AQUILA RESOURCES

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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FORWARD-LOOKING STATEMENT

This MD&A contains certain forward-looking statements, such as statements regarding potential mineralization, resources and exploration results and future plans and objectives of the Company, which are subject to various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements contained are made as of the date of this MD&A and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise.

GENERAL

The following management discussion and analysis ("**MD&A**") of financial results is dated August 13, 2021 and reviews the business of Aquila Resources Inc. (the "**Company**" or "**Aquila**") for the three and six months ended June 30, 2021 and should be read in conjunction with the consolidated financial statements and related notes for the three and six months ended June 30, 2021. This MD&A and the accompanying consolidated financial statements and related notes for the three and six months ended June 30, 2021, have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

The technical content of this MD&A has been read and approved by Andrew Boushy, Technical Advisor to Aquila. Mr. Boushy is a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**").

This MD&A contains references to both United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars, and Canadian dollars are referred to as **"C$"**.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category. The inclusion of inferred mineral resources are considered too speculative geologically to have the economic considerations applied to enable them to be categorized as mineral reserves. The mineral resources in this M&DA were reported using Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Standards.

Additional information regarding the Company, including the risks related to the Company's business and those that are reasonably likely to affect the Company's financial statements in the future, is contained in our continuous disclosure materials, including our most recent Annual Information Form ("**AIF**"), audited consolidated financial statements and Management Information Circular available on SEDAR at www.sedar.com.

SECOND QUARTER HIGHLIGHTS

- As at June 30, 2021, Aquila had cash of $0.9 million and negative working capital of $2.1 million. This compared to cash of $1.8 million and negative working capital of $0.8 million at December 31, 2020. The decrease in working capital is primarily due to permitting and legal activities at its Back Forty Project. The Company is actively evaluating financing and strategic alternatives and continues to take measures to preserve liquidity including cutting discretionary spending, reducing salaries for management, and working with service providers to manage and defer spend wherever possible.
- On April 28, 2021, the Michigan State Senate unanimously approved resolution *SR0016: A resolution to express support for mining and the mining industry and encourage the Governor, state agencies, local governments, members of the public, and labor organizations to support mining by taking certain actions* (the "**Resolution**"). The Resolution passed with bipartisan support.
- On June 1, 2021, Aquila announced that it had entered into a non-binding letter of intent (the "**LOI**") to sell its interest in the Bend and Reef exploration properties located in Wisconsin, USA to a private company ("**Newco**") (the "**Transaction**"). Subject to necessary approvals, Newco intends to list on the TSX Venture Exchange concurrent with the closing of the Transaction. Total consideration of C$7,000,000 payable to Aquila will consist of cash consideration of C$3,000,000, of which C$1,000,000 was immediately advanced as a deposit and shares in Newco with an estimated value on completion of the go-public transaction of C$4,000,000. Aquila and Newco are working towards the execution of definitive agreements.
- On May 26, 2021, Aquila announced the results of its Annual Meeting of Shareholders and confirmed that the six nominees listed in the management information circular were elected as directors of Aquila.

OUTLOOK

- The Company will continue to advance its Back Forty Project in Michigan, where the main objectives are completing an optimized Feasibility Study (the "**Feasibility Study**") and securing the remaining permits required for construction and operations. The Feasibility Study will incorporate both the open pit and underground mine plans and will reflect Aquila's commitment to sustainability and responsible mining employing industry best practices.
- A key objective of the Feasibility Study is to incorporate feedback from the Michigan Department of Environment, Great Lakes & Energy ("**EGLE**") and the local community since the original permits were issued. By incorporating the underground mine plan and modifying the Project footprint, the Company expects to demonstrate substantially reduced surface impact, including wetland impacts, and a longer mine life for the benefit of all stakeholders.
- The Company will continue to work with EGLE to finalize the Back Forty groundwater model. Aquila is pleased with the significant progress made in this regard and continues to collect the required site-specific data.
- Following the completion of the Feasibility Study, Aquila will seek to permit the optimized Project design.
- The Company will continue to advance the Transaction to sell its Bend and Reef properties in Wisconsin.

- The Company will continue its efforts to secure additional financing and, in parallel, will evaluate various strategic alternatives to maximize shareholder value. As the Company is in active discussions with several parties, the Board of Directors has formed a Special Committee tasked with examining the strategic alternatives for the Company which include evaluating and implementing financing alternatives, considering possible joint venture and other strategic transactions, and assessing potential merger and acquisition proposals.

COMPANY OVERVIEW

Aquila Resources Inc. was incorporated in the Province of Ontario as 1223068 Ontario Limited by Articles of Incorporation dated February 17, 1997. The Company is listed on the Toronto Stock Exchange under the symbol “AQA”. Substantially all of the efforts of the Company are devoted to the business activities of exploring for and developing mineral properties.

The principal asset of the Company is its 100% interest in the Back Forty Project located in Menominee County, Michigan. The Back Forty Project is a polymetallic (zinc, gold, copper, silver, lead) Volcanogenic Massive Sulphide (“**VMS**”) deposit.

