose joint venture company which holds the Kiimala and Rantasalmi projects by contributing expenditures of CDN$6.0 million in a 4 year period. During the first year, REBgold had to spend a minimum of CDN$1.5 million on the Properties. After the earn-in had been completed, REBgold could increase its interest to between 55% and 75%, depending on the level of BelFin's contribution to a Feasibility Study. A further 5% can be earned if REBgold's bioleaching technology could lead to a material improvement in the project economics.

REBgold has incurred expenditures of CDN$2.4 million since the start of the Shareholders' Agreement. In accordance with the agreement, REBgold completed the minimum investment and as such REBgold owns 19% of the properties as of December 31, 2014.

As of July 2014, the Company has suspended funding to this project and is seeking to divest itself from this project. The Company is considering its strategic alternatives of this noncore asset of the Company. As a result, the Company has written value of these assets down to Nil for the year ended December 31, 2014.

3.3 Environmental Compliance

The Company is subject to federal, state and local environmental legislation at its operation. The Company recognizes that it must conduct its business in such a manner as to protect and preserve the environment. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of its operations. The company believes that it is compliant in all material respects with all applicable environmental laws.

3.4 Risk Factors

Commodity Prices

The Company does not own any metal or other mineral producing assets. The profitability of any mining operations in which the Company has an interest will be significantly affected by changes in the market price of the particular commodity. Metal and other mineral prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, central bank sales, world supply of metals and other minerals and stability of exchange rates, among other factors, can cause significant fluctuations in metal and other mineral prices. Such external factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of metals and other minerals has historically fluctuated widely and, depending on the price of metals and other minerals, revenues from mining operations may not be sufficient to offset the costs of such operations.

Lack of Cash Flow and Requirements for New Capital

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated in the near future. The Company has limited financial resources and the mining claims, leases and licenses which the Company holds and joint venture agreements to which the Company is a party impose financial obligations on the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations, including the proposed Orion Financing.

Further exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Failure to obtain additional financing, including the Orion Financing, on a timely basis could cause the Company to forfeit all or part of its interests in some or all of its properties or joint ventures and reduce or terminate its operations.

Without the completion of the Orion Financing, the Company would need to secure other forms of financing on more or less favourable terms than what has been offered by Orion in order to maintain manage the current properties the Company holds.

Exploration Risks

Exploration for metals and other minerals is speculative in nature, involves many risks and is frequently unsuccessful. Any exploration program entails risks relating to the location of economic ore bodies, development of appropriate metallurgical processes, receipt of necessary governmental approvals and construction of mining and processing facilities at any site chosen for mining. The commercial viability of a mineral deposit is dependent on a number of factors including the price of the commodities, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, import and export costs and environmental protection. The effect of these factors cannot be accurately predicted.

All of the resource properties in which the Company has an interest or right are in the exploration and development stages only and are without reserves of metals or other minerals. There can be no assurance that the current or proposed exploration or development programs on properties in which the Company has an interest will result in the discovery of economic mineralization or will result in a profitable commercial mining operation.

Lack of Operating History and Operational Control

The Company has no current source of revenue and its ultimate success will depend on its ability to generate profits from its properties. The Company currently has no producing properties and operates at a loss. The Company's commercial viability is largely dependent on the successful commercial development of its properties.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

The Company has exploration projects in Wisconsin and Michigan where mining projects have been opposed in recent years. Each mining project of the Company will face unique environmental and social issues in the permitting process. There are no guarantees that permitting of a particular project will be achieved.

Competition

The Company competes with numerous other individuals and companies possessing greater financial resources and technical facilities in the search for and acquisition of attractive mineral properties.

Management; Dependence on Key Personnel

Investors will be relying on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company. The Company may need to recruit additional qualified personnel to supplement existing management. The Company is dependent on a relatively small number of key personnel the loss of any one of whom could have an adverse effect on the Company. In addition, while certain of the Company's officers and directors have experience in the exploration and operation of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms. Certain directors and officers of the Company are associated with other natural resource exploration companies and may from time to time be in a conflict of interest. Directors and officers will be required pursuant to applicable corporation law to disclose any conflicts and directors will be required to abstain from voting in respect thereof.

