# AGUILA AMERICAN GOLD LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JANUARY 31, 2020

*(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 | January 31, 2020 $ | April 30, 2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | 30,871 | 11,140 |
| GST receivable | | 8,033 | 10,386 |
| Prepaids | | 4,441 | 6,467 |
| **TOTAL ASSETS** | | 43,345 | 27,993 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 5 | 236,812 | 257,136 |
| Advances | 3 | 115,416 | 113,500 |
| **TOTAL LIABILITIES** | | 352,228 | 370,636 |
| **SHAREHOLDERS' DEFICIENCY** | | | |
| Share capital | 4 | 26,055,130 | 25,917,290 |
| Share-based payments reserve | | 1,477,619 | 1,477,619 |
| Deficit | | (27,841,632) | (27,737,552) |
| **TOTAL SHAREHOLDERS' DEFICIENCY** | | (308,883) | (342,643) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | 43,345 | 27,993 |

**Nature of Operations and Going Concern** - see Note 1

These condensed interim financial statements were approved for issue by the Board of Directors on March 18, 2020 and are signed on its behalf by:

| | |
|---|---|
| */s/ **Blair Way*** | */s/ **Nick DeMare*** |
| Blair Way | Nick DeMare |
| Director | Director |

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

## AGUILA AMERICAN GOLD LIMITED

**CONDENSED INTERIM STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME**

*(Unaudited - Expressed in Canadian Dollars)*

| | Notes | Three Months Ended January 31 | | Nine Months Ended January 31 | |
|---|---|---|---|---|---|
| | | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| **Expenses** | | | | | |
| Accounting and administration | 5(b) | 3,650 | 6,700 | 13,200 | 13,400 |
| Audit | | - | - | 7,000 | 7,500 |
| Executive and director compensation | 5 | 12,000 | 12,000 | 36,000 | 36,000 |
| Legal | | - | 535 | - | 535 |
| Office and administration | | 206 | 132 | 980 | 318 |
| Regulatory fees | | 867 | 869 | 6,246 | 5,269 |
| Share-based compensation | 4(d) | - | 18,291 | 38,220 | 18,291 |
| Shareholder costs | | - | 1,334 | - | 1,334 |
| Transfer agent | | 858 | 2,864 | 2,256 | 4,059 |
| | | 17,581 | 42,725 | 103,902 | 86,706 |
| **Loss before other items** | | (17,581) | (42,725) | (103,902) | (86,706) |
| **Other items** | | | | | |
| Recovery of amounts previously recorded | | - | (1,230) | - | 224,800 |
| Interest income | | 101 | 92 | 233 | 139 |
| Interest expense | 3 | (416) | - | (416) | - |
| Foreign exchange | | 5 | 8 | 5 | 20 |
| | | (310) | (1,130) | (178) | 224,959 |
| **Net (loss) income and comprehensive (loss) income for the period** | | (17,891) | (43,855) | (104,080) | 138,253 |
| **Basic and diluted (loss) income per common share** | | $(0.01) | $(0.02) | $(0.03) | $0.05 |
| **Weighted average number of common shares outstanding** | | 3,209,652 | 2,534,550 | 3,058,504 | 2,541,507 |

*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)*

| | Nine Months Ended January 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Common Shares | | | | |
| | Number of Shares | Amount $ | Share-Based Payments Reserve $ | Deficit $ | Total Equity (Deficiency) $ |
| **Balance at April 30, 2019** | 2,744,985 | 25,917,290 | 1,477,619 | (27,737,552) | (342,643) |
| Common shares issued: | | | | | |
| - share options exercised | 294,000 | 67,620 | - | - | 67,620 |
| - warrants exercised | 200,000 | 32,000 | - | - | 32,000 |
| Transfer on exercise of share options | - | 38,220 | (38,220) | - | - |
| Share-based compensation | - | - | 38,220 | - | 38,220 |
| Net loss and comprehensive loss | - | - | - | (104,080) | (104,080) |
| **Balance at January 31, 2020** | 3,238,985 | 26,055,130 | 1,477,619 | (27,841,632) | (308,883) |

| | Nine Months Ended January 31, 2019 | | | | |
|---|---|---|---|---|---|
| | 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) |
| Common shares issued: | | | | | |
| - share options exercised | 120,000 | 28,200 | - | - | 28,200 |
| Transfer on exercise of share options | - | 18,291 | (18,291) | - | - |
| Share-based compensation | - | - | 18,291 | - | 18,291 |
| Net income and comprehensive income | - | - | - | 138,253 | 138,253 |
| **Balance at January 31, 2019** | 2,544,985 | 25,893,290 | 1,477,619 | (27,717,781) | (346,872) |