The Company has two other exploration projects: Reef Gold Project located in Marathon County Wisconsin and the Bend Project located in Taylor County, Wisconsin. Reef is a gold-copper property and Bend is a volcanogenic massive sulfide occurrence containing copper and gold. On June 1, 2021, the Company announced the LOI to sell its interests in Reef and Bend for total consideration of C$7,000,000.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company’s projects through exploration and development to the production stage will require significant capital. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the “Liquidity” and “Capital Resources” sections below, and “Risk Factors” in the Company’s AIF for additional information.

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. The Company’s business relies, to a certain extent, on free movement of goods, services, and capital within Canada and the United States, which has been significantly restricted as a result of the COVID-19 pandemic.

Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the economy and the Company’s business in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19, as well as the timing of the re-opening of the economy in Canada. Such further developments could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

None of the Company's projects have commenced commercial production and, accordingly, the Company is dependent upon debt and/or equity financings and the optioning and/or sale of resources or resource-related assets for its funding. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Company's ability to continue as a going concern, is dependent upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, and the Company's ability to finance development and exploration of its projects through debt or equity financings and the optioning and/or sale of resource or resource-related assets such as royalty interests for its funding. Changes in future conditions could require a material write-down of carrying values and an inability to meet the Company's obligations as they become due.

OVERVIEW OF ACTIVE PROJECTS

Back Forty Project

The Back Forty Project is a development stage VMS deposit containing zinc, gold, copper, lead, and silver, 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, polymetallic project, which contains approximately 1.1 million ounces of gold and 1.2 billion pounds of zinc in the Measured & Indicated Mineral Resource classifications, with additional upside potential. The Back Forty Project is directly owned by the Back Forty Joint Venture LLC ("**BFJV**") which controls approximately 3,222 gross 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. Aquila is currently advancing the optimized Feasibility Study which will form the basis for revised permit applications as required.

Preliminary Economic Assessment

On August 5, 2020, the Company announced the results of a positive Preliminary Economic Assessment ("**PEA**") for its wholly-owned Back Forty Project ("**Back Forty**" or the "**Project**"), located in the Upper Peninsula of Michigan, USA. The PEA demonstrates Back Forty's value as a high grade, gold-rich project with compelling economics in a Tier 1 jurisdiction. The PEA builds on the Company's 2018 open pit feasibility study and includes the currently known underground Mineral Resources.

The PEA was prepared in accordance with National Instrument 43-101 ("**NI 43-101**") by P&E Mining Consultants Inc. in collaboration with Golder Associates Ltd. and Lycopodium Minerals Canada Ltd. The team was led by Andrew Boushy, P.Eng. then SVP Capital Projects of Aquila with support from Neil Lincoln, P.Eng. of Lincoln Metallurgical Inc. The Company filed the PEA Technical Report ("**Technical Report**") on SEDAR at www.sedar.com on September 16, 2020. The PEA is preliminary in nature, includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be classified as Mineral Reserves, and there is no certainty that the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Highlights of the PEA include:

- After-tax NPV at a 6% discount rate of $176.3 million (approximately CA$235 million) with 26.1% IRR at long term consensus metal prices including $1,485 per ounce gold.
- After-tax NPV of $316.3 million at a 6% discount rate (approximately CA$422 million) with 37.8% IRR at spot prices as of August 4, 2020 including $1,998 per ounce gold with gold generating 52% of revenue.

- Includes the known underground mineral resources at Back Forty, increasing the life of mine to 12 full years.
- Life of mine production of over 1.5 million gold equivalent ounces with production in Year 1 of 206,000 gold equivalent ounces.
- The PEA mine plan consists of open pit mining from Year 1 to Year 5. Underground development will be initiated in Year 5 and underground mining will continue to Year 11. Remaining stockpiles will be processed in Year 12 and a partial Year 13.
- Pre-production capital costs of $250.4 million benefitting from significant nearby infrastructure.
- Potential value enhancement through additional exploration as the deposit remains open at depth.

Mineral Resource Estimate

The Mineral Resource Estimate is set out in Table 1 and was prepared by P&E Mining Consultants Inc. The Deposit is well-defined with 94% of the Mineral Resource contained in the Measured and Indicated ("**M&I**") classifications. On a gold equivalent basis, the Deposit contains 2.5 million gold equivalent ounces in the M&I classifications at a grade of 4.3 g/t gold equivalent.