Title Matters

The Company has investigated its rights to explore, exploit and develop its various properties and, to the best of its knowledge, those rights are in good standing. No assurance can be given that such exploration and mining authorities will not be challenged or impugned by third parties. In addition, there can be no assurance that the properties in which the Company has an interest are not subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects.

In addition, the Company's property interests do comprehensively extend to all claim units in all areas and there is a risk that commercially exploitable metal or other mineral deposits are located on adjoining properties which are not owned by the Company.

Aboriginal Land Claims

No assurance can be given that aboriginal land claims will not be asserted in the future in which event the Company operations and title to its properties may potentially be seriously adversely affected.

Environmental Risk

The Company currently has a US$100,000 deposit for potential reclamation costs as part of an agreement to acquire a property. The Company is required to remediate lands that are subject to exploration on an ongoing basis. The financial impact to the Company is expected to be minimal given any surface disturbance is limited in nature. The Company undertakes to observe and adhere by all environmental laws and exploration best practices of the jurisdictions in which it operates.

With respect to environmental regulation, environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards that have been caused by previous or existing owners or operators of the properties may exist on the properties in which the Company holds interests, and may contravene existing or future regulatory standards.

Currency Risk

Currency fluctuations may affect the funds available to the Company as well as the cash flow that the Company may realize from its operations, since metals and other minerals are sold in a world market in U.S. dollars. The Company's costs are incurred in U.S. dollars and Canadian dollars.

4 DIVIDENDS

The Company has not paid any dividends since its incorporation and does not anticipate the payment of dividends in the foreseeable future. At present, the Company's policy is to retain earnings, if any, to finance exploration on its properties. The payment of dividends in the future will depend upon, among other factors, the Company's earnings, capital requirements and operating conditions.

5 DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares of which 192,175,528 were outstanding as at December 31, 2014.

Common Shares

The holders of the common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each common share held at all meetings of the shareholders of the Company. The holders of common shares are entitled to (a) receive any dividends as and when declared by the board of directors, out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. The holders of the common shares have no pre-emptive, redemption or conversion rights.

5.1 Options and Warrants

Options:

There were 14,115,000 (2013 - 14,310,000) stock options outstanding at December 31, 2014 issued to directors, officers, consultants, and employees of the Company with vesting terms ranging from immediately to three years and granted at a weighted average price of CDN$0.16 (2013 - CDN$0.15). During the year ended December 31, 2014 there were 195,000 (2013 - 4,812,250) options cancelled at a weighted average price of CDN$0.25 (2013 - CDN$0.38).

Warrants:

There were 18,561,260 (2013 - 9,550,200) warrants outstanding as of December 31, 2014. During the year ended December 31, 2014, 9,210,926 warrants were granted and 200,000 warrants expired. As a result of the Plan of Arrangement with REBgold, the REBgold warrants (6,221,450) that could be exercised in the future will be converted to Aquila Shares. The weighted average exercise price all warrants is CDN$0.44 (2013 - CDN$0.72), with expiry dates between 2014 and 2019.

5.2 Escrowed Securities

There are no common shares of the Company held in escrow. To the knowledge of the Company, no securities of the Company are subject to pooling restrictions or were subject to a contractual restriction on transfer.

6 MARKET FOR SECURITIES

The common shares of the Company are listed for trading on the Toronto Stock Exchange under the symbol "AQA", on the Frankfurter Wertpapierbörse under the symbol "JM4A", and on the American OTC Pink Sheets under the symbol "AQARF".

