
AGUILA AMERICAN GOLD LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
OCTOBER 31, 2017

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

AGUILA AMERICAN GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	October 31, 2017 \$	April 30, 2017 \$
ASSETS			
Current assets			
Cash		20,066	5,473
GST receivable		10,852	9,701
Prepays		<u>1,734</u>	<u>4,333</u>
TOTAL ASSETS		<u>32,652</u>	<u>19,507</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	432,773	421,104
Loan and advances	5	<u>105,000</u>	<u>107,357</u>
TOTAL LIABILITIES		<u>537,773</u>	<u>528,461</u>
SHAREHOLDERS' EQUITY			
Share capital	6	25,846,799	25,810,881
Share-based payments reserve		1,477,619	1,477,619
Deficit		<u>(27,829,539)</u>	<u>(27,797,454)</u>
TOTAL SHAREHOLDERS' (DEFICIENCY) EQUITY		<u>(505,121)</u>	<u>(508,954)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>32,652</u>	<u>19,507</u>

Nature of Operations and Going Concern - see Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on December 13, 2017 and are signed on its behalf by:

/s/ Blair Way
 Blair Way
 Director

/s/ Nick DeMare
 Nick DeMare
 Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AGUILA AMERICAN GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months Ended October 31,		Six Months Ended October 31,	
		2017 \$	2016 \$	2017 \$	2016 \$
Mineral exploration costs	4	-	15,405	-	40,462
Expenses					
Accounting and administration	7(a)	6,500	14,328	12,100	29,211
Audit		7,500	13,500	7,500	13,500
Depreciation		-	2,537	-	5,074
Legal		-	3,852	-	7,239
Management services	7(a)	-	12,000	-	24,000
Office and administration		331	838	3,068	1,902
Professional fees	7	12,000	12,000	24,000	24,000
Regulatory fees		3,079	2,979	7,657	5,174
Share-based compensation	6(e)	-	-	15,918	14,845
Shareholder costs		-	1,525	900	1,525
Transfer agent		700	1,003	3,526	2,189
Travel allowance	7(a)	-	11,806	-	23,678
		<u>30,110</u>	<u>76,368</u>	<u>74,669</u>	<u>152,337</u>
Loss before other items		<u>(30,110)</u>	<u>(91,773)</u>	<u>(74,669)</u>	<u>(192,799)</u>
Other items					
Interest income		58	27	68	105
Foreign exchange gain (loss)		1,169	(7,538)	1,603	(18,664)
Financing expense	5(a)	-	-	-	(32,761)
Gain on disposition	3	-	-	40,913	-
		<u>1,227</u>	<u>(7,511)</u>	<u>42,584</u>	<u>(51,320)</u>
Net loss and comprehensive loss for the period		<u>(28,883)</u>	<u>(99,284)</u>	<u>(32,085)</u>	<u>(244,119)</u>
Basic and diluted loss per common share		<u>\$(0.01)</u>	<u>\$(0.04)</u>	<u>\$(0.01)</u>	<u>\$(0.11)</u>
Basic and diluted weighted average number of common shares outstanding		<u>2,424,985</u>	<u>2,290,177</u>	<u>2,386,942</u>	<u>2,197,751</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AGUILA AMERICAN GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Six Months Ended October 31, 2017					
Common Shares		Share-Based Payments Reserve	Deficit	Total Equity (Deficiency)	
Number of Shares*	Amount \$				
Balance at April 30, 2017	2,324,985	25,810,881	1,477,619	(27,797,454)	(508,954)
Common shares issued for:					
Cash - share options exercised	100,000	20,000	-	-	20,000
Transfer on exercise of share options	-	15,918	(15,918)	-	-
Share-based compensation	-	-	15,918	-	15,918
Net loss and comprehensive loss	-	-	-	(32,085)	(32,085)
Balance at October 31, 2017	2,424,985	25,846,799	1,477,619	(27,829,539)	(505,121)

Six Months Ended October 31, 2016					
Common Shares		Share-Based Payments Reserve	Deficit	Total Equity	
Number of Shares*	Amount \$				
Balance at April 30, 2016	2,014,545	25,586,299	1,441,854	(26,404,740)	623,413
Common shares issued for:					
Cash - private placement	242,860	170,002	-	-	170,002
Cash - warrants exercised	34,480	22,240	-	-	22,240
Finder's fees	5,900	3,344	2,556	-	5,900
Share issue costs	-	(7,520)	-	-	(7,520)
Transfer on exercise of warrants	-	13,612	(13,612)	-	-
Share-based compensation	-	-	47,606	-	47,606
Net loss and comprehensive loss	-	-	-	(244,119)	(244,119)
Balance at October 31, 2016	2,297,785	25,787,977	1,478,404	(26,648,859)	617,522