TABLE 1
MINERAL RESOURCE ESTIMATE AS AT OCTOBER 14, 2019

Classification	Tonnes (1,000)	Gold (g/t)	Gold (koz)	Silver (g/t)	Silver (koz)	Copper (%)	Copper (mlb)	Lead (%)	Lead (Mlb)	Zinc (%)	Zinc (Mlb)
Open Pit											
Measured	7,062	1.94	440.1	18.95	4,302.0	0.34	53.51	0.14	22.1	3.02	470.1
Indicated	4,341	1.75	244.7	29.67	4,140.1	0.14	13.55	0.35	33.8	1.97	188.1
M&I	**11,403**	**1.87**	**684.8**	**23.03**	**8,442.0**	**0.27**	**67.05**	**0.22**	**55.9**	**2.62**	**658.2**
Inferred	264	3.13	26.6	42.32	359.4	0.06	0.35	0.56	3.3	0.62	3.6
Underground											
Measured	1,382	2.21	98.0	25.37	1,127.7	0.30	9.1	0.32	9.7	4.43	134.9
Indicated	5,486	1.86	327.7	25.98	4,582.8	0.42	51.2	0.32	38.2	3.53	427.3
M&I	**6,868**	**1.93**	**425.7**	**25.86**	**5,710.6**	**0.40**	**60.3**	**0.32**	**47.9**	**3.71**	**562.2**
Inferred	930	3.88	116.0	51.21	1,531.8	0.47	9.7	0.45	9.2	1.40	28.7
Total											
Measured	8,444	1.98	538.1	20.00	5,429.7	0.34	62.6	0.17	31.8	3.25	605.0
Indicated	9,827	1.81	572.4	27.61	8,722.9	0.30	64.7	0.33	72.0	2.84	615.4
M&I	**18,271**	**1.89**	**1,110.4**	**24.09**	**14,152.6**	**0.32**	**127.3**	**0.26**	**103.8**	**3.03**	**1,220.5**
Inferred	1,194	3.71	142.5	49.24	1,891.2	0.38	10.1	0.47	12.5	1.23	32.3

1. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
2. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
4. The Mineral Resources in this Technical Report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
5. The Mineral Resource Estimate was based on metal prices of $1,375/oz gold, $22.27/oz silver, $1.10/lb zinc, $3.19/lb copper and $1.15/lb lead.
6. Open pit Mineral Resources were defined within the constraining pit design as per the 2018 feasibility study.
7. NSR cut-off values were established for each metallurgical type. Refer to the Technical Report for full details.

Current Project Activities

- The Company has engaged Osisko Technical Services, InnovExplo and SGS to begin the optimized Feasibility Study. The Feasibility Study will incorporate both the open pit and underground mine plans.
- A key objective of the optimized Feasibility Study is to reflect feedback from EGLE and the local community since the original Back Forty permits were issued. By incorporating the underground mine plan in the Feasibility Study and modifying the Project footprint, the Company expects to demonstrate substantially reduced surface impact, including wetland impacts, and a longer mine life for the benefit of all stakeholders while maintaining similar project economics.
- Current Feasibility Study activities are focused on:
    - Evaluating open pit and underground configurations and surface infrastructure layouts that avoid or minimize direct and indirect impacts to regulated wetlands;
    - Progressing underground mine planning including ore delivery scheduling, ventilation, and confirming the location of the box cut;
    - Updating the mineral resource estimate using current metal prices and Net Smelter Return calculations; and
    - Working on additional metallurgical tests to support a simplified process flowsheet and enhanced gold recoveries.
    - Developing a revised flow sheet for the concentration facility.
- Operational readiness activities including advancing plans with respect to roads, power, and concentrate logistics are underway.
- Continued outreach to local stakeholders.

Permitting Activities

The State of Michigan regulates environmental impacts under the Natural Resources and Environmental Protection Act, 1994 PA 451 (NREPA). Parts of NREPA that generally apply to mining projects are:

- Part 632 Nonferrous Metallic Mineral Mining Permit (Mining Permit)
- Part 31/41 National Pollutant Discharge Elimination System Permit (NPDES Permit)
- Part 55 - Air Quality Division – Permit to Install (Air Permit)
- Part 301/303 Permit for work in regulated wetlands and stream (Wetland Permit)
- Part 315 Permit for Dam Safety (Dam Safety Permit)

As discussed in the Company's Q1 2021 Management Discussion and Analysis, the Company has determined that project optimizations currently under study as part of the Feasibility Study would require the new applications for a mining, air quality and possibly wetlands and dam safety permits would need to be filed with EGLE. The Company believes that these modifications would not require a new NPDES permit. Accordingly, the Company decided to surrender its existing Mining Permit and terminate litigation involving challenges to its Wetlands Permit and amendments to its Mine Permit and instead focus resources on ongoing discussions with EGLE staff to resolve technical issues in advance of resubmitting permit applications in order to facilitate efficient review. These discussions have been productive and the Company anticipates submitting the applications by the end of Q1 2021.

Exploration Expenses

During the six months ended June 30, 2021, the Company incurred project exploration expenditures of $999,006 (June 30, 2020 - $516,399). Acquisition costs incurred on the Back Forty Project for the six months ended June 30, 2021, were $nil (June 30, 2020 – $1,000). Estimated lease, option and property acquisition costs related to the Back Forty Project for 2020 to 2024, for which the Company is materially liable throughout the duration of the agreements, are as follows:

Year	Amount
2021	$ 24,000
2022	202,676
2023	206,710
2024	206,710
2025	206,710

Letter of Intent for the Sale of the Reef and Bend Properties

On June 1, 2021, Aquila announced that it entered into a non-binding letter of intent (the "**LOI**") to sell its interest in the Bend and Reef exploration properties located in Wisconsin, USA to a private company ("**Newco**") (the "**Transaction**"). Subject to necessary approvals, Newco intends to list on the TSX Venture Exchange (the "**TSX-V**") concurrent with the closing of the Transaction.

Total consideration of C$7,000,000 payable to Aquila will consist of cash consideration of C$3,000,000, of which C$1,000,000 was immediately advanced as a deposit (the "**Deposit**") and shares in Newco with an estimated value on completion of the go-public transaction of C$4,000,000.

