

AQUILA RESOURCES INC.
(the “Corporation”)

CODE OF BUSINESS CONDUCT AND ETHICS

January 15, 2019

Aquila Resources Inc. (“Aquila” or the “Corporation”) is committed to maintaining the highest standards of business conduct and ethics as well as full compliance with all applicable government laws and reporting and disclosure requirements, and full, fair, accurate, timely and understandable disclosure in the Corporation’s public reports and communications.

Accordingly, the Corporation’s Board of Directors (the “Board”) has developed and adopted this Code of Business Conduct and Ethics applicable to all directors, officers, employees and consultants who regularly provide ongoing services to the Corporation (“consultants”), with the goal of promoting the highest moral, legal and ethical standards and conduct within the Corporation. Compliance with this Code and high standards of business conduct is mandatory for every Aquila director, officer, employee and consultant. Your cooperation is necessary to maintain our reputation with our shareholders, business partners, prospective investors and other stakeholders for honesty and integrity, which is key to the continued success of our business.

Introduction

All of us who conduct business on behalf of the Corporation must be guided by the following principles, which serve as the foundation of this Code and the policies that reinforce it:

- (a) act ethically and honestly;
- (b) accept responsibility and be accountable for our actions;
- (c) make decisions which are in the best interests of the Corporation;
- (d) honour the agreements and commitments of the Corporation;
- (e) conduct our business in an environmentally and socially responsible manner;
- (f) communicate with all of the stakeholders of the Corporation in an honest and straight-forward manner;
- (g) select and treat the employees of the Corporation in a respectful, fair and equitable manner and foster a work environment that is safe and healthy and free from discrimination, harassment, intimidation and hostility of any kind; and
- (h) obey all laws governing the conduct of the business and affairs of the Corporation.

This Code is not intended to be a comprehensive guide to all of our policies or to all of your responsibilities under law or regulation. It provides general parameters to help you resolve the ethical and legal issues you encounter in conducting our business. Think of this Code as a guideline, or a minimum requirement, that must always be followed. You must not assume that questionable activities not explicitly covered by or specifically prohibited by this Code are permissible.

We expect each of our directors, officers, employees and consultants to read and become familiar with the ethical standards described in this Code and, if requested by the Corporation, to affirm his or her agreement to adhere to these standards by signing the Compliance Certificate that appears at the end of this Code and confirming such agreement on an annual basis. Violations of this Code, our other corporate policies or the law may lead to disciplinary action, including dismissal.

Our Workplace

The Corporation is committed to establishing and maintaining a work environment where everyone is treated with respect, dignity and trust. It is the responsibility of each of us to foster and encourage such an environment.

(a) Health and Safety

The Corporation is committed to providing a safe, healthy and productive work environment, and to promoting safe and productive work practices throughout its operations. Employees must comply with all occupational health and safety laws, regulations and rules applicable to the business and operations of the Corporation. Employees must be familiar with the policies, programs and systems of the Corporation. Employees have a responsibility to promote health and safety in the workplace and must report or correct dangerous conditions immediately so that workplace accidents are minimized. Employees should participate in training and continuously improve our processes and procedures.

In order to protect the safety of all employees, employees must report to work in condition to perform their duties and free from the influence of any substance that could prevent them from conducting work activities safely and effectively. The use of alcohol and illegal drugs in the workplace is prohibited.

(b) Discrimination and Harassment

The Corporation does not permit discrimination, intimidation, or harassment of, or by, employees on the basis of race, gender, age, marital status, national origin, religious beliefs, sexual orientation, physical limitation or on the basis of any other personal characteristics protected by law. Employees are entitled to freedom from all forms of personal harassment, whether verbal, psychological, physical or visual. They are also entitled to have their dignity honoured and their rights protected.

Discrimination is not permitted in the Corporation or any part of the employment relationship, including recruitment, promotion, training, opportunities, salary, benefits and terminations. Employees must promote and maintain an environment that encourages personal respect and mutual trust. Employees are encouraged to speak out when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs.

