AQUILA RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED SEPTEMBER 30, 2008

Introduction

The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of the Company dated September, 2008, which were prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP). Financial information for Aquila Resources Inc. is filed at www.sedar.com. The Company's shares are listed on the TSX under the symbol AQA, and its reporting currency is the Canadian dollar. Previously certain financial disclosure of the Company had been in U.S. dollars. All amounts following are expressed in Canadian dollars unless otherwise stated. This Management Discussion and Analysis (MD&A) is dated November 13, 2008.

Forward Looking Statements
This report may contain forward-looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, aboriginal challenges, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.

1. Overview

Aquila Resources Inc. (formerly JML Resources Ltd.) was incorporated in the Province of Ontario as 1223068 Ontario Limited by Articles of Incorporation dated February 17, 1997.

At a Special Meeting of shareholders of JML Resources Ltd. (JML) held on April 17, 2006. It was approved that JML:

(a) Amend its Articles to change its name to Aquila Resources Inc.
(b) Consolidate its common shares on a one for three (1:3) basis
(c) Acquire the issued and outstanding shares of Aquila Resources Corp. and 2079537 Ontario Ltd. (Cashco) as a reverse takeover of JML

The Company carries on the business of mineral exploration and is a mineral exploration company. Exploration expenditures on the Company's projects are funded from the equity capital raised by the Company. Aquila Resources Corp. entered into a reverse takeover transaction with JML (the "RTO") for the purpose of becoming a public reporting issuer, raising financing and continuing mineral exploration with the focus on a volcanogenic massive sulfide (VMS) project located in the state of Michigan, U.S.A. The principal focus of the resulting company is the exploration of the Back Forty Project located in Menominee County, Michigan.

Back Forty Project

The Back Forty is an advanced exploration project. It is located within early Proterozoic aged volcanic rocks of Michigan, the eastern extension of the Penokean Volcanic Belt ("PVB") on the southern edge of the Superior Province of the Canadian Shield. The PVB hosts several other significant VMS deposits including the Flambeau and the Crandon deposits which lie approximately 150 and 50 miles west of the Back Forty Project area.

An updated NI 43-101 compliant resource estimate was announced by the Company on April 25, 2007. The resource was prepared by Eric Chapman, P. Geol of Datamine International, and reviewed by independent Qualified Person Theodore A. DeMatties, P. Geol. The updated resource estimate contains 6.6 million tonnes in the measured and indicated category and 1.75 million tonnes in the inferred category, and more than doubled the previous inferred resource estimate of 3.1 million tonnes (DeMatties and Monroe August 2005).

The resource consists of massive sulfide, gossan, and stringer sulfide mineralization associated with the East Zone, Hinge and South Limb of the Main Zone, the Tuff Zone and Pinwheel Zone, but does not include mineralization associated with the Deep Zone, or gold mineralization associated with porphyry intrusion margins and the 90 Gold Zone.

Measured + Indicated* Resource Summary					**March**	**2007**
Zone	**Tonnes**	**Zn (%)**	**Au (g/t)**	**Ag (g/t)**	**Cu (%)**	**Pb (%)**
Pinwheel Gossan	164,487	0.01	7.49	123.05	0.92	0.20
East Zone Gossan	67,816	0.01	21.79	8.49	0.03	0.03
Total Gossan	**232,303**	**0.01**	**11.66**	**89.60**	**0.66**	**0.15**
Main Zone Hinge and Main Zone South Limb Massive Sulfide	4,094,671	6.58	1.83	18.59	0.25	0.16
Pinwheel Massive Sulfide	1,084,489	1.02	1.78	56.95	1.75	0.16
East Zone Massive Sulfide	957,451	5.64	2.75	17.51	0.40	0.07
Tuff Zone Massive Sulfide	269,381	7.00	1.44	57.25	0.06	1.74
Total Massive Sulfide	**6,405,992**	**5.51**	**1.94**	**26.55**	**0.52**	**0.21**
Total Measured and Indicated	**6,638,295**	**5.32**	**2.28**	**28.76**	**0.52**	**0.21**