Completion of the Transaction is subject to certain conditions including, but not limited to, the completion of definitive documentation, completion of financing by Newco, listing of Newco on the TSX-V and receipt of all necessary third-party consents and approvals, including the approval of the TSX-V. In the event the Transaction does not close, Aquila will return the Deposit in shares of Aquila (subject to the receipt of all necessary approvals of the Toronto Stock Exchange) or in cash, depending on the circumstances.

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 Xstrata in the 1970's and 1980's. The Reef Gold project hosts a high grade (455,000 tonnes @ 10.6 g/t gold) historical, non-NI 43-101 compliant, resource *(1)* which is open 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 gross acres under these agreements, which have terms from 1 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 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 an airborne versatile time domain electromagnetic survey over the Reef Property.

During the six months ended June 30, 2021, the Company incurred exploration expenditures of $5,335 (June 30, 2020 – $5,107). Acquisition costs incurred on the Reef Gold Project for the six months ended June 30, 2021, was $37,323 (June 30, 2020 - $29,223). Ongoing lease or option costs related to the Reef Project for 2020 to 2024, which are at the Company's option, are as follows:

Year	Amount
2021	$1,097,800
2022	867,557
2023	162,713
2024	21,823
2025	21,823

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

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 a prolific VMS belt 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 *(2)* of 3.0 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 1.2 million tonnes of 4.7 g/t gold and 0.31% copper was delineated in historic, non-NI 43-101 compliant, technical reports *(2)* and remains open in all directions. The Company believes the historical results to be relevant.

Since acquiring the project, the Company completed 5,800 meters of drilling, expanding and further defining base and precious metal mineralization.

On May 29, 2019, Aquila strengthened its land position at Bend by entering into a long-term mineral lease agreement with a party that owns the mineral rights on a portion of the deposit.

During the six months ended June 30, 2021, the Company incurred exploration expenditures of $nil (2020 – $nil). Acquisition costs incurred on the Bend Project for the three months ended June 30, 2021, was $32,989 (2020 - $nil). Future exploration of the property is dependent on the availability of funding. Ongoing lease or option costs related to the Bend Project for 2020 to 2024, which are at the Company's option, are as follows:

Year	Amount
2021	$ -
2022	25,000
2023	25,000
2024	25,000
2025	25,000

Note 2: 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.

RESULTS OF OPERATIONS

The following table provides selected financial information that should be read in conjunction with the financial statements of the Company for the three and six months ended June 30, 2021:

	Three months ended June 30,		Six Months Ended June 30,	
In US dollars	**2021**	2020	**2021**	2020
Mineral property exploration expenses	**$ 517,623**	($190,654)	**$ 1,037,330**	$ 521,506
Administrative expenses	**536,979**	845,826	**1,245,301**	1,650,053
Net finance charges	**428,200**	2,561,415	**857,373**	2,732,013
Loss from operations	**$ 1,482,802**	$ 3,216,587	**$ 3,140,004**	$ 4,903,572
(Gain) loss on foreign exchange	**80,589**	791,227	**142,118**	(193,007)
Loss (gain) on change in value of contingent consideration	**32,074**	15,692	**(44,051)**	236,605
Gain on change in fair value of warrant liability	**(126)**	117,990	**(5,430)**	(45,064)
Net and comprehensive loss for the period	**$ 1,595,339**	$ 4,141,496	**$ 3,232,641**	$ 4,902,106
Net loss per share - basic and diluted	**0.00**	0.01	**0.01**	0.03

Revenues

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.

Administrative expenses

Administrative expenses are incurred in both US and Canadian dollars. The fluctuation of the Canadian dollar relative to the US dollar over the three and six months ended June 30, 2021, continues to have an impact on the comparability of expenditures on a period over period basis. For the three and six months ended June 30, 2021, administrative expenses were $536,979 and $1,245,301, compared to $845,826 and $1,650,053 for the same period last year. The decrease in expenditures is a result of management deferring discretionary spending as well as the impact of COVID-19. Significant components and changes in this expense include:

- Salaries and benefits have decreased to $269,901 and $566,512 for the three and six months ended June 30, 2021, compared to expenditures of $402,299 and $990,654, in the prior year primarily due to a decreased headcount. This decrease is offset by an increase in management and consulting fees of $$59,999 and $109,432 for the three and six months ended June 30, 2021. Temporary management and employee salary reductions were also put into effect in Q1 2021. The Company anticipates that these costs will increase on a period over period basis as work moves forward on the development of the Back Forty Project and the Company expands its team accordingly.
- Share-based payments, as explained in Note 10(b) to the consolidated financial statements, were a credit of $1,516 and an expenditure of $21,359 for the three and six months ended June 30, 2021. This is in comparison to expenditures of $87,462 and $70,627 for the same period last year. Quarterly and period to date fluctuations in share-based payments expense are dependent on a number of factors including, but not limited to, number of options, restricted share units ("**RSUs**") granted or deferred share units ("**DSUs**"), valuation of options, RSUs and DSUs, vesting period and timing.
- Professional fees were $60,730 and $218,407 for the three and six months ended June 30, 2021, compared to $251,741 and $281,348, in the same period last year. The increase to legal fees is due to corporate development activities in the first half of 2021. Legal fees and professional fees mainly relate to corporate legal responsibilities and financial audit and tax fees.
- Travel and promotion costs increased for the three and six months ended June 30, 2021, with expenditures of $28,058 and $44,565, compared to $2,239 and $22,934 for the same period in the prior year. The restrictions in place due to COVID-19 have limited travel and promotion costs in the first half of 2021. The increase in the second quarter was due to attending online investor conferences.
- Office and administrative costs were $54,432 and $129,554 for the three and six months ended June 30, 2021, in comparison to the prior year with expenditures of $72,162 and $201,129. Management significantly reduced discretionary spending an effort to preserve cash. All employees were working from home due to COVID-19 in the first half of 2021 which has also reduced spending considerably.
- The Company had foreign exchange losses of $80,589 and $142,118 for the three and six months ended June 30, 2021. This is consistent with a foreign exchange loss of $791,227 for the three months and a gain of $193,007 for the six month period of the prior year. Volatility in foreign exchange rates continues to cause significant gains and losses on both a quarterly and annual basis.