The Corporation will investigate and deal with all concerns, complaints or incidents of workplace discrimination, harassment or violence in a fair and timely manner, while respecting the employee's privacy as much as possible. It is each employee's responsibility to participate in any investigation process initiated or conducted by the Corporation or any external party engaged by the Corporation for this purpose.

(c) Hiring Family Members

Although the Corporation may employ more than one family member, the Corporation will not permit the supervision of one family member by another family member. No member of the family of, or a relative of, any officer of the Corporation shall be employed by the Corporation without the prior approval of the Compensation, Nomination and Governance Committee.

(d) Use of E-Mail and Internet Services

Where e-Mail systems and Internet services are provided by Aquila to help us do work, incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. You may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit material or jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment. Also remember that “flooding” our systems with junk mail and trivia hampers the ability of our systems to handle legitimate Corporation business and is prohibited.

Employees should not download copyrighted materials, should not copy material that is not licensed to the Corporation and should follow the terms of a license when using material that is licensed to the Corporation. No changes should be made to licensed materials without the prior consent of the Corporation. In addition, employees are discouraged from downloading games and screensavers, as these are common sources of viruses.

Your messages (including voice mail) and computer information are considered the Corporation’s property and you should not have any expectation of privacy. Unless prohibited by law, the Corporation reserves the right to access and disclose this information as necessary for business purposes. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

(e) Political Activities and Contributions

Employees may participate in political activities as long as they do not do so on Corporation time and do not use the financial or other resources of the Corporation, such as telephones, computers or supplies.

We may occasionally express our views on local and national issues that affect our operations. In such cases, Corporation funds and resources may be used, but only when permitted by law and by our strict guidelines. The Corporation may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. No employee may make or commit to political contributions on behalf of the Corporation without the approval of the Chief Executive Officer.

(f) Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, travel, accommodation and other merchandise or services. In some cultures they play an important role in business relationships. However, a problem

may arise when such courtesies compromise - or appear to compromise – our ability to make objective and fair business decisions.

Offering, soliciting or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times, and do not change during traditional gift-giving seasons. No gift or entertainment should ever be offered, given, provided or accepted by any director or employee of the Corporation, or by any family member of a director or employee, unless it

- (a) is not a cash gift,
- (b) is consistent with customary business practices,
- (c) is not excessive in value,
- (d) cannot be construed as a bribe or payoff,
- (e) does not violate any applicable laws or regulations, and
- (f) does not violate Corporation policies governing anti-corruption and bribery.

Further details regarding the Corporation’s policies in respect of gifts and entertainment are set out in the Corporation’s Anti-Bribery and Anti-Corruption Policy. Please discuss with your supervisor any gifts or proposed gifts if you are uncertain whether they are appropriate.

Conflicts of Interest

We place the highest value on the integrity of our directors, our officers, our employees and our consultants and demand this level of integrity in all our dealings. We insist on not only ethical dealings with others, but on the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Each of us has an obligation to avoid any relationship or activity that might create, or appear to create, a conflict between our personal interests and the interests of the Corporation. A conflict of interest arises where our position or responsibilities with the Corporation present an opportunity for personal gain, apart from the normal rewards of being a director, senior officer or other employee to the detriment of the Corporation. A conflict of interest also arises where our outside personal interests are inconsistent with those of the Corporation and create conflicting loyalties.

