
AGUILA AMERICAN GOLD LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
OCTOBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED 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 interim financial statements they must be accompanied by a notice indicating that the condensed 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 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 INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	October 31, 2018 \$	April 30, 2018 \$
ASSETS			
Current assets			
Cash		1,866	9,265
GST receivable		13,197	12,357
Prepays		<u>869</u>	<u>3,490</u>
TOTAL ASSETS		<u>15,932</u>	<u>25,112</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	283,940	451,728
Loan and advances	4	<u>81,500</u>	<u>105,000</u>
TOTAL LIABILITIES		<u>365,440</u>	<u>556,728</u>
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Share capital	5	25,846,799	25,846,799
Share-based payments reserve		1,477,619	1,477,619
Deficit		<u>(27,673,926)</u>	<u>(27,856,034)</u>
TOTAL SHAREHOLDERS' (DEFICIENCY) EQUITY		<u>(349,508)</u>	<u>(531,616)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY		<u>15,932</u>	<u>25,112</u>

Nature of Operations and Going Concern - see Note 1

Events after the Reporting Period - see Note 9

These condensed interim financial statements were approved for issue by the Board of Directors on December 20, 2018 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 interim financial statements.

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

	Notes	Three Months Ended October 31,		Six Months Ended October 31,	
		2018 \$	2017 \$	2018 \$	2017 \$
Expenses					
Accounting and administration	6(b)	4,200	6,500	6,700	12,100
Audit		7,500	7,500	7,500	7,500
Executive and director compensation	6	12,000	12,000	24,000	24,000
Office and administration		104	331	186	3,068
Regulatory fees		3,090	3,079	4,400	7,657
Share-based compensation	5(d)	-	-	-	15,918
Shareholder costs		-	-	-	900
Transfer agent		435	700	1,195	3,526
		<u>27,329</u>	<u>30,110</u>	<u>43,981</u>	<u>74,669</u>
Loss before other items		<u>(27,329)</u>	<u>(30,110)</u>	<u>(43,981)</u>	<u>(74,669)</u>
Other items					
Recovery of amounts previously recorded	4(a),6(a)	219,012	-	226,030	-
Interest income		16	58	47	68
Foreign exchange gain (loss)		(5)	1,169	12	1,603
Gain on disposition	3	-	-	-	40,913
		<u>219,023</u>	<u>1,227</u>	<u>226,089</u>	<u>42,584</u>
Net income (loss) and comprehensive income (loss) for the period		<u>191,694</u>	<u>(28,883)</u>	<u>182,108</u>	<u>(32,085)</u>
Basic and diluted income (loss) per common share		<u>\$0.08</u>	<u>\$(0.01)</u>	<u>\$0.08</u>	<u>\$(0.01)</u>
Basic and diluted weighted average number of common shares outstanding		<u>2,424,985</u>	<u>2,424,985</u>	<u>2,424,985</u>	<u>2,386,942</u>

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

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

Six Months Ended October 31, 2018					
Common Shares					
	Number of Shares*	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Equity (Deficiency) \$
Balance at April 30, 2018	2,424,985	25,846,799	1,477,619	(27,856,034)	(531,616)
Net income and comprehensive income	-	-	-	182,108	182,108
Balance at October 31, 2018	<u>2,424,985</u>	<u>25,846,799</u>	<u>1,477,619</u>	<u>(27,673,926)</u>	<u>(349,508)</u>

Six Months Ended October 31, 2017					
Common Shares					
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Equity (Deficiency) \$
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	<u>2,424,985</u>	<u>25,846,799</u>	<u>1,477,619</u>	<u>(27,829,539)</u>	<u>(505,121)</u>

