ADVANCE GOLD CORP.

("Advance Gold")

Management's Discussion and Analysis
For the Year Ended May 31, 2020

The following discussion and analysis, prepared as of September 28, 2020, should be read together with the interim consolidated financial statements of Advance Gold for the year ended May 31, 2020, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should also refer to the audited consolidated financial statements for the years ended May 31, 2020 and May 31, 2019 and related notes attached thereto and the related Management Discussion and Analysis for those years.

Forward looking financing financial statements & cautionary factors that may affect future results

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. Additional information related to Advance Gold is available for view on SEDAR at www.sedar.com.

Description of Business

Advance Gold is an exploration stage company engaged in the evaluation and exploration of mineral property interests. Advance Gold trades on the TSX Venture Exchange under the symbol "AAX". It currently has interests in Kenya, East Africa and Zacatecas, Mexico.

Management & Directors

Allan Barry Laboucan, Director, President & Chief Executive Officer – Mr. Laboucan is a First Nations mining entrepreneur who started working in the mining sector in 1993 as consultant in investor relations, strategic planning and digital marketing. During his career he has worked with some of the most talented people in geosciences that have mentored him throughout his career. In 2005, Allan founded Allan Barry Reports and the success of his reports opened doors for appearing many times on business television and online media. His reports are respected with some of the top talent in the sector appearing as guests on his online shows broadcast on his website.

Marie Cupello, Corporate Secretary & Chief Financial Officer - Ms. Cupello has more than 20 years of experience as a bookkeeper for a wide variety of companies including junior exploration companies, a management company and a non-profit society, among others. For the past fifteen years she has been head of the accounting department for a number of private companies and several publicly listed companies.

Mr. Jeffrey Scott Ackert, Director - Mr. Ackert began his career as a regional geologist with St. Joe Minerals, Bond Gold Canada and LAC Minerals in the 1980s. In 1990 he became mine geologist at LAC Minerals' Golden Patricia Mine (Barrick Gold Corp after 1994) where he specialized in production and exploration. In 1996 he was appointed VP Exploration for Orezone Resources Inc. focusing on West Africa and was subsequently named VP Technical Services in 2005. During his time at Orezone, its market cap increased from $2M to over $300M due to resource development of various projects in West Africa including Essakane, Sega and Bondigui in Burkina Faso. Since 2013, Mr. Ackert has been a Director of Altai Resources Inc. Mr.

Ackert is currently Vice President of Business Development of C3 Metals Inc. Mr. Ackert holds a BSc. in Geology from the University of Toronto.

William Atkinson, Director – Mr. Atkinson is a partner of Atkinson & Company, CPA and has extensive governance, financial reporting and auditing experience. He is an important addition to the board of directors that enhances the board with his accounting experience working with publicly reporting companies.

Ali Afif Fawaz, Director - Mr. Fawaz is an international transportation supply chain professional and a licensed customs broker. Since 2000, Mr. Fawaz has been the managing director of Villa Plast Ltd., a scrap-metal recycling plant in Dar es Salaam, Tanzania, and since 2001 he has been the managing director of BNM Company Ltd., a company providing clearing and freight forwarding liaison services to associated entities in the Democratic Republic of Congo. Mr. Fawaz also consults and provides services to a number of entities involved in freight forwarding, and the container freight and cargo transport industries operating out of Dar es Salaam, Tanzania, as well as being involved, since 2010, as a consultant to the mining industry in Tanzania. Mr. Fawaz is fluent in English, French, Arabic and Kiswahili.

Duke Greenstein, Director - Duke Greenstein is a businessman with extensive experience in management of complex manufacturing systems for some of the most well-known consumer brands. He also has extensive experience in contract negotiations, and in sales and marketing. His skill set will help with guidance in several areas as we advance our projects. Mr. Greenstein has joined the board as an independent director.

Brad Newell, Director - Brad Newell leads his family owned private businesses that include a leading retail flooring company serving the Vancouver region and a popular golf course. In addition to his business interests, he is also an active philanthropist.

Performance Summary

Kakamega Properties

Rosterman, Bukura and Sigalagala Gold Properties, Kenya East Africa

On November 1, 2012 Advance announced that **African Barrick Gold Plc.** (“ABG”) was assigned an Option and Joint Venture Agreement that Advance had previously entered into with Aviva Corporation Ltd. regarding Special License 265 (Bukura), Special License 266 (Sigalagala) and Special License 267 (Rosterman) located in the Kakamega region of Kenya.

On November 27, 2014, ABG announced that it had changed its name to Acacia Mining plc. (“Acacia”).