(a) Conflicting Personal Interests

There are many situations in which our personal interests may conflict with those of the Corporation and cause us to give preference to personal interests in situations where corporate responsibilities should come first. For example:

- (a) acquiring any property, security or business, or any interest therein, which we know the Corporation has an interest in acquiring;
- (b) serving as a director or officer of, or working as an employee or consultant for, a competitor or an actual or potential business partner of the Corporation;

- (c) investing in, or trading in the securities of, a competitor, supplier, customer or an actual or potential business partner of the Corporation where such investment or trading may influence our business decisions or compromise our independent judgment;
- (d) seek or accept any personal loan or services from any entity with which we do business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- (e) use Aquila's property for any activities not associated with the discharge of official duties without prior authorization from their administrative superior or the Chair of the Audit Committee;
- (f) demand, accept or offer to accept from a person or company having dealings with Aquila, a commission, reward, advantage or benefit of any kind, directly or indirectly, except for casual benefits such as hospitality or small gift items within normal and reasonable expressions of business courtesy;
- (g) accept any personal loan or guarantee of obligations from Aquila, except to the extent such arrangements are legally permissible and approved in advance by the Chair of the Audit Committee;
- (h) in the performance of their duties, accord or influence others to accord preferential treatment to immediate family members, which includes spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives, or to organizations in which they or their family members have any interest; and
- (i) participating in another business interest or activity that deprives the Corporation of the time or attention required to perform our duties properly or creates an obligation or distraction which impairs the exercise of our independent judgment, fiduciary responsibility, initiative or efficiency in acting on behalf of the Corporation.

Directors, officers, employees and any consultants engaged on an exclusive basis must notify the Chair of the Audit Committee of the existence of any actual or potential conflict of interest for the purpose of developing a means for the ethical handling of that situation.

(b) Fair Dealing

Directors, officers, employees and consultants are required to deal honestly and fairly with each other, our suppliers, competitors, shareholders and other third parties. In our dealings with these parties, we:

- (a) prohibit bribes, kickbacks and any other form of improper payment, direct or indirect, to any representative of a government, labor union, supplier or other business partner in order to obtain a contract, some other commercial benefit or government action;
- (b) prohibit our directors, officers, employees and consultants from accepting any bribe, kickback or improper payment from anyone;
- (c) require clear and precise communication in our contracts, our advertising, our literature, and our other public statements and seek to eliminate misstatement of fact, material omissions or misleading impressions; and

- (d) prohibit our representatives from otherwise taking unfair advantage of our suppliers, competitors or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

We intend that the Company's business practices will be compatible with the economic and social priorities of each location in which we operate, provided that honesty and integrity must always characterize our business activity. Further details regarding the Corporation's policies in respect of these matters are set out in the Corporation's Anti-Bribery and Anti-Corruption Policy

(c) Government Relations

All dealings between directors, officers and other employees of the Corporation and public officials must be conducted in accordance with the Anti-Bribery and Anti-Corruption Policy of the Corporation and in a manner that will not compromise the integrity or bring into question the reputation of the Corporation, such person or such public officials. No unlawful or other improper payment or gift is to be made or offered to any public official with a view to influencing an official act or decision related to retaining or obtaining business, the enactment or enforcement of any law or to otherwise obtain favours.

Confidentiality

Our directors, officers, employees and consultants are entrusted with our confidential information and with the confidential information of our suppliers or other business partners. This information may include technical or scientific information about current and future projects, business opportunities or projections, earnings and other internal financial data, personnel information, and other non-public information that, if disclosed, might have a material impact on the market value of Aquila's securities, be of use to our competitors, or harmful to our suppliers or other business partners. This information is our property, or the property of our suppliers or other business partners and in many cases was developed at great expense. Our directors, officers, employees and consultants shall:

- (a) not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends;
- (b) use confidential information only for our legitimate business purposes and not for personal gain;
- (c) not disclose confidential information to third parties; and
- (d) continue to comply with the above obligations after leaving the Corporation.

All directors, officers, employees and consultants shall also endeavour to protect the Corporation's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Corporation's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation. The use of Aquila's property or resources for any personal benefit or the personal benefit of anyone else, including internet, email, and voicemail services, which should be used only for business related activities, and which may be monitored by Aquila at any time without notice, is prohibited.