Mineral Property Expenditures

For the three and six months ended June 30, 2021, mineral property exploration expenditures have increased to $517,623 and $1,037,330 from a credit of $190,654 and expenditures of $521,506 for the three and six months ended June 30, 2020. The overall fluctuation is primarily due to a recovery of exploration expenses in Q2 2020 as a result of recoveries of certain input tax credits. Exploration and permitting expenditure during 2021 had been reduced due to the challenges associated with the COVID-19 virus in addition to the deferral of all non-essential spending. The Company is focused on advancing the permitting process, addressing various legal challenges and commencing the optimized Feasibility Study for the Back Forty Project.

Quarterly Information

Selected quarterly information for the eight most recently completed quarters is presented below and has been prepared in accordance with International Financial Reporting Standards.

In thousands of US dollars	For the quarters ended: 30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20
Statement of Loss				
Net (gain) loss in fair value of contingent consideration and warrants	$ 32	$ (81)	$ (138)	$ (81)
Net expenses	1,063	1,208	1,272	1,284
Net loss (income)	1,595	1,637	1,689	1,656
Loss (income) per share	-	-	-	-

In thousands of US dollars	For the quarters ended: 30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19
Statement of Loss				
Net (gain) loss in fair value of contingent consideration, and warrants	$ 134	$ 58	$ (22)	$ (920)
Net expenses	630	1,515	2,467	3,158
Net loss	4,141	761	(2,121)	2,917
Loss per share	0.01	-	(0.01)	0.01

For each of the eight most recent completed quarters, the financial data was prepared in accordance with IFRS. The quarterly results are unaudited. Sum of all the quarters may not add up to annual or year to date totals due to rounding.

The variability in quarterly losses is due to the funding of exploration expenses, the irregularity of share based payments expense, the non-cash accretion on the significant financing components of the gold and silver streams, the revaluation of contingent consideration, warrants and debentures and the impact of constantly fluctuating exchange rates in Canadian and US currencies.

Expenditures during 2019 and the first quarter of 2020 focused on certain pre-construction activities and finalizing the PEA. Employees continued to work from home during the first half of 2021 as a result of COVID-19 shutdown. All unnecessary spend has been deferred in an effort to preserve cash. Expenditures are consistent with the Company's expectations.

The impact of changes in the significant financing component of both the gold and silver streams will have an impact on quarterly losses. As the production profile and timing of payments change, this impacts the value of the significant financing component and as a result, the non-cash accretion. In the current quarter, a charge to accretion expense in the amount of $419,356 was recorded consistent with the prior quarter's expense of $419,845. In the fourth quarter of 2020, the Company adjusted the timing of the receipt of payments under the Gold Stream resulting in a charge to accretion expense of $419,845. In the second quarter of 2020, the Gold Stream and Silver Stream were amended, and the Company adjusted the value of the payments, the timing of their receipt as well as the timing of estimated production. As a result, a charge to accretion expense of $2.6 million was recorded for the second quarter of 2020. For the third quarter of 2019, an accretion expense was recorded. In the fourth quarter of 2019, the Company adjusted the timing of receipt of payments as well as the timing of estimated production. This resulted in a credit to accretion expense of $4.7 million being recorded.

When considering the quarterly losses, the effect of stock-based compensation is a significant factor. Share based payment expenditure is dependent on the timing of stock option grants, RSU grants and DSU grants. As such, there is substantial variability on a quarter over quarter basis. Share-based payment expenditures were a credit of $1,516, in the current quarter, and expenditures of $22,875, $1,135, $83,586, $87,642, ($16,620), $145,656, and $105,187 in each of the seven prior quarters. No stock options or RSUs were issued in the six months ended June 30, 2021. DSUs totaling 1,075,000 were issued during the period ended June 30, 2021. In the second quarter of 2020, the Company issued stock options totaling 300,000. No RSUs were issued in 2019. DSUs were issued in each quarter of 2019 as well as the fourth quarter of 2020 increasing the stock compensation expense.