***Mineral resources not classified as reserves do not have demonstrated economic viability, and may be materially affected by environmental, permitting, legal, socio-political or other factors.**

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Inferred Resource** Summary - Massive Sulfide, Gossan, and Stringer					March 2007	
Zone	**Tonnes**	**Zn (%)**	**Au (g/t)**	**Ag (g/t)**	**Cu (%)**	**Pb (%)**
Pinwheel Gossan	4,820	0.01	26.34	103.30	0.23	0.11
East End Gossan	1,955	0.01	19.46	7.20	0.04	0.04
Total Gossan	**6,775**	**0.01**	**24.35**	**75.57**	**0.18**	**0.09**
Tuff Zone Massive Sulfide	585,600	6.62	1.89	63.01	0.06	1.74
Main Zone Hinge and Main Zone South Limb Massive Sulfide	5,574	4.62	1.37	15.01	0.18	0.09
Pinwheel Massive Sulfide	0	0.00	0.00	0.00	0.00	0.00
East Zone Massive Sulfide	0	0.00	0.00	0.00	0.00	0.00
Total Massive Sulfide	**591,174**	**6.60**	**1.89**	**62.56**	**0.06**	**1.72**
Stringer Sulfides	**1,156,123**	**0.58**	**3.17**	**16.74**	**0.19**	**0.09**
Total Inferred	**1,754,072**	**2.61**	**2.82**	**32.41**	**0.15**	**0.64**

** **Inferred resources are conceptual in nature and are based on limited sampling, and will require additional exploration to upgrade to a measured or indicated category. Mineral resources not classified as reserves do not have demonstrated economic viability, and may be materially affected by environmental, permitting, legal, socio-political or other factors.**

At the Back Forty Project lenses of zinc and gold-rich massive sulfide and associated gossan mineralization have been identified to date in a thick, intensely altered, and locally gold-bearing sequence of rhyolites, tuffaceous sediments, and intrusive porphyries. Aquila currently controls approximately 9,700 acres of mineral and surface rights in the immediate vicinity of the sulfide mineralization, as well as along the trend of prospective host rocks. The known sulfide zones are open to expansion and ground and airborne geophysical surveys indicate potential extensions of known zones as well as possible additional horizons.

Since completion of the resource calculation dated March 2007 more than 203 additional drill holes have been completed at the property primarily with the objective of increasing the resource at the property. Drilling has defined extensions to the Pinwheel Zone, the Main and Hinge Zones and has also defined gold/silver only mineralization at the PM Zone and the 90 Gold Zone. Some of the zones remain open for continued expansion.

Drill data up to drill hole LK-354 will be incorporated into an updated resource for the project. Additional drilling continued at the project through July with several of the known zones of mineralization remaining open.

Ownership of mineral interests are 100% by way of state and private mining leases, private fee surface and mineral ownership, and options to purchase estates subject to underlying royalty interests and applicable minority interests. The entire project is subject to an overriding 7% net distributable earnings royalty (“net profits after payback”) payable to a former joint venture partner.

2. Operating Highlights

The exploration program during the third quarter of 2008 focused on continued expansion and definition of resources. This included both primary gold mineralization and zinc and copper bearing volcanogenic massive sulfides. During the third quarter on July 28 the Company released additional results from drilling at the South Limb Massive Sulfide. Highlights included 6.2 meters of 2.3% copper and 0.9% zinc in LK-295; 4.3 meters of 26.1 grams per tonne (g/t) gold and 366.0 g/t silver in LK-307 and 7.2 meters of 7.1 g/t gold and 63.8 g/t silver in LK-309. Other significant drill results included 5.4 meters of 10.1% zinc and 0.24% copper in LK-291 and 5.0 meters of 1.0% copper and 1.7% zinc in LK-292.