Disclosing or misusing confidential information can have very serious consequences. It can result in legal action against the Corporation and/or its directors, officers or other employees, hurt our ability to

compete, affect our financial position, violate the rights of our employees or damage our credibility or reputation. If a situation arises where the disclosure of confidential information is necessary for business reasons, the person who receives the confidential information must be advised that it is to be kept confidential and, in many cases, will need to sign a confidentiality agreement prior to the disclosure being made.

Employees who collect personal information from other employees or third parties on behalf of the Corporation must do so in a lawful, ethical and non-intrusive manner and must inform the individual involved in advance of the purpose for which information is being collected. Employees must take appropriate steps to ensure that all personal information collected is accurate and is retained for no longer than necessary.

Employees must maintain the confidentiality of all personal information held by the Corporation. Employees must not disclose such personal information to other employees unless it is reasonably required by them to perform their jobs. Employees must not disclose such personal information to third parties unless required by applicable law or regulation (and then only to the extent required) or unless the informed consent of the relevant individual has been obtained.

Financial Books and Records

The Corporation aims to maintain a high standard of accuracy and completeness in its business and financial records. These records serve as a basis for managing the business and affairs of the Corporation and are crucial for meeting obligations to employees, customers, investors and others, as well as for compliance with tax and legal reporting requirements. Such business and financial records also contain vital information about the Corporation, upon which our shareholders, investment analysts and regulators rely in making decisions about the Corporation.

Those of us who assist in the preparation of the business and financial records or who issue regulatory or financial reports have a responsibility to ensure that they fairly present all information in a truthful, accurate, complete and fair manner, are issued in a timely manner and conform to applicable legal requirements and the system of internal controls of the Corporation.

Appropriate records must be kept of all transactions and there are to be no cash funds, bank accounts, investments or other assets which are either not recorded or inadequately recorded on the books and records of the Corporation. No payment is to be approved without adequate and accurate supporting documentation and authorization.

We are also expected and obligated to cooperate fully with the independent auditor of the Corporation in the audits of the Corporation and not to coerce, mislead or in any way manipulate or attempt to manipulate such independent auditor.

The Corporation maintains all records in accordance with applicable laws and regulations regarding the retention of business records. The unauthorized destruction of, or tampering with, any records, whether written or in electronic form, is prohibited where the Corporation is required by law or regulation to

maintain such records or where the Corporation has reason to know of a threatened or pending government investigation or litigation where such records may be relevant. If there is any doubt on whether any records may be disposed of, the Chief Financial Officer or the Chair of the Audit Committee should be consulted.

Insider Trading

Securities legislation in Canada and the United States provides for criminal and civil liability for persons who engage in illegal insider trading or illegal transmission of undisclosed material information relating to the Corporation. These sanctions are intended to ensure that no one who is in possession of or has knowledge of undisclosed material information takes advantage of such information through trading in securities of the Corporation.

Employees and directors are prohibited from buying or selling securities of the Corporation, or securities of a corporation in a “special relationship” with the Corporation, while in possession of material information concerning the Corporation or the special relationship corporation that has not been generally disclosed. Employees and directors are also prohibited from disclosing such material information to third parties (i.e. “tipping”) except in the necessary course of business.

These prohibitions on trading also apply to any persons to whom employees or directors disclose such material information (for eg. immediate family members, agents and advisors of the Corporation).

A corporation is in a “special relationship” with the Corporation if the Corporation owns, directly or indirectly, 10% or more of the shares of the corporation or the Corporation is proposing to make a take-over bid for the corporation, effect a reorganization, amalgamation, merger or similar business combination with the corporation or acquire a substantial interest in the corporation or its property.

The Corporation has adopted an Insider Trading Policy in order to prevent improper trading in the securities of the Corporation and the improper communication of undisclosed material information regarding the Corporation.

Timely Public Disclosure

The Corporation is committed to providing timely, factual and accurate disclosure of material information about the Corporation to its shareholders, the financial community and the public, including in filings with applicable securities regulatory authorities. The policy of the Corporation governing public disclosure is set forth in the Disclosure Policy.