*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)*

| | Nine Months Ended January 31, | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **Operating activities** | | |
| Net income (loss) for the period | (104,080) | 138,253 |
| Adjustments for: | | |
| Recovery of amounts previously recorded | - | (224,800) |
| Share-based compensation | 38,220 | 18,291 |
| Interest expense | 416 | - |
| Changes in non-cash working capital items: | | |
| GST receivable | 2,353 | 1,424 |
| Prepaids | 2,026 | 3,490 |
| Accounts payable and accrued liabilities | (20,324) | 1,809 |
| **Net cash used in operating activities** | (81,389) | (61,533) |
| **Financing activities** | | |
| Issuance of common shares | 99,620 | 28,200 |
| Advances received | 1,500 | 70,000 |
| Repayment of advances | - | (38,000) |
| **Net cash provided by financing activities** | 101,120 | 60,200 |
| **Net change in cash** | 19,731 | (1,333) |
| **Cash at beginning of period** | 11,140 | 9,265 |
| **Cash at end of period** | 30,871 | 7,932 |

**Supplemental cash flow information** - See Note 6

## 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.

During the nine months ended January 31, 2020 the Company incurred a net loss of $104,080 and, as at January 31, 2020, the Company had a working capital deficit of $308,883 and an accumulated deficit of $27,841,632. The Company has no significant assets and is dependent on ongoing advances from its officers and shareholders. Further funding 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.

## 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 financial statements for the year ended April 30, 2019, 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 financial statements for the year ended April 30, 2019 other than the adoption of IFRS 16 - *Leases* ("IFRS 16").

***Changes in Accounting Policies - IFRS 16***

The Company adopted all of the requirements of IFRS 16, effective May 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company's condensed interim financial statements upon the adoption of this new standard.

***Basis of Measurement***

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. The condensed interim financial statements are presented in Canadian dollars unless otherwise stated.

*(Unaudited - Expressed in Canadian Dollars)*

## 3. Advances

| | January 31, 2020 $ | April 30, 2019 $ |
|---|---|---|
| Advances | 115,416 | 113,500 |

Advances have been previously provided from private companies controlled or affiliated with the Company's interim CEO. Effective January 20, 2020 the advances were consolidated with one entity and the Company agreed to commence accruing interest at the rate of 12% per annum. During the nine months ended January 31, 2020 the Company recorded $416 interest expense. The advances are without specific terms of repayment.

## 4. 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*

*Nine Months Ended January 31, 2020*

No financings were conducted by the Company during the nine months ended January 31, 2020.

*Fiscal 2019*

During fiscal 2019 the Company completed a non-brokered private placement of 200,000 units at $0.12 per unit for $24,000. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.16 per share expiring April 30, 2020.

A private company owned by an officer and director of the Company purchased 150,000 units for $18,000.

### (c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at January 31, 2020 and 2019 and the changes for the nine months ended on those dates is as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price $ | Number | Weighted Average Exercise Price $ |
| Balance, beginning of period | 542,500 | 0.37 | 581,260 | 0.71 |
| Exercised | (200,000) | 0.16 | - | - |
| Expired | - | - | (238,760) | 1.00 |
| Balance, end of period | 342,500 | 0.50 | 342,500 | 0.50 |

*(Unaudited - Expressed in Canadian Dollars)*

**4. 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 January 31, 2020:

| Number | Exercise Price $ | Expiry Date |
|---|---|---|
| 185,000 | 0.50 | March 10, 2021 |
| 157,500 | 0.50 | March 24, 2021 |
| 342,500 | | |

(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.