Revaluation of the Canadian dollar warrants resulted in a gain of $126 as the last tranche of warrants expired in May 2021. This is in comparison to losses in the second quarter of 2020 of $117,990 and the fourth quarter of 2019 of $22,311. Gains on revaluation were also recognized in the first quarter of 2021 of $5,304 as well as the third and fourth quarter of 2020 of $88,000 and $103,309, respectively, the first quarter of 2020 in the amount of $163,054 and the third quarters of 2019 of $444,123. The revaluation is based on a number of factors including expected life, stock price at time of revaluation and volatility. Due to these factors, the resulting revaluation can have a significant impact on the loss for the quarter and substantial variability can occur on a quarter by quarter basis.

Volatility in foreign exchange rates continued to cause significant gains and losses on a quarterly basis. During the three ended June 30, 2021, the fluctuation in rates continued as the Canadian dollar continued to weaken slightly relative to the US dollar, resulting in a loss of $80,589 for the current quarter. This is consistent with losses of $61,529 in Q1 2021, $267,587 in Q4 2020 and $51,227 in Q3 2020. As previously noted, there was an error in the calculation of the foreign exchange for Q1 2020 resulting in an overstatement of the Q1 2020 gain of $592,000. This error was corrected in Q2 resulting in an overstatement of the Q2 loss by the same amount resulting in a loss of $791,227. This is consistent with losses in 2019 in the fourth quarter of $91,833. This is in comparison to gains in the first quarter of 2020 of $984,234 and the third quarter of 2019 of $3,023. The continued volatility is a trend that has continued throughout much of the current and prior fiscal years.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2021, the Company had cash of $974,250 compared to cash of $1,813,974 as at December 31, 2020. The Company had negative working capital of $2,931,742 as at June 30, 2021, compared to negative working capital of $757,846 as at December 31, 2020. Working capital is defined as current assets less current liabilities excluding warrants payable. The decrease in working capital is due to expenses for pre-construction activities as well as Company overhead. This is offset by funds received under the Gold Stream.

Details of deficit and working capital (current assets less current liabilities excluding warrants payable and the deposit received on the non-binding letter of intent) of the Company are as follows:

	June 30, 2021	December 31, 2020
Deficit	**$105,769,429**	$ 102,536,788
Working capital excluding warrants payable and refundable deposit	**(2,113,549)**	(757,846)

These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require a material write down of carrying values and an inability to meet the Company's obligations as they become due.
The consolidated financial statements that accompany this MD&A have been prepared on the basis that Aquila is a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. The Company is in active discussions with existing partners, advisors and outside investors to secure interim financing to complete pre-construction activities. As part of its funding solution the Company is reviewing certain strategic transactions. There can be no assurance that the Company will be able to execute and close on any funding solution.

On June 18, 2020, the Company announced that it entered definitive agreements with OGR to amend certain terms of the gold purchase agreement dated November 8, 2017 (the "**Gold Stream**") and the amended and restated silver purchase agreement dated September 30, 2016 (the "**Silver Stream**") in order to accelerate Aquila's access to a portion of the outstanding funding under the Gold Stream and to provide additional flexibility.

Under the terms of the amendments, OGR immediately advanced $2.5 million (excluding transaction costs) of the remaining deposit under the Gold Stream to Aquila. OGR will advance an additional $7.5 million upon Aquila achieving certain corporate and project development milestones that are expected to be completed over the next 12 to 18 months. OGR agreed to adjust certain milestone dates under the Gold Stream and Silver Stream to align the streams with the current project development timeline.

In exchange for OGR agreeing to make the payments and milestone date changes described above, the remaining deposit available to Aquila under the Gold Stream was reduced from $40 million to $35 million, of which $10 million is payable as described above, and the remaining $25 million will be payable pro rata with drawdowns under a senior construction facility for the Company's Back Forty Project. The Silver Stream was amended to increase the designated silver stream percentage from 75% to 85% of the number of payable silver ounces produced from Back Forty with no change to the ongoing price of $4/oz.

On March 11, 2021, Aquila announced that it entered into definitive agreements (the "**2021 Stream Agreement Amendments**") with OGR to amend certain terms of the Gold Stream and Silver Stream in order to provide additional flexibility. Under the terms of the 2021 Stream Agreement Amendments, OGR agreed to adjust certain milestone dates under the Gold Stream and the Silver Stream to align the streams with the current project development timeline. OGR immediately advanced $100,000 of the remaining deposit under the Gold Stream to the Company with an additional $2.4 million to follow upon Aquila completing an equity financing. A subsequent deposit of $5 million is expected to be received following the completion of the optimized Feasibility Study and the successful resolution of the permitting process with respect to permits required for the development or operation of the Back Forty Project. The final deposit of $25 million continues to be payable pro rata with drawdowns under a senior construction facility for the Back Forty Project.

The Threshold Stream Percentage and Tail Percentage remain unchanged. OGR will continue to pay 30% of the gold spot price on delivery, subject to a maximum payment of $600/oz. The Company agreed to eliminate the change of control provision, which previously allowed an acquiror of control over the Back

Forty Project the option to forgo the final payment of $25 million and reduce the Stream Percentage and Tail Percentage to 11% and 5.5%, respectively.