On February 28, 2013 Advance announced that Acacia would proceed with an exploration program on Advance's three projects in the Kakamega Dome area in Kenya, East Africa. The work done on the Advance projects would be in conjunction with Acacia’s regional exploration work on their West Kenya Joint Venture. The three Advance projects include PL/2018/ 0210 (formerly Special License 265-Bukura), PL/2018/0211 (formerly Special License 266-Sigalagala) and PL/2018/0212 (formerly Special License 267-Rosterman) that cover in total 40.3km^2.

On January 26, 2017, the Company elected to dilute their participation interest to 14.53% under the Option and Joint Venture agreement, giving Acacia Mining an 85.47% interest in the Kakamega Properties.

On January 31, 2019, the Company was granted a three (3) year Prospecting Licence ending on January 30, 2022.

On August 31, 2019, the Company elected to further dilute its participation interest to 13.23% under the Option and Joint Venture agreement, giving Acacia Mining an 86.77% interest in the Kakamega Properties.

On February 6, 2020, the Company elected to further dilute its participation interest to 12.84% under the Option and Joint Venture agreement, giving Acacia Mining an 87.16% interest in the Kakamega Properties.

On April 2, 2020, the Company elected to further dilute its participation interest to 12.59% under the Option and Joint Venture agreement, giving Acacia Mining an 87.41% interest in the Kakamega Properties.

On August 19, 2020, Shanta Gold (AIM: SHG), the East Africa-focused gold producer purchased 100% of the shares from two subsidiaries of Barrick Gold Corporation. The terms of the original JV agreement remain intact.

Qualified Person

Jeffrey Scott Ackert, a director of the Company, is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the exploration information and technical disclosure for the Kakamega Properties.

Tabasquena Property

On September 11, 2017 Advance announced that it had acquired a 100% interest in the Tabasquena Silver Mine in Zacatecas, Mexico, through it's 98% owned subsidiary, Advance Gold S.A. de C.V. ("Advance Mexico"). Advance has issued to Hot Spring Mining, a Mexican based corporation, 1,000,000 common shares with a fair value of $60,000 in exchange for which Hot Spring Mining has transferred a 100% interest in the Mining Concessions to Advance Mexico. Hot Spring Mining will retain a 2.5% NSR, of which Advance Mexico has the right to buy 1.5% at a rate of $500k CAD per 0.50%.

On September 27, 2018, the Company acquired Exchange approval to purchase certain mining equipment assets on the Tabasquena project in exchange for 600,000 common shares with a fair value of $300,000, to be issued in tranches of 150,000 shares. On October 2, 2018, 150,000 common shares were issued with a fair value of $21,000, 150,000 common shares were issued on July 19, 2019 with a fair value of $21,000, and 150,000 common shares were issued on October 30, 2019 with a fair value of $21,000. The final 150,000 shares were issued on January 2, 2020 and have a fair value of $21,000.

Venaditas Property

On April 9, 2018, Advance Mexico entered into an agreement with Hot Spring Mining to acquire its 100% interest in the mining concession Venaditas in Zacatecas, Mexico. The Company issued 1,000,000 common shares to Hot Spring Mining in exchange for 100% interest in the Mining Concessions.

Hot Spring Mining will retain a 2.5% NSR of which the Company has the right to purchase a maximum of 1.5% NSR at $500,000 per each 0.5% NSR. In addition, two partners of Hot Spring Mining became consultants of the Company for a minimum period of 16 months at $2,000 per month each starting in January 2018. The agreement with the consultants were extended on September 1, 2019 for an additional 16 months. Exchange approval for the transaction was obtained in October 2018.

Qualified Person

Julio Pinto Linares, PGeo, is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the exploration information and technical disclosure for the Mexican properties.

Selected Annual Information

The following selected annual information is derived from the Company's annual consolidated financial statements for each of the three most recently completed financial years.

	Year ended May 31, 2020 IFRS / C$	Year ended May 31, 2019 IFRS / C$	Year ended May 31, 2018 IFRS / C$
Total revenue	--	--	--
Net loss before other items	$ 241,033	$ 389,888	$ 250,457
Loss and comprehensive loss	$ 236,870	$ 385,815	$ 247,848
Basic and diluted loss per common share	$ (0.01)	$ (0.02)	$ (0.02)
Total assets	$ 1,955,317	$ 1,517,228	$ 684,847
Total non-current financial liabilities	$ --	$ --	$ --
Distributions or cash dividends declared	$ --	$ --	$ --

Results and Discussion of Operations

Advance's focus continues to be the exploration of properties and consequently, no operating income is shown or expected. The Company incurred a loss and comprehensive loss of $236,870 for the year ended May 31, 2020, compared to a loss and comprehensive loss of $385,815 for the prior fiscal year. The current period loss is due to exploration expenses on projects in Mexico.