Drill results announced on August 18, 2008 reported new porphyry margin gold intercepts. Results from an additional five holes and three infill holes were released. Significant intercepts included 2.1 meters of 14.6 g/t gold and 285.8 g/t silver in LK-324 as well as other excellent intercepts.

Drilling since the March 2007 resource is expected to result in significant expansion to several of the mineralized zones. Results from drilling are contained in press releases found on SEDAR at www.sedar.com as well as on the Company's website at www.aquilaresources.com.

The Company announced during the first quarter of 2008 that it had engaged the professional services of SRK Consulting to complete a resource calculation for the Back Forty Project. Prepatory work for the completion of the resource continued during the third quarter. The resource calculation is expected to be completed during the fourth quarter of 2008.

A significant development for the project in the second quarter was the release of results of metallurgical testwork from the resource on June 24, 2008. Results were very positive and showed that overall the flotation testwork produces marketable concentrates of copper, zinc, and lead, with associated gold and silver reporting to the copper and lead circuits. Precious metal ores with negligible copper lead and zinc show excellent gold, and variable silver recovery through a combination of gravity and hydrometallurgical extraction.

The evaluation work summarized was performed by G&T Metallurgical Services of Kamloops, BC and the Company's metallurgical consultant, Alfredo Vargas.

Aquila announced on August 25, 2008 that it was moving forward with a preliminary economic assessment of the Back Forty Project. The study is targeted for completion in early to mid 2009.

The net loss recorded by the Company for the 90 day period ending September 30, 2008 was $40,222 compared to the net loss of $695,699 for the quarter ended September 30, 2007.

The Company is a reporting issuer in Ontario, British Columbia, Alberta, Saskatchewan and Nova Scotia. During 2007 the Company listed on the TSX. Previously the Company was listed on the TSX Venture Exchange.

3. Selected Financial Information

As an exploration company, the Company has no revenue from operations. The Company is dependent on the equity markets to fund its exploration activities. During the year the Company recorded significant interest from funds on deposit.

The following table provides selected financial information that should be read in conjunction with the financial statements of the Company.

	Three months ended September 30, 2008	*Three months ended September 30, 2007*	*Year ended December 31, 2007*	*Year ended December 31, 2006*
Interest and other income	$(41,058)	$(219,866)	$ (880,285)	$(51,148)
Operating Expenses	$81,280	$915,565	$5,720,325	$3,097,861
Net loss	$40,222	$695,699	$4,840,040	$3,046,713
Loss per share	$0.01	$ 0.01	$0.07	$0.07
Mining interest	$26,723,560	$16,237,891	$18,136,287	$9,281,217
Cash	$3,656,286	$16,201,101	$13,416,459	$24,034,601
Total assets	$31,567,482	$33,465,999	$32,573,175	$34,675,923

4. Results from Operations

The Company's operations involve exploration of its mineral exploration property located in Menominee County, Michigan. The Company has no income from its operations. During the period ending September 30, 2008 the Company incurred a loss of $0.01 per share (basic and fully diluted). The comparable loss per share for the prior year quarter period was $0.01. The Company commenced operations as a public company May 2, 2006 with proceeds of the financing arranged as part of the reverse takeover transaction of JML Resources Ltd. by Aquila Resources Corp. The quarterly loss in the third quarter 2008 after interest and other income was $40,222 compared to $695,699 in the third quarter 2007. A significant component to the decrease in the quarterly loss year over year was the decrease in foreign exchange expense of $640,596 (2007 - $447,245; 2008–($193,351)) due to the increased value of the Canadian dollar against the US dollar during the third quarter 2007 and the opposite effect of the Canadian dollar against the US dollar over the same period in 2008 and the decrease in the stock based compensation charge of $169,505 (2007-$220,905; 2008-$51,400).