* The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for ten old basis effective May 17, 2017. See Note 6(b).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AGUILA AMERICAN GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended October 31,	
	2017 \$	2016 \$
Operating activities		
Net loss for the period	(32,085)	(244,119)
Adjustments for:		
Depreciation	-	5,074
Share-based compensation	15,918	14,845
Financing expense	-	32,761
Foreign exchange (gain) loss	(463)	1,048
Changes in non-cash working capital items:		
Amounts receivable	-	(957)
GST receivable	(1,151)	(119)
Prepays	2,599	1,196
Accounts payable and accrued liabilities	11,669	42,110
Net cash used in by operating activities	<u>(3,513)</u>	<u>(148,161)</u>
Investing activities		
Expenditures on exploration and evaluation assets	-	(53,404)
Net cash used in by investing activities	<u>-</u>	<u>(53,404)</u>
Financing activities		
Issuance of common shares	20,000	192,242
Share issue costs	-	(1,620)
Advances received	10,076	-
Repayment of advances	(11,970)	(32,072)
Net cash generated by financing activities	<u>18,106</u>	<u>158,550</u>
Net change in cash	14,593	(43,015)
Cash at beginning of period	<u>5,473</u>	<u>52,048</u>
Cash at end of period	<u>20,066</u>	<u>9,033</u>

Supplemental cash flow information - See Note 8

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AGUILA AMERICAN GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2017
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Aguila American Gold Limited (the “Company”) is listed and traded on the TSX Venture Exchange (“TSXV”) under the symbol “AGL”. The Company’s principal and executive office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

During the six months ended October 31, 2017 the Company incurred a loss of \$32,085 and, as at October 31, 2017, had negative working capital of \$505,121 and an accumulated deficit of \$27,829,539. The Company has no significant assets and is dependent on ongoing advances from its officers and shareholders. Further funds will be required to fund existing levels of operations and administration, retire its indebtedness as they come due, and conduct due diligence on identifying and evaluating potential mineral interest acquisitions or business opportunities. The Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due the Company may have to reduce or curtail its operations. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these condensed consolidated interim financial statements do not give effect to the adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to identify, acquire and develop properties and to establish future profitable production.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended April 30, 2017.

Basis of Measurement

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

3. Disposition of Subsidiaries

Effective April 30, 2017 the Company determined to cease operations in Peru and no longer support its wholly-owned Peruvian subsidiaries, Aguila American Resources Limited S.A. and Kori Trader S.A.C. (the “Peruvian Subsidiaries”). As a result, during fiscal 2017 the Company recorded an impairment expense of \$1,318,408 for the remaining carry value of its exploration and evaluation assets and \$2,538 for the remaining carrying cost of its property, plant and equipment. On July 3, 2017 the Company entered into agreements to dispose of the Peruvian Subsidiaries. During the three months ended October 31, 2017 the Company received \$40,913 net proceeds from the sale. The Company no longer has any subsidiaries.

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4. Mineral Exploration Costs

No mineral exploration costs were incurred during the six months ended October 31, 2017. Mineral exploration costs incurred during the six months ended October 31, 2016 are detailed below:

	2016 \$
Camp costs	6,309
Community expenses	777
Consulting	11,124
Engineering studies	4,462
Environmental studies	1,151
Equipment rental	1,905
Office and miscellaneous costs	3,158
Sampling	400
Site personnel	6,541
Transportation	492
Travel	1,814
VAT incurred	<u>2,329</u>
Total	<u>40,462</u>

5. Loan and Advances

	October 31, 2017 \$	April 30, 2017 \$
Bridge loan (a)	47,000	50,000
Advances (b)	<u>58,000</u>	<u>57,357</u>
	<u>105,000</u>	<u>107,357</u>

(a) On June 9, 2015 the Company received a \$50,000 bridge loan from a shareholder of the Company. The bridge loan is without interest, is unsecured and was originally scheduled for repayment on June 9, 2016. During fiscal 2016 the Company issued 9,090 common shares of the Company to the lender at an ascribed value of \$10,000, which was recorded as a financing expense. In fiscal 2017 the Company and the lender agreed to a one year extension of the due date of the bridge loan. The Company issued 40,000 warrants as consideration for the extension. The warrants were exercisable at \$0.50 per share. The value assigned to the warrants was \$32,761 and was recorded as a financing expense. During fiscal 2017, 23,820 warrants were exercised and the remaining 16,180 warrants expired on May 2, 2017 without exercise.

During the three months ended October 31, 2017 the Company repaid \$3,000 of the bridge loan.

(b) Advances are from certain of the Company's current and former officers and are currently without specific terms of interest or repayment.

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6. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Share Consolidation***

On May 17, 2017 the Company completed a consolidation of its share capital on a one new for ten old basis. The share and per share amounts have been adjusted within these financial statements to reflect the share consolidation.

(c) ***Equity Financings***

No financings were completed by the Company during the six months ended October 31, 2017.

Fiscal 2017

During fiscal 2017 the Company completed a non-brokered private placement financing of 242,860 units at a price of \$0.70 per unit for gross proceeds of \$170,002. Each unit comprised one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional share for a term of two years from the closing date at a price of \$1.00 per share.