Following is a monthly summary of prior sales of Aquila shares:

Month	High	Low	Volume
2014	**$**	**$**	
January	0.155	0.120	1,422,900
February	0.110	0.095	3,424,500
March	0.110	0.095	1,248,900
April	0.100	0.095	740,500
May	0.115	0.095	697,800
June	0.105	0.095	1,360,300
July	0.120	0.095	704,600
August	0.160	0.110	719,000
September	0.135	0.120	673,100
October	0.130	0.095	843,500
November	0.130	0.100	638,100
December	0.105	0.090	862,000

7 ESCROWED SECURITIES/SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS

There are no escrowed securities/securities subject to contractual restrictions at December 31, 2014.

8 DIRECTORS AND OFFICERS

8.1 Name, Occupation and Security Holding

The following table sets out the name, municipality of residence, position(s) held with the Company as of December 31, 2014, principle occupations during the last five years (unless otherwise indicated) and security holdings of each director and officer of the Company:

(1) Member of the Audit Committee.

(2) Member of the Compensation and Nomination Committee.

(3) Securities marked with an "*" may be held directly, indirectly, or a combination thereof

Name and Municipality of Residence	Position(s) Held with the Company	Date of Appointment	Principal Occupations During the Past Five Years	Security Holdings[3]
Barry Hildred Toronto, Ontario	CEO, and Director	March 18, 2013	Principal at Level 2 Advisors, Chairman of Aldridge Minerals, prior to 2009 President of TMX Equicom	5,000,000 options 2,617,210 common shares*
Thomas O. Quigley Stephenson, Michigan, U.S.A.	VP, Exploration	April 17, 2006	Geologist, currently President of Minerals Processing Corp.	1,234,507 common shares* 800,000 options 50,000 warrants
Edward Munden[1] [2] Nepean, Ontario	Director	2001	Director, Capital House Corporation, a private investment company	516,612 common shares* 400,000 options 125,000 warrants
Peter M. D. Bradshaw Vancouver, British Columbia	Director	April 17, 2006	Chairman, First Point Minerals Corp.	500,000 common shares 400,000 options
Mark Burridge[2] London, England	Executive Chairman	January 16, 2014	Chairman and Interim CEO of REBgold Corp. Prior to 2009, CEO of Cambridge Mining Plc	828,000 common shares 2,500,000 options 262,000 warrants
Louis R. Nagy, Newmarket, Ontario	CFO	January 16, 2014	CFO of several resource companies including, BacTech Environmental Corp., and Tri Origin Exploration Inc.	188,700 common shares 400,000 options 30,000 warrants
Coen Louwarts, London, England	VP, Corporate Development	January 16, 2014	Technical Advisor, Rio Tinto. Director, Palabora Mining Co.	100,000 common shares 1,000,000 options
Stephen Fabian[1] Brazil	Director	January 16, 2014	Director of Genus Capital Fund, CEO, Brazilian Diamonds Ltd., Director of REBgold Corp.	504,143 common shares 400,000 options 151,250 Warrants

Name and Municipality of Residence	Position(s) Held with the Company	Date of Appointment	Principal Occupations During the Past Five Years	Security Holdings[(3)]
Peter Secker [(2)] Toronto, Ontario	Director	January 16, 2014	President and CEO, Canada Lithium Corp., Director or REBgold Corp.	20,000 common shares 400,000 options
Ed Guimaraes [(1)] Toronto, Ontario	Director	June 26, 2014	Independent Business Consultant and Corporate Director	500,000 options

(1) Member of the Audit Committee.

(2) Member of the Compensation and Nomination Committee.

(3) Securities marked with an "*" may be held directly, indirectly, or a combination thereof

As of the date hereof, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 6,509,172 common shares, representing 3.4% of the outstanding common shares of the Company. The information as to securities beneficially owned or over which control or direction is exercised, is not within the Company's knowledge and has been furnished by the directors and officers of the Company individually.

8.2 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As of the date hereof, no director or officer of the Company is, or has been within the past ten years, a director or executive officer of any company that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or officer of the Corporation has within the past ten years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

8.3 Conflicts of Interest

Some of the directors and officers of the Issuer are or may be on the Board of Directors or act as directors and officers of other resource companies from time to time. To avoid the possibility of conflicts of interest which may arise out of their fiduciary responsibilities to each of the Boards, all directors have agreed that participation in resource prospects offered to them will be allocated between the various companies on the basis of prudent business.