During the nine months ended January 31, 2020 the Company granted share options to purchase 294,000 (2019 - 120,000) common shares and recorded compensation expense of $38,220 (2019 - $18,291).

The fair value of share options granted during the nine months ended January 31, 2020 and 2019 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

| | 2020 | 2019 |
|---|---|---|
| Risk-free interest rate | 1.42% | 2.39% |
| Estimated volatility | 87% | 105% |
| Expected life | 3 years | 3 years |
| Expected dividend yield | 0% | 0% |
| Expected forfeiture rate | 0% | 0% |

The weighted average measurement date fair value of all share options granted during the nine months ended January 31, 2020, using the Black-Scholes Option Pricing Model, was $0.13 (2019 - $0.15) 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 January 31, 2020 and 2019 and the changes for the nine months ended on those dates, is as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Number of Options Outstanding | Weighted Average Exercise Price $ | Number of Options Outstanding | Weighted Average Exercise Price $ |
| Balance, beginning of period | - | - | 49,500 | 0.50 |
| Granted | 294,000 | 0.23 | 120,000 | 0.235 |
| Exercised | (294,000) | 0.23 | (120,000) | 0.235 |
| Balance, end of period | - | - | 49,500 | 0.50 |

*(Unaudited - Expressed in Canadian Dollars)*

## 5. 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 nine months ended January 31, 2020 and 2019 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"):

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Professional fees | 27,000 | 27,000 |
| Share-based compensation | 14,820 | 18,291 |
| | 41,820 | 45,291 |

As at January 31, 2020 $163,800 (April 30, 2019 - $160,650) was outstanding for past fees and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended January 31, 2020 and 2019 the following amounts were incurred by the Company with respect to non-executive directors of the Company:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Professional fees | 9,000 | 9,000 |
| Share-based compensation | 15,600 | - |
| | 24,600 | 9,000 |

As at January 31, 2020, $72,482 (April 30, 2019 - $91,082) was outstanding for past fees and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended January 31, 2020 the Company incurred $13,200 (2019 - $13,400) for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private company owned by the interim CEO of the Company. As at January 31, 2020 $nil (April 30, 2019 - $4,924) remained unpaid and has been included in accounts payable and accrued liabilities.

During the nine months ended January 31, 2020 the Company also recorded $7,800 share-based compensation for share options granted to Chase.

(iii) See also Note 3.

*(Unaudited - Expressed in Canadian Dollars)*

## 6. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the nine months ended January 31, 2020 and 2019 are as follows:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Financing activities | | |
| Transfer on exercise of share options | 38,220 | 18,291 |
| Share-based payment reserve | (38,220) | (18,291) |
| | - | - |

## 7. Financial Instruments and Risk Management

***Categories of Financial Assets and Financial Liabilities***

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

| Financial Instrument | Category | January 31, 2020<br>$ | April 30, 2019<br>$ |
|---|---|---|---|
| Cash | FVTPL | 30,871 | 11,140 |
| Accounts payable and accrued liabilities | Amortized cost | (236,812) | (257,136) |
| Advances | Amortized cost | (115,416) | (113,500) |

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.

The recorded amounts for cash, accounts payable and accrued liabilities 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.

*(Unaudited - Expressed in Canadian Dollars)*

## 7. Financial Instruments and Risk Management (continued)

*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 January 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Less than 3 Months $ | 3 - 12 Months $ | 1 - 5 Years $ | Over 5 Years $ | Total $ |
| Cash | 30,871 | - | - | - | 30,871 |
| Accounts payable and accrued liabilities | (236,812) | - | - | - | (236,812) |
| Advances | (115,416) | - | - | - | (115,416) |

| | Contractual Maturity Analysis at April 30, 2019 | | | | |
|---|---|---|---|---|---|
| | Less than 3 Months $ | 3 - 12 Months $ | 1 - 5 Years $ | Over 5 Years $ | Total $ |
| Cash | 11,140 | - | - | - | 11,140 |
| Accounts payable and accrued liabilities | (257,136) | - | - | - | (257,136) |
| Advances | (113,500) | - | - | - | (113,500) |

*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 January 31, 2020 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 or evaluate business opportunities which may become available. 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. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.