The $17.6 million received from OGR is shown as deferred revenue on the statement of financial position, net of transaction costs and capital commitment fees. The third tranche of $2.5 million was received in June 2020 and is also shown as deferred revenue on the statement of financial position, net of transaction costs. The remaining $32.4 million is payable in three installments and is subject to the completion of certain milestones and the satisfaction of certain other conditions. Therefore, it is not reflected on the statement of financial position at this time. OGR has been provided a general security agreement over the subsidiaries of Aquila that are directly involved with the development of the Back Forty Project.

In 2018, the Company received a re-assessment of certain of its ITCs totaling approximately C$669,000 ($529,000). The Company recorded the amount as an exploration expense on the statement of net loss in 2018. The Company received a second re-assessment of certain of its ITCs related to financing totaling approximately C$181,000 ($141,000). The Company has filed Notices of Objection in relation to these matters as the Company disagrees with Canada Revenue Agency's characterization of these ITCs. In June 2020, the Company received notice from the Appeals Division of the Canada Revenue Agency that the Company's objections were allowed in full. Funds of C$931,508 ($685,124) including interest and penalties were received in June 2020. As the Company has previously recorded the initial amount of C$669,000 ($529,000) as an exploration expense, the Company has recorded a recovery of exploration expenses in the second quarter of 2020.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placement offerings to accredited investors and institutions in addition to funding through streaming arrangements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing, or that such access will be timely and in the amounts necessary to fund the Company's activities. There are many conditions beyond the Company's control which have a direct impact on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties. However, there is no assurance that any such activity will generate funds that will be available for operations. In order to continue to advance the Back Forty Project and to explore its properties in Wisconsin, the Company will require additional funding beyond the future milestone payments under the Gold Stream. See "Risk Factors" in the Company's AIF.

The following are the capital financings completed by the Company in the last two years;

- In June 2021, the Company received C$1,000,000 ($818,193) which was advanced as a Deposit following the execution of the LOI. In the event the Transaction does not close, the Company will return the Deposit in shares of Aquila (subject to the receipt of all necessary approvals of the Toronto Stock Exchange) or in cash, depending on the circumstances.
- In the first quarter of 2021, the Company received $0.1 million under the Gold Stream agreement with OGR, net of transaction costs.
- In the second quarter of 2020, the Company received $2.4 million under the Gold Stream agreement with OGR, net of transaction costs.

The Company is currently in discussion with various parties to provide financing to continue to advance the Back Forty Project.

Below is a summary of the share capital transactions for common shares of the Company:

	June 30, 2021		December 31, 2020	
	Number of shares	**$**	Number of shares	$
Balance, beginning of year	**338,787,869**	**75,448,945**	338,473,904	75,409,506
Shares issued on settlement of restricted share units	**39,963**	**-**	164,548	-
Fair value on settlement of restricted share units	**-**	**7,715**	-	26,061
Shares issued on settlement of debt	**606,991**	**43,161**	-	-
Shares issued on settlement of deferred share units	**107,253**	**-**	149,417	-
Fair value on settlement of deferred share units	**-**	**7,314**	-	13,378
Balance, end of period	**339,542,076**	**75,507,135**	338,787,869	75,448,945

Warrants

As at June 30, 2021, there are no warrants outstanding. For additional information, refer to note 11 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2021.

Options

As at June 30, 2021, there are a total of 19,109,243 stock options outstanding with a weighted average exercise price of C$ 18 cents. For additional information, refer to note 10(b) of the condensed interim consolidated financial statements for the three and six months ended June 30, 2021.

Commitments

The Company is not committed to any material capital expenditures to the date of this MD&A.

In order for the Company to maintain its properties in good standing there are certain lease, option and property acquisition costs it will have to incur, as well as other commitments it has to fulfill. Any cash outlays required will be met from existing working capital and funding provided by capital markets or other industry partners.

MARKET TRENDS

The Company's future financial performance is dependent on many external factors including the prices of certain precious and base metals. The markets for these commodities are volatile and difficult to predict as they are impacted by many factors including international political, social, and economic conditions. These conditions, combined with volatility in the capital markets, could materially affect the future financial performance of the Company. For a summary of other factors and risks that may affect the Company and its financial position, please refer to "Risk Factors" in the Company's AIF.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2021, and December 31, 2020, the Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee. During the three and six months ended June 30, 2021, director's fees, professional fees and other compensation of directors and key management personnel were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Short-term compensation and benefits	**$ 91,580**	$ 96,234	**$ 188,474**	$ 271,269
Share-based payments (fair value of stock option benefits and share based payments)	**34,182**	49,956	**88,847**	107,827
	$ 125,762	$146,190	**$ 277,321**	$ 379,096

During the three and six months ended June 30, 2021, the Company had expenditures in the amount of $29,090 (2020 - $27,329) and $57,294 (2020 - $56,351) for shared office costs paid to a partnership in which one of the Company's directors is an owner. Beginning in March 2021, the Company has satisfied these shared office costs through the issuance of shares.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Impairment of mineral property costs

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs to sell. The key judgment related to the financial statements is the permitting of the Back Forty Project and the ability to undertake feasibility studies on the property to develop and operate it. Should there be negative information in this regard, or negative information from future feasibility studies, then an impairment assessment would be required to be performed.