The Company also issued to a finder 5,900 units, having the same terms as the units issued under the private placement at an ascribed value of \$5,900. The fair value of the underlying warrants to the finder's units has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.61%; expected volatility of 167.14%; an expected life of two years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the underlying warrants to the finder's units was \$2,556. The weighted average fair value of the finder's warrants issued was \$0.43 per warrant.

The Company paid \$1,620 for share issue costs associated with the private placement.

The spouse of the former President of the Company and a private company owned by a director of the Company purchased 51,317 units for \$35,922.

(d) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at October 31, 2017 and 2016 and the changes for the six months ended on those dates is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	597,440	0.70	360,360	0.50
Issued	-		288,760	0.90
Expired	(16,180)	0.50	(34,480)	0.60
Balance, end of period	581,260	0.70	614,640	0.70

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6. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at October 31, 2017:

Number	Exercise Price \$	Expiry Date
36,000	1.00	June 21, 2018
202,760	1.00	July 4, 2018
185,000	0.50	March 10, 2021
<u>157,500</u>	0.50	March 24, 2021
<u>581,260</u>		

(e) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During the six months ended October 31, 2017 the Company granted share options to purchase 100,000 (2016 - 24,000) common shares and recorded compensation expense of \$15,918 (2016 - \$14,845).

The fair value of share options granted during the six months ended October 31, 2017 and 2016 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2017</u>	<u>2016</u>
Risk-free interest rate	0.79%	0.65%
Estimated volatility	145.85%	184.55%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average fair value of all share options granted, using the Black-Scholes option pricing model, during the six months ended October 31, 2017 was \$0.16 (2016 - \$0.60) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at October 31, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	<u>2017</u>		<u>2016</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	175,350	0.54	139,350	0.50
Granted	100,000	0.20	24,000	0.80
Exercised	(100,000)	0.20	-	-
Expired	<u>(59,900)</u>	0.62	<u>(3,000)</u>	0.50
Balance, end of period	<u>115,450</u>	0.50	<u>160,350</u>	0.50

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6. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at October 31, 2017:

Number	Exercise Price \$	Expiry Date
15,000	0.50	February 4, 2018
24,000	0.50	February 26, 2018
26,950	0.50	April 1, 2018
<u>49,500</u>	0.50	April 26, 2019
<u>115,450</u>		

7. Related Party Transactions and Balances

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

(i) During the six months ended October 31, 2017 and 2016 the following amounts were incurred with respect to the Company's executive officers which includes the positions of the former President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"):

	2017 \$	2016 \$
Management services	-	24,000
Professional fees	18,000	18,000
Travel allowance	-	23,473
Share-based compensation	<u>15,918</u>	<u>-</u>
	<u>33,918</u>	<u>65,473</u>

As at October 31, 2017, \$334,012 (April 30, 2017 - \$316,012) was outstanding for past fees and expenses incurred and has been included in accounts payable and accrued liabilities.

(ii) During the six months ended October 31, 2017 the Company incurred \$12,100 (2016 - \$18,100) for accounting and administration services provided by Chase Management Ltd., a private company owned by the CFO of the Company. As at October 31, 2017, \$4,000 (April 30, 2017 - \$4,766) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) See also Notes 5(b) and 6(c).

(b) *Transactions with Other Related Parties*

During the six months ended October 31, 2017 and 2016 the following amounts were incurred by the Company with respect to non-executive directors of the Company:

	2017 \$	2016 \$
Professional fees	<u>6,000</u>	<u>6,000</u>

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7. Related Party Transactions and Balances (continued)

As at October 31, 2017 \$74,832 (April 30, 2017 - \$68,832) was outstanding for past fees and has been included in accounts payable and accrued liabilities.

8. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the six months ended October 31, 2017 and 2016 are as follows:

	2017 \$	2016 \$
Operating activity		
Financing expense	-	(32,761)
Financing activities		
Common shares issued for finder's fees	-	3,344
Share issue costs	-	(5,900)
Common shares issued for financing expense	-	32,761
Transfer on exercise of share options	15,918	-
Transfer on exercise of warrants	-	13,612
Share-based payment reserve	(15,918)	(11,056)
	<u>-</u>	<u>32,761</u>

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: Fair value through profit or loss ("FVTPL"); held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	October 31, 2017 \$	April 30, 2017 \$
Cash	FVTPL	20,066	5,473
Accounts payable and accrued liabilities	Other liabilities	(432,773)	(421,104)
Loan and advances	Other liabilities	(105,000)	(107,357)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

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9. Financial Instruments and Risk Management (continued)

The recorded amounts for cash, accounts payable and accrued liabilities and loans and advances approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at October 31, 2017				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	20,066	-	-	-	20,066
Accounts payable and accrued liabilities	(432,773)	-	-	-	(432,773)
Loan and advances	(105,000)	-	-	-	(105,000)
	Contractual Maturity Analysis at April 30, 2017				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	5,473	-	-	-	5,473
Accounts payable and accrued liabilities	(421,104)	-	-	-	(421,104)
Loan and advances	(107,357)	-	-	-	(107,357)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and cash equivalents and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at October 31, 2017 the Company did not have any significant amounts in foreign currencies and considers foreign currency risk insignificant.

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9. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.