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

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

	Six Months Ended October 31,	
	2018 \$	2017 \$
Operating activities		
Net income (loss) for the period	182,108	(32,085)
Adjustments for:		
Recovery of amounts previously recorded	(226,030)	-
Share-based compensation	-	15,918
Foreign exchange loss	-	(463)
Changes in non-cash working capital items:		
GST receivable	(840)	(1,151)
Prepays	2,621	2,599
Accounts payable and accrued liabilities	34,742	11,669
Net cash used in by operating activities	<u>(7,399)</u>	<u>(3,513)</u>
Financing activities		
Issuance of common shares	-	20,000
Advances received	-	10,076
Repayment of advances	-	(11,970)
Net cash generated by financing activities	<u>-</u>	<u>18,106</u>
Net change in cash	(7,399)	14,593
Cash at beginning of period	<u>9,265</u>	<u>5,473</u>
Cash at end of period	<u>1,866</u>	<u>20,066</u>

Supplemental cash flow information - See Note 7

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

AGUILA AMERICAN GOLD LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018
(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 OTCBB under the symbol “AGLAF” and the Frankfurt Stock Exchange under the Symbol “AGP”. The Company’s principal and executive office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

As at October 31, 2018 the Company had a working capital deficit of \$349,508 and an accumulated deficit of \$27,673,926. 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 other business opportunities. The Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. 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 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 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.

See also Note 9.

2. Basis of Preparation

Statement of Compliance

These condensed 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 interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2018, 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 interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended April 30, 2018 other than the adoption of IFRS 9 - *Financial Instruments* (“IFRS 9”).

Financial Instruments

Effective May 1, 2018, the Company adopted IFRS 9 using the modified retrospective approach. IFRS 9 did not impact the Company’s classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company’s financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

Basis of Measurement

The Company’s condensed 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 interim financial statements are presented in Canadian dollars unless otherwise stated.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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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") and on July 3, 2017 the Company entered into agreements to dispose of the Peruvian Subsidiaries. During the six months ended October 31, 2017 the Company received \$40,913 net proceeds from the sale. The Company no longer has any subsidiaries.

4. Loan and Advances

	October 31, 2018 \$	April 30, 2018 \$
Bridge loan (a)	23,500	47,000
Advances (b)	<u>58,000</u>	<u>58,000</u>
	<u>81,500</u>	<u>105,000</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. In fiscal 2017 the Company and the lender agreed to a one year extension of the due date of the bridge loan and 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 fiscal 2018 the Company repaid \$3,000 of the bridge loan. During the six months ended October 31, 2018 the shareholder agreed to forgive \$23,500 of the bridge loan and, accordingly, the Company recognized a recovery of \$23,500. The Company repaid the remaining balance of \$23,500 in November 2018.

(b) Advances are from certain of the Company's current and former officers and are currently without specific terms of interest or repayment. See also Note 9(c).

(c) See also Note 9(b).

5. 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) ***Equity Financings***

No financings were conducted by the Company during the six months ended October 31, 2018 or 2017.

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5. Share Capital (continued)

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants for fiscal 2018 and the six months ended October 31, 2018 is as follows:

	Number	Weighted Average Exercise Price \$
Balance at April 30, 2017	597,440	0.70
Expired	<u>(16,180)</u>	0.50
Balance at April 30, 2018	581,260	0.71
Expired	<u>(238,760)</u>	1.00
Balance at October 31, 2018	<u>342,500</u>	0.50

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at October 31, 2018:

Number	Exercise Price \$	Expiry Date
185,000	0.50	March 10, 2021
<u>157,500</u>	0.50	March 24, 2021
<u>342,500</u>		

(d) ***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.

No share options were granted during the six months ended October 31, 2018.

During the six months ended October 31, 2017 the Company granted share options to purchase 100,000 common shares and recorded compensation expense of \$15,918. The fair value of share options granted during the six months ended October 31, 2017 was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 0.79%; estimated volatility of 145.85%; expected life of 3 years; expected dividend yield of 0%; estimated forfeiture rate of 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 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.