5. Revenue

None of the Company's properties have advanced to the point where a production decision can be made. As a consequence, the company has no producing properties and no sales or revenues. The Company will from time to time earn interest from funds on deposit. Revenue from interest for the quarter was $ 41,058 compared to the previous year comparable quarter when $219,866 was earned from interest. Cash balances available for investment were significantly reduced year over year.

6. Expenses

	For the quarter ending September 30, 2008	For the quarter ending September, 2007
Stock option compensation cost	$ 51,400	$ 220,905
Foreign exchange loss (gain)	(193,351)	447,245
Consulting fees	51,091	14,150
Travel and promotion	28,337	56,596
Management fees	18,750	18,750
Director's fees	24,000	34,500
Filing and regulatory fees	2,842	11,707
Professional fees	13,890	25,763

During the quarter ending September 30, 2008, the Company incurred total expenses in the amount of $81,280 (September 30, 2007 - $915,565). Notable expense items and material variance are noted in the table above. Foreign Exchange gain is due to the change in the value of assets as a result of the decreasing Canadian dollar against the US dollar.

7. Acquisition Costs

Acquisition costs included option payments on mineral and surface rights at the Back Forty Project. The most significant payment was the option payment of US$1,333,333 on the MRT Property. The balance of the acquisition costs consisted of option payments and a property purchase.

8. Exploration Expenditures

Drilling and other exploration expenditures are capitalized. Exploration expenditures for the quarter ended September 30, 2008 consumed a significant portion of the cash resources of the Company expended during the period. This reflects the primary goal of the Company which is to expand and delineate the resource at the Back Forty Project as part of the goal of completing a preliminary economic analysis or scoping study for the project. Expenditures include wages of geologists, laborers, contractors for drilling and geophysical surveys. In addition to the exploration related expenditures the Company has significant expenditures for baseline environmental studies and community engagement activities which are part of a process leading to a future permit application for the project. A breakdown of exploration expense for the period is presented below.

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	Back Forty Project (CDN$)	
	September 30, 2008	September 30, 2007
Wages	$244,715	$243,184
Assays	96,898	102,902
Geophysics	7,933	581,318
Drilling	209,530	1,097,210
Consult/Legal/Environmental	616,135	566,866
Operator	8,053	29,302
Property Interests	1,443,896	1,392,906
Administration	9,004	8,994
Scoping Study	57,333	-
Other	67,465	135,211
Total	$2,760,274	$4,157,893

9. Summary of Quarterly Results

Selected financial information for the eight fiscal quarters of 2008 and 2007 are presented below:

Quarterly Financial Information (unaudited)

		2008 Q3		2008 Q2		2008 Q1		2007 Q4
(a) Interest and Other Income	$	41,058	$	54,765	$	109,424	$	163,774
(b) Net Income (loss)	$	(40,222)	$	(467,354)	$	(294,829)	$	(1,194,160)
(c) Net Income (loss) per share (Basic)	$	(0.01)	$	(0.01)	$	(0.01)	$	(0.01)

		2007 Q3		2007 Q2		2007 Q1		2006 Q4
(a) Interest and Other Income	$	219,866	$	244,410	$	252,235	$	51,148
(b) Net Income (loss)	$	(695,699)	$	(1,002,538)	$	(2,168,548)	$	(675,264)
(c) Net Income (loss) per share (Basic)	$	(0.01)	$	(0.02)	$	(0.03)	$	(0.01)

10. Financial Condition

Liquidity and Capital Resources

The Company has no significant revenues and no expectation of significant revenues in the near term. In order to manage this risk the Company closely monitors its cash requirements and expenditures to maintain sufficient liquidity.

During the quarter the Company utilized cash on hand to fund operations. The cash balance as at September 30, 2008 was $3,656,286 (September 30, 2007 - $16,201,101).

Liabilities at September 30, 2008 consist of short term trade payables and accrued liabilities of $304,898 (September 30, 2007 - $808,955).