Other than as discussed above or disclosed elsewhere in this AIF, management of the Company is not aware of any material interest, direct or indirect, of any director or senior officer of the Company, any person or company beneficially owning, directly or indirectly, more than 10% of the common shares of the Company or any associate or affiliate of the Company in any transaction within the last three years or in any proposed transaction which in either case has materially affected or will materially affect the Company.

9 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Corporation, there are no material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed persons of the Corporation, directors, proposed directors or officers of the Corporation, any shareholder who beneficially owns more than ten percent (10%) of the common shares of the Corporation, or any associate or affiliate of these persons in any transaction since the commencement of the Corporation's last completed fiscal year or in any proposed transaction, which has materially affected or would materially affect the Corporation other than as disclosed herein or in the financial statements of the Corporation for the fiscal year ended December 31, 2014. Reference should be made to the notes to the audited financial statements for a more detailed description of any material transaction.

10 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently a party to any legal proceedings.

11 TRANSFER AGENT AND REGISTRAR

The Company's transfer agent is Trans Canada Transfer, of 25 Adelaide St. E., Suite 1301, Toronto, Ontario. Trans Canada Transfer transfers all common shares of the Company. Warrant transfer requests are currently processed directly by the Company.

12 MATERIAL CONTRACTS

The Company's current material contracts are as described elsewhere in this AIF.

13 INTERESTS OF EXPERTS

The experts who have provided reports filed under National Instrument 51-102 (Continuous Disclosure Obligations) referenced in this AIF are:

The PEA was prepared under the supervision of Tetra Tech Inc., specifically Rex Bryan, SME; Wenchang Ni, P.Eng.; Daniel Sweeney, P.Eng.; Arun Vathavooran, Ph.D., C.Eng., MIMMM, SME; Dharshan Kesavanathan, P.Eng.; Mike McLaughlin, P.Eng.; Sabry Abdel Hafez, P.Eng.; and, Andrew Carter, Eur. Ing., C.Eng., MIMMM, MSAIMM, SME.

The experts referred to herein do not have any direct or indirect interests in the Company.

14 AUDIT COMMITTEE INFORMATION

For the year ended December 31, 2014 audit fees were accrued in the amount of $55,000 to MNP LLC. No other fees as of the date of writing have been paid or accrued to the auditor of the Company.

The Company's Audit Committee Charter is available as a part of the Management Information Circular dated June 26, 2014. The members of the Audit Committee are Edward Munden, Stephan Fabian and Ed Guimaraes. All members are independent and all are financially literate.

15 ADDITIONAL INFORMATION

The following documents may be obtained upon request made to the Company or by visiting the SEDAR public documents site at www.sedar.com:

(i) this Annual Information Form and the pertinent pages of any document incorporated by reference in this document;

(ii) the National Instrument 43-101 report on the Back Forty Project dated September 8, 2014;

(iii) the audited financial statements of the Company for its most recently completed financial year ended December 31, 2014 and the interim financial statements of the Company for quarters ended in 2013, that have been filed with the securities regulatory authorities; and

(iv) the Management Information Circular dated June 26, 2014 which contains additional information including director and officer remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans.

The Company may require the payment of a reasonable charge if it receives a request for one of the documents referred to in clause (i), (ii) and (iii) from a person or company who is not a security holder of the Company. Additional information, including details as to remuneration of directors and executive officers, principal holders of the Company's shares, stock option plan and interests of insiders in material transactions, where applicable, and certain other matters are contained in the Management Information Circular. Additional financial information is provided in the Company's comparative financial statements for its fiscal year ended December 31, 2014. A copy of the above-noted financial statements may be obtained upon request from the head office of Aquila Resources Inc. located at Suite 300, 10 King Street East., Toronto, Ontario M5C 1C3, Telephone: 416-646-1850 ext 224, Fax: 416-596-9840, Email: lnagy@aquilaresources.com , Website: www.aquilaresources.com