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5. Share Capital (continued)

A summary of the Company's share options for fiscal 2018 and the six months ended October 31, 2018, is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance at April 30, 2017	175,350	0.54
Granted	100,000	0.20
Exercised	(100,000)	0.20
Expired	<u>(125,850)</u>	0.56
Balance at April 30, 2018 and October 31, 2018	<u>49,500</u>	0.50

As at October 31, 2018 share options to purchase 49,500 common shares at \$0.50 per share, expiring April 26, 2019, remain outstanding and exercisable.

See also Note 9(a).

6. 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*

During the six months ended October 31, 2018 and 2017 the following amounts were incurred with respect to the Company's sole executive officer who holds the positions of interim Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"):

	2018 \$	2017 \$
Professional fees	18,000	18,000
Share-based compensation	<u>-</u>	<u>15,918</u>
	<u>18,000</u>	<u>33,918</u>

During the six months ended October 31, 2018 the Company negotiated the settlement of \$207,012 of accounts payable which was due to the estate of the former CEO of the Company, whereby the Company agreed to pay \$11,500 and, accordingly, recorded a recovery of \$195,512. The Company paid \$11,500 in November 2018.

As at October 31, 2018, \$174,500 (April 30, 2018 - \$359,262) was outstanding for past fees and expenses incurred and has been included in accounts payable and accrued liabilities.

See also Note 9.

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(b) *Transactions with Other Related Parties*

(i) During the six months ended October 31, 2018 and 2017 the following amounts were incurred by the Company with respect to non-executive directors of the Company:

	2018 \$	2017 \$
Professional fees	<u>6,000</u>	<u>6,000</u>

As at October 31, 2018 \$85,081 (April 30, 2018 - \$81,136) was outstanding for past fees and has been included in accounts payable and accrued liabilities.

(ii) During the six months ended October 31, 2018 the Company incurred \$6,700 (2017 - \$12,100) for accounting and administration services provided by Chase Management Ltd., a private company owned by the interim CEO of the Company. As at October 31, 2018 \$4,016 (April 30, 2018 - \$2,657) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) See also Note 4.

7. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the six months ended October 31, 2018 and 2017 are as follows:

	2018 \$	2017 \$
Financing activities		
Transfer on exercise of share options	-	15,918
Share-based payment reserve	<u>-</u>	<u>(15,918)</u>
	<u>-</u>	<u>-</u>

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following following categories: fair value through profit or loss ("FVTPL"); amortized cost; fair value through other comprehensive income; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	October 31, 2018 \$	April 30, 2018 \$
Cash	FVTPL	1,866	9,265
Accounts payable and accrued liabilities	Amortized cost	(283,940)	(451,728)
Loan and advances	Amortized cost	(81,500)	(105,000)

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.

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8. Financial Instruments and Risk Management (continued)

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.

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, 2018				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	1,855	-	-	-	1,855
Accounts payable and accrued liabilities	(283,940)	-	-	-	(283,940)
Loan and advances	(81,500)	-	-	-	(81,500)

	Contractual Maturity Analysis at April 30, 2018				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	9,265	-	-	-	9,265
Accounts payable and accrued liabilities	(451,728)	-	-	-	(451,728)
Loan and advances	(105,000)	-	-	-	(105,000)

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.

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8. Financial Instruments and Risk Management (continued)

(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, 2018 the Company did not have any significant amounts in foreign currencies and considers foreign currency risk insignificant.

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.

9. Events after the Reporting Period

- (a) In November 2018 the Company granted 120,000 share options, at an exercise price of \$0.235 per share, to a private company owned by the interim CEO of the Company. The options were subsequently exercised and the Company received \$28,200.
- (b) In November 2018 the Company received a \$60,000 advance from a private Company owned by the interim CEO of the Company. The advance has no specific term of interest or repayment.
- (c) In November 2018 the Company repaid \$14,500 of advances owing to the estate of the former CEO of the Company.
- (d) See also Notes 4(a) and 6(a).