Accounting for streaming agreement

The Company entered into a silver streaming arrangement in 2015 with Orion and received $17.25 million to date which was used for the development of the Back Forty Project. Refer to Note 9 of the condensed interim consolidated financial statements for further details. The Company entered into a gold streaming arrangement in 2017 and has received $17.6 million to date which is being used for the development of the Back Forty Project. Refer to note 8 of the condensed interim consolidated financial statement for further details.

Management exercised judgment in applying IFRS 15, Revenue from Contracts with Customers standards to certain contracts with customers. To determine the transaction price for streaming agreements, the Company made estimates with respect to the interest rate implicit in the agreements to adjust the consideration for the time value of money. Estimates are also made for long-term commodity prices which are used to determine the value of the financing component as well as estimates on when commercial production will occur. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the share awards and warrant liabilities are determined at the date of grant using generally accepted valuation techniques and for warrant liabilities at each balance sheet date thereafter. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingent Consideration

The valuation of contingent consideration relies on several estimates which include the commencement date of development activities, discount rates on present value calculations and the assessment of several key risks including permitting, feasibility studies, and commercial production.

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 – Accounting Policies in the Company's Consolidated Financial Statements for the year ended December 31, 2020 for further details.

NON-GAAP FINANCIAL MEASURES

Working capital is not a measure recognized under IFRS and is referred to as a Non-GAAP measure. The Company believes that this measure provides investors with an improved ability to evaluate the performance of the Company. This measure has no standardized meanings under IFRS and may not be comparable to similar measures presented by other companies. This measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

The Company determines working capital as follows: current assets less current liabilities excluding warrants payable and the deposit received on the non-binding letter of intent. The Company excludes warrants payable as it is a non-cash liability and has no impact on the Company's ability to satisfy its current payables. The Company has excluded the repayment of the deposit received as the Company can repay this deposit in shares and as such has no impact on the Company's ability to satisfy its current payables.

	For the quarters ended:			
	30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20
Working capital				
Current assets	$ 1,074,887	$ 957,690	$ 1,933,396	$ 2,997,592
Current liabilities excluding warrants payable and refundable deposit	4,006,629	2,839,007	2,691,242	2,357,840
Working capital	($2,931,742)	($1,881,317)	($757,846)	$ 639,752

	For the quarters ended:			
	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19
Working capital				
Current assets	$ 4,294,395	$ 3,049,460	$ 4,629,783	$ 6,831,302
Current liabilities excluding warrants payable and refundable deposit	2,504,222	2,471,532	3,077,504	2,931,079
Working capital	$ 1,790,173	$ 577,928	$ 1,552,279	$ 3,900,223

C1 cash costs, AISC, and EBITDA are non-IFRS financial measures calculated by the Company as set forth below and may not be comparable to similar measures reported by other companies.

C1 cash costs, which are intended to measure direct cash costs of producing paid metal, include all direct costs that would generate payable recoveries of metals for sale to customers, including mining of mineralized materials and waste, leaching, processing, refining and transportation costs, on-site administrative costs and royalties, net of by-product credits. C1 cash costs do not include depreciation, depletion, amortization, exploration expenditures, reclamation and remediation costs, sustaining capital, financing costs, income taxes, or corporate general and administrative costs not directly or indirectly related to the Project. C1 cash costs are divided by the number of ounces of gold estimated to be produced for the period to arrive at cash costs per gold ounce produced.

AISC includes C1 cash costs, as defined above, plus exploration costs at the Project and sustaining capital expenditures (including additional tailings storage, permitting and customary improvements to the operations over the life of the project). AISC is divided by the number of ounces of gold estimated to be produced for the period to arrive at AISC per gold ounce produced.

EBITDA is earnings before interest, taxes, depreciation, and amortization.

FINANCIAL INSTRUMENTS

The Company has not entered into any specialized financial arrangements to minimize its investment risk, currency risk or commodity risk.

Warrants

Equity offerings were completed in previous periods whereby warrants were issued with exercise prices denominated in Canadian dollars. Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (US dollar), the warrants are treated as a financial liability. The Company’s share purchase warrants denominated in Canadian dollars are classified and accounted for as a financial liability at fair value with changes in fair value recognized in net earnings. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of the Canadian dollar denominated warrants.

DISCLOSURE CONTROLS

The Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") are 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 CEO and the 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, the Company's Disclosure Policy, Code of Business Conduct and Ethics, the Whistleblower Policy, the effective functioning of the Audit Committee, 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&A's, AIF's 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 the Company's disclosure controls and procedures was conducted, under the supervision of Management, including the CEO and CFO, as of December 31, 2020. The evaluation included documentation review, enquiries and other procedures considered by Management to be appropriate in the circumstances. 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 June 30, 2021.

The CEO and CFO are also required, under NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings to file certifications of the interim filings. Copies of these certifications may be found on SEDAR at www.sedar.com.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for designing internal controls over financial reporting, or supervising their design, in order to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for reporting purposes in accordance with IFRS.

There was no change in the Company's internal controls over financial reporting that occurred during the second quarter of 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

The control framework has been designed by management with assistance by independent accounting consultants. Based on a review of its internal control procedures at the end of the period covered by this MD&A, the conclusion of management is that the internal control is appropriately designed and operating effectively as of June 30, 2021.

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.