Compliance with Laws, Rules, Regulations and Professional Rules

The policy of the Corporation is to meet or exceed all legal and regulatory requirements that apply when and where it carries on business. Each of us must contribute to this expectation by:

- (a) making every reasonable effort to become familiar with laws, rules, regulations and any other professional rules that may govern the business and affairs of the Corporation;

- (b) being diligent in complying with these laws, rules, regulations and any other professional rules;
- (c) making sure that those who report to us, and the people we report to, are also aware of these laws, rules, regulations and any other professional rules;
- (d) promoting a workplace that is free from discrimination, intimidation, or harassment of, or by, employees on the basis of race, gender, age, marital status, national origin, religious beliefs, sexual orientation, disability or on the basis of any other personal characteristics protected by law;
- (e) prohibiting any illegal payments, gifts, or gratuities to any government official or political party; and,
- (f) complying with all applicable securities laws, including financial reporting requirements.

If you are not sure how a law, rule, regulation or any other professional rule might apply to you, speak to your supervisor or contact the Chief Financial Officer for assistance.

Administration

Our Board and Audit Committee have established the standards of business conduct contained in this Code and oversee compliance with this Code. Additionally, we have designated the Chair of the Audit Committee to ensure adherence to the Code.

The Corporation will educate new directors, officers, employees, and consultants about the matters contemplated by this Code and on an on-going basis, will ensure that all directors, officers, employees, and consultants are aware of their obligations to comply with the Code.

Compliance with this Code and Reporting Violations

It is the responsibility of each of us to understand and comply with this Code. Identifying problems or violations to enable them to be quickly and properly resolved, or to prevent them from escalating or recurring, benefits all of us and enhances our workplace environment and the reputation of the Corporation. We are therefore encouraged and expected and obligated to:

- (a) identify and raise potential issues before they cause problems;
- (b) take all responsible steps to prevent any violation of this Code;
- (c) report actual or potential violations of this Code which we observe or of which we become aware; and
- (d) seek additional guidance when advisable.

Retaliatory action against any individual for raising such concerns or questions or for reporting suspected violations of this Code in good faith will not be tolerated by the Corporation.

As this Code does not prescribe a rule for every circumstance we might encounter, we are expected and obligated to use our best judgment and common sense in applying the guidelines set out in this Code. As a general guideline, if you have any question regarding the application of any requirement under this Code, the best course of action in a particular situation or if you suspect a possible violation of a law,

rule, regulation, any other professional rule or this Code, you should address the matter promptly with your supervisor. If reporting a concern or complaint to your supervisor is not possible or advisable for some reason or if reporting it to your supervisor does not resolve the matter, you should address the matter with the Chief Financial Officer or seek assistance through the procedures set out in the Whistleblower Policy adopted by the Corporation, which is posted on the website of the Corporation at www.aquilaresources.com.

Every reasonable effort will be made to ensure the confidentiality of concerns about suspected violations of this Code, any related investigation and the identity of those providing information, to the extent consistent with the need to conduct an appropriate, fair and thorough investigation. Investigations of suspected violations of the Code will be handled in a respectful and lawful manner. All suspected violations of the Code will be treated seriously.

Failure to comply with this Code may subject you to disciplinary action by the Corporation including, but not limited to, training, coaching, written warnings, monetary penalties, suspension without pay and termination of employment for cause in accordance with applicable law. A violation of this Code may also constitute a violation of applicable law and may result in civil or criminal penalties for you, your supervisors and/or the Corporation.

Waivers

From time to time, the Corporation may waive the application of certain provisions of this Code. The term “waiver” means the approval by the Corporation of a material departure from a provision of this Code. Waivers generally may be granted only by the CEO and must be reported to the Board or the Audit Committee of the Board. However, any waiver of the provisions of this Code for any director or senior officer, including the CEO, the Chief Financial Officer and the Chief Operating Officer, if any, may only be made by the Board or the Audit Committee of the Board and will be disclosed to shareholders as required by applicable law.