

AGUILA AMERICAN GOLD LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2018

The following management discussion and analysis and financial review, prepared as at August 24, 2018, should be read in conjunction with the audited consolidated financial statements and related notes for the years ended April 30, 2018 and 2017 of Aguila American Gold Limited ("Aguila" or the "Company"). The following disclosure and associated condensed consolidated interim financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

Company Overview

The Company is a junior mineral exploration company which was previously engaged in exploration of the Angostura Property located in Peru. Effective April 30, 2017 the Company determined to cease operations in Peru. As a result, during fiscal 2017 the Company recorded an impairment expense of \$1,318,408 for the remaining carrying value of the Angostura Property. On July 3, 2017 the Company entered into agreements and sold its wholly-owned Peruvian subsidiaries, Aguila American Resources Limited S.A. and Kori Trader S.A.C., for \$40,913. As at the date of this MD&A, the Company has no mineral property interests. The Company will need to raise additional capital from the sale of common shares or other equity or debt instruments 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. See also "Financial Condition / Capital Resources".

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSXV under the symbol "AGL", the OTCBB under the symbol "AGLAF" and the Frankfurt Stock Exchange under the symbol "AGP".

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 this MD&A to reflect the share consolidation.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Years Ended April 30,		
	2018 \$	2017 \$	2016 \$
Operations:			
Revenues	Nil	Nil	Nil
Mineral exploration costs	Nil	(60,553)	(111,727)
Expenses	(108,397)	(243,624)	(311,120)
Other items	49,817	(1,088,537)	(13,992)
Net loss	(58,580)	(1,392,714)	(436,839)
Basic and diluted (loss) per share	(0.02)	(0.62)	(0.27)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working (deficiency) capital	(531,616)	(508,954)	(653,342)
Total assets	25,112	19,507	1,350,203
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2018				Fiscal 2017			
	Apr. 30 2018 \$	Jan. 31 2018 \$	Oct. 31 2017 \$	Jul. 31 2017 \$	Apr. 30 2017 \$	Jan. 31 2017 \$	Oct. 31 2016 \$	Jul. 31 2016 \$
Operations:								
Revenues	Nil							
Mineral exploration costs	Nil	Nil	Nil	Nil	(7,159)	(12,932)	(15,405)	(25,057)
Expenses	(17569)	(16,159)	(30,110)	(44,559)	(25,587)	(65,700)	(76,368)	(75,969)
Other items	7,449	(216)	1,227	41,357	(1,063,189)	25,972	(7,511)	(43,809)
Net loss	(10,120)	(16,375)	(28,883)	(3,202)	(1,095,935)	(52,660)	(99,284)	(144,835)
Basic and diluted income (loss) per share	(0.00)	(0.01)	(0.01)	(0.00)	(0.47)	(0.02)	(0.04)	(0.07)
Dividends per share	Nil							
Balance Sheet:								
Working capital (deficiency)	(531,616)	(521,496)	(505,121)	(476,238)	(508,954)	(736,501)	(707,563)	(624,746)
Total assets	25,112	28,085	32,652	61,699	19,507	1,346,576	1,355,398	1,382,693
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended April 30, 2018 Compared to Three Months Ended April 30, 2017

Company activities have been kept at minimal levels while the Company reviews business opportunities and completes its recapitalization. During the three months ended April 30, 2018 (“Q4/2018”) the Company reported a loss of \$10,120, compared to a loss of \$1,095,935 for the three months ended April 30, 2017 (“Q4/2017”), a decrease in loss of \$1,085,815. Significant fluctuations of note are as follows:

- (i) in Q4/2017 the Company recorded an impairment expense of \$1,318,408 for the remaining carrying value of the Angostura Project. The Company did not have any mineral property interests in Q4/2018; and
- (ii) in Q4/2017 the Company recorded a recovery of \$257,411 relating to costs recorded in prior years by its subsidiaries.

Year Ended April 30, 2018 Compared to Year Ended April 30, 2017

During the year ended April 30, 2018 (“fiscal 2018”), the Company reported a loss of \$58,580, compared to a loss of \$1,392,714 reported during the year ended April 30, 2017 (“fiscal 2017”). The decrease in loss of \$1,334,134 was primarily attributed to: (i) the \$1,318,408 impairment charge to the Angostura Project recorded in fiscal 2017; (ii) the Company’s decision in April 2017 to cease operations in Peru, resulting in significant reductions in exploration

and corporate activities during fiscal 2018; and (iii) completion of the disposition of the Peruvian subsidiaries in fiscal 2018 for net proceeds of \$40,913. Other significant fluctuations of note are as follows:

- (a) Expenses decreased by \$135,227, from \$243,624 during fiscal 2017 to \$108,397 during fiscal 2018, primarily due to:
 - (i) during fiscal 2017 the Company incurred \$35,667 for monthly travel allowances provided to Mr. Huguet, the Company's former President. No travel allowances were conducted in fiscal 2018;
 - (ii) a decrease of \$29,659 in accounting and administration, from \$47,192 in fiscal 2017 to \$17,533 in fiscal 2018. During fiscal 2018 the Company incurred \$17,533 (2017 - \$24,850) for services provided by Chase Management Ltd. ("Chase"), a private company owned by Mr. DeMare, the Company's interim CEO and the CFO of the Company. During fiscal 2017 the Company was also billed \$22,342 for accounting services provided by a third party accounting firm for services provided relating to the Company's Peruvian subsidiaries;
 - (iii) during fiscal 2017 the Company incurred \$9,999 for legal expenses for ongoing services relating to the Angostura Property and general corporate matters. No legal services were required during the 2018 period;
 - (iv) during fiscal 2017 the Company recorded \$10,146 in depreciation expense and an impairment charge of \$2,538 to write-off the residual amount in property, plant and equipment; and
 - (vi) the recognition of \$15,918 (2017 - \$23,364) share-based compensation on the granting of share options to purchase 100,000 (2017 - 49,000) common shares.
- (b) During fiscal 2017 the Company incurred \$60,553 in consulting, general exploration and property maintenance and support on the Angostura Property. With the decision to cease operations in Peru in April 2017 the Company did not conduct any mineral exploration activities during fiscal 2018.
- (c) The Company recorded a financing expense of \$32,761 in fiscal 2017 for warrants granted by the Company to a lender.
- (d) In fiscal 2017 the Company recorded a recovery of \$278,815 relating to costs recorded in prior years.

The Company did not complete any equity financings during fiscal 2018. The Company did, however, issue 100,000 common shares of the Company on the exercise of share options for proceeds of \$20,000. During fiscal 2017 the Company completed a non-brokered private placement financing of 242,860 units for gross proceeds of \$170,002. In addition the Company issued a total of 61,680 common shares on the exercise of warrants and share options for total proceeds of \$35,840.

The Company has, in the past, received ongoing advances and a bridge loan from related and other parties to provide working capital to the Company. During fiscal 2018 the Company repaid \$3,000 of the bridge loan. As at April 30, 2018 the Company has bridge loans and advances totalling \$105,000 outstanding. See also "Transactions with Related Parties".

Financial Condition / Capital Resources

During fiscal 2018 the Company incurred a loss of \$58,580 and, as at April 30, 2018, had a working capital deficit of \$531,616 and an accumulated deficit of \$27,856,034. 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of mineralized reserves, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's critical accounting estimates and sources of estimation is included in Note 3 to the April 30, 2018 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the April 30, 2018 audited annual consolidated financial statements.

Transactions with Related Parties

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 fiscal 2018 and 2017 the following amounts were incurred with respect to the Company's current and former executive officers:

	2018	2017
	\$	\$
Mr. Huguet - management services*	-	36,000
Mr. Huguet - travel allowance	-	35,461
Mr. Huguet - share-based compensation	-	8,520
Mr. DeMare - professional fees*	36,000	36,000
Mr. DeMare - share-based compensation	15,918	-
	<u>51,918</u>	<u>115,981</u>

* On February 6, 2017 the Company announced the passing of Mr. John Huguet, President and CEO of the Company. Mr. Nick DeMare, a director, CFO and the Corporate Secretary of the Company was subsequently appointed interim CEO.

As at April 30, 2018, \$359,262 (2017 - \$316,012) remained unpaid on past fees and expenses incurred.

- (ii) During fiscal 2018 the Company incurred \$17,533 (2017 - \$24,850) for accounting and administration services provided by Chase, a private company owned by Mr. DeMare. As at April 30, 2018 \$2,657 (2017 - \$4,766) remained unpaid.
- (iii) The Company has received ongoing advances from the Company's current and former officers to provide working capital to the Company. During fiscal 2018 and 2017 advances received and repayments made were as follows:

	2018 \$	2017 \$
Mr. Huguet:		
Balance at beginning of year	18,500	41,147
Advances	-	7,500
Repayment	(4,000)	(32,072)
Foreign exchange adjustment	-	1,925
Balance at end of year (owed to Mr. Huguet's estate)	<u>14,500</u>	<u>18,500</u>
Mr. DeMare		
Balance at beginning of period	38,857	18,919
Advances	10,076	27,000
Repayment	(4,891)	(7,500)
Foreign exchange adjustment	(542)	438
Balance at end of period	<u>43,500</u>	<u>38,857</u>
	<u>58,000</u>	<u>57,357</u>

These advances currently are without specific terms of interest or repayment.

(b) *Transactions with Other Related Parties*

- (i) During fiscal 2018 and 2017 the following professional fees were incurred with respect to non-executive directors of the Company:

	2018 \$	2017 \$
Mr. Way - professional fees	6,000	6,000
Mr. Berka - professional fees	6,000	6,000
	<u>12,000</u>	<u>12,000</u>

As at April 30, 2018 \$81,136 (2017 - \$68,832) remained unpaid on past fees.

- (ii) During fiscal 2017 the Company completed a non-brokered private placement financing of 242,860 units at \$0.70 per unit. During the 2017 period Mrs. Huguet purchased 45,817 units for \$32,072 and a private company owned by Mr. Berka purchased 5,500 units for \$3,850 of this financing.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at August 24, 2018, there were 2,424,985 issued and outstanding common shares, 342,500 warrants outstanding with an exercise price of \$0.50 per share and 49,500 share options outstanding with an exercise price of \$0.50 per share.