The Company has sufficient funds on hand to finance the operations of the Company in the near term. However, the Company remains dependent on equity financing to fund its ongoing requirements in the future. Alternative sources of capital are funding from industry partners through joint ventures.

Operations

The Company has contractual obligations for employees at its operations. The Company has entered into several large ongoing contracts for services notably for environmental base line work and drilling. These contracts typically entail break costs for termination but are considered in line with normal industry standards. The Company has an investor relations contract which requires payment of monthly fees in the amount of $3,000. The Company has a rental commitment on a month to month basis for office space and administrative support in Toronto at approximately $1,800 per month. At the U.S. site operations the Company owns office and storage facilities and has a monthly commitment of US$3,000 for core storage facilities.

Property

The Company has contractual obligations with respect to the Back Forty Project located in Menominee County, Michigan. Title of private landholdings in the State of Michigan is divided into surface rights and mineral rights. The Company has acquired options on both surface and mineral rights from private owners in the project area and has leases from the State of Michigan. The options generally provide the Company with a period of time to assess the mineral potential of the acreage with a right to purchase both the surface and mineral rights for a price based on market price at the time of purchase. Other mineral rights are leased from the State.

The option payment for the MRT Property of US$1,333,333 was paid on August 3rd, 2008. The payments for 2009 and 2010 are US$250,000 each. The total option payments remaining are US$7.7 million over the next seven years to August 2015.

Estimated total lease, option and purchase costs for mineral interests relating to the Back Forty Project are $2,374,471 for fiscal 2008.

It is in the normal course of business for the Company to add or to drop mineral interests based on exploration results and other material factors.

11. Share Capital

Common Shares

As at September 30, 2008 there were 70,109,478 common shares of the Company outstanding. There was no change in outstanding common share capital in the quarter.

Warrants

There are 8,843,635 warrants and broker warrants outstanding as at September 30, 2008 (December 31, 2007 – 8,843,635). The warrants have an accelerator feature that can be exercised by the Company if the common shares trade at or above $2.65 for more than 20 business days. The warrants expire December 15, 2008.

Options

There are a total of 4,835,000 stock options outstanding at September 30, 2008 with exercise prices ranging from $0.30 to $2.15. During the quarter 415,000 options expired. No new options were granted during the period.

12. Off-Balance Sheet Arrangements

As at September 30, 2008 the Company does not have any off-balance sheet arrangements.

13. Transactions with Related Parties

The Company, in the normal course of business, has transactions with the President and CEO of the Company, the CFO, by a geological consulting company of which the President and CEO and another director are major shareholders and by other companies that are controlled by or have common directors with certain directors of the Company. Related party expenditures during the year period are considered in the normal course of business and are billed at market rates.

For the quarter ended September 30, 2008, management fees amounting to $18,750 (September 30, 2007 - $18,750) were charged by a company controlled by the CFO and director of the Company.

During the quarter the President and CEO received salary totalling US $56,485.

A total of US $79,420 (September 30, 2007 – US $558,960) was charged to the operations at the Back Forty Project by a geological consulting company of which the President and CEO and another director are major shareholders. A management fee calculated on a percentage of wages payable was included in the amount charged by the geological consulting company to the Company.

During the period, the Company was charged legal fees totaling $13,890 (September 30, 2007 - $25,763) by a law firm whose partner is an officer of the Company.

Rental expenditures in the amount of $5,588 (September 30, 2007 - $5,596) were charged by a Company with common directors.

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Transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Director's fees of $24,000 were paid during the quarter.

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

15. Management's Evaluation of Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), so that appropriate decisions can be made by them regarding public disclosure.

The system of disclosure controls and procedures includes, but is not limited to, our Disclosure Policy, our Code of Business Ethics, the effective functioning of our Audit Committees, procedures in place to systematically identify matters warranting consideration of disclosure by the Board of Directors and verification processes for individual financial and non-financial metrics and information contained in annual and interim filings, including the financial statements, MD&As, Annual Information Forms and other documents and external communications.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted, under the supervision of Management, including the CEO and CFO, as of March 31, 2008. The evaluation included documentation review, enquiries and other procedures considered by Management to be appropriate in the circumstances. Further review and evaluation of the system of controls and procedures over the public disclosure of financial and non-financial information of the Company was conducted during 2007.

Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the system of disclosure controls and procedures was effective as of September 30, 2008.

The CEO and CFO are also required, under Multilateral Instrument 52-109, to file certifications of our annual filings. Copies of these certifications may be found on SEDAR at www.sedar.com.

16. New Accounting Standards and Policies

Financial Instruments

Effective January 1, 2008, Aquila prospectively adopted the new CICA Handbook Sections 3862, *Financial Instruments – Disclosures* and 3863, *Financial Instruments – Presentation.* The purpose of these sections is to enhance the financial statement users' ability to evaluate:

- The significance of financial instruments over and entity's financial position, performance and cash flows;
- The nature and extent of risks arising from financial instruments to which the entity if exposed during the period and at the balance sheet date; and
- How the entity manages those risks.

The new standards required additional disclosure with no effect on the financial statements.

International Financial Reporting Standards ("IFRS")

In January 2006, the AcSB formally adopted the strategy of replacing financial reporting under Canadian GAAP with financial reporting under IFRS, for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable for-profit enterprises. Financial reporting under IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after Janauary 1, 2011. The Company will be required to prepare comparative financial statements in accordance with IFRS beginning with the three-month period ended March 30, 2010. The Company is currently assessing the impact on its financial statements.

Capital Management

Effective January 1, 2008, Aquila adopted the new CICA Handbook Section 1535, *Capital Disclosures* for disclosure of a company's objectives, policies and processes for managing capital.

17. Risks and Uncertainties

The Back Forty Project is the material mineral project of the Company and consequently unless the Company acquires additional similar quality properties or projects any adverse development affecting the Back Forty Project could have a material adverse effect on the Company. The other project of the Company is the Cedros Property which is located in Honduras. The Company has entered into an agreement to acquire title to the Cedros Property. As of the date hereof the title has not been transferred to the Company. If the title is not transferred 1,000,000 of the Company's shares, which are held in escrow, will be returned to the Company and cancelled.

The business of the Company involves many risks and uncertainties. Mineral exploration involves a high level of risk. Some of the risks include the lack of revenues as the Company is a development stage enterprise. Other risks include the difficulty of finding economically viable mineral deposits, intense competition in the sector from both large and small competitors, fluctuations in metal prices and the possibility of legal challenges that delay or stop from environmental and aboriginal groups. These are not an exhaustive list of the risks associated with the business.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulations pertaining to the County of Menominee, the State of Michigan and Country of the USA. 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 is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The future costs of retiring mining assets include dismantling, remediation, ongoing treatment and monitoring of the site. These are reconciled and recorded as a liability at fair value. The liability is accreted, over time, through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life. As the Company has not yet begun mining or milling operations, the Company currently has no identifiable obligations relating to the retirement of its assets.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability for hazards that cannot be insured against. The Company is subject to all environmental acts and regulations at the federal and state levels.

18. Subsequent Events

No material subsequent events have occurred as of the date hereof.

19. Officers and Directors

As of the date hereof the current officers and directors of the Company are:

Thomas O. Quigley – President, CEO and Director
Robin E. Dunbar – CFO and Director
Nadim Wakeam – Corporate Secretary
Robin Quigley – Assistant Corporate Secretary
Alvin W. Jackson – Director
Edward Munden – Director
Peter M.D. Bradshaw – Chairman of the Board and Director
William J. West – Director
Michael L. Surratt – Director

Thomas O. Quigley, P.Geo., is the Qualified Person for Aquila Resources Inc.

20. Additional Information

Additional information about the Company including financial statements, press releases and other filings are available on SEDAR at www.sedar.com.
The Company website is www.aquilaresources.com