The most notable reduction in expenditures stemmed mainly from from stock-based compensation and professional fees. As of May 31, 2020, the Company had current assets of $9,773 as compared to $21,344 for the prior fiscal year, the decrease due to project expenditures. As of May 31, 2020, the Company's current liabilities were $273,341, as compared to current liabilities of $492,090 for the prior fiscal year, the decrease stemming from the reduction in payables. Cash used for operating activities increased to $338,047 for the year ended May 31, 2020 from $225,674 for the prior fiscal year, the increase stemming from exploration activity. The cash used for investing activities decreased from $569,639 for the year ended May 31, 2019 to $420,607 for the current fiscal year. Finally, the cash provided by financing activities decreased slightly from $760,876 for the year ended May 31, 2019 to $743,708 for the current fiscal year.

Summary of Quarterly Results

	May 31/20 IFRS	Feb 29/20 IFRS	Nov 30/19 IFRS	Aug 31/19 IFRS	May 31/19 IFRS	Feb 28/19 IFRS	Nov 30/18 IFRS	Aug 31/18 IFRS
Total assets	$ 1,955,317	$ 1,889,249	$ 1,704,676	$ 1,613,582	$ 1,517,228	$ 1,628,494	$ 1,227,520	$ 827,930
Exploration properties & deferred costs	$ 1,774,981	$ 1,663,913	$ 1,433,842	$ 1,335,335	$ 1,334,120	$ 1,296,953	$ 1,196,611	$ 742,007
Working capital (deficiency)	$ (263,568)	$ (66,180)	$ (178,259)	$ (187,630)	$ (470,746)	$ (156,066)	$ (371,625)	$ (290,540)
Deficit	$ 6,559,022	$ 6,487,973	$ 6,390,246	$ 6,355,650	$ 6,322,140	$ 6,171,687	$ 6,113,209	$ 6,043,598
Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net loss (income)	$ 83,453	$ 86,084	$ 34,170	$ 33,163	$ 121,564	$ 58,478	$ 101,512	$ 104,261
Earnings (loss) per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)

The significant changes in key financial data from June 1, 2018 to May 31, 2020 can be attributed to an increase in exploration activity. The decrease in the net loss for the quarter is due to decrease in interest, bank charges and foreign exchange and stock-based compensation. As of May 31, 2020, the Company's current liabilities were $273,341 compared to current liabilities of $492,090 as at May 31, 2019, the decrease is due to a decrease in payables. The difficulties in raising capital has had a significant effect upon the Company's cash flow.

Liquidity

Advance Gold does not currently own or have an interest in any producing resource properties and has not yet derived any revenues from the sale of resource products. Advance Gold's exploration activities have been funded through the issuance of common shares pursuant to private placements and the exercise of stock options and warrants, and Advance Gold expects that it will continue to be able to utilize this source of financing until it develops cash flow from its operations. There can be no assurance, however, that Advance Gold will be able to obtain required financing in the future on acceptable terms, or at all. In the near term, Advance Gold plans to attract suitable partners in order to advance its currently held properties.

		May 31, 2020		May 31, 2019
Working capital (deficiency)	$	(263,568)	$	(470,746)
Deficit	$	6,559,022	$	6,322,140

Financing

On October 4, 2018, the Company closed a non-brokered private placement of 2,885,880 shares at $0.085 per unit for gross proceeds of $245,300. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.10 per share until September 20, 2020, subject to accelerated expiry in certain circumstances. An officer of the Company participated in the private placement, having purchased 1,000,000 common shares and a Director of the Company participated, having purchased 588,230 common shares. 456,768 shares were issued for debenture repayment. The Company incurred share issue costs of $2,808 in connection with this financing. No value was allocated to the attachable warrants.

On February 28, 2019, the Company closed a non-brokered private placement of 5,691,539 shares at $0.065 per unit for gross proceeds of $369,950. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.08 per share until February 28, 2021, subject to accelerated expiry in certain circumstances. A Director of the Company participated, having purchased 1,153,846 common shares. The Company incurred share issue costs of $2,600, and finder's fees of $15,470 in connection with this financing. No value was allocated to the attachable warrants. The shares were issued on March 1, 2019.

During the twelve months ended May 31, 2019, 1,000,000 share warrants were exercised for $80,000 cash by a Director of the Company and a further 666,667 warrants were exercised by a shareholder for $53,333.

On July 9, 2019, the Company closed a non-brokered private placement of 4,682,000 shares at $0.05 per unit for gross proceeds of $234,100. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.07 per share until July 9, 2021, subject to accelerated expiry in certain circumstances. No value was allocated to the attachable warrants. The Company incurred share issue costs of $750 and finder's fees of $10,000 as well as issued 57,143 broker's warrants with a fair value of $2,345 in connection with this financing. The fair value of the broker warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 1.58%; expected life of 2 years; expected volatility of 147% and dividend yield of nil.

On November 8, 2019, the Company closed a non-brokered private placement of 1,412,500 shares at $0.08 per unit for gross proceeds of $113,000. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.10 per share until November 8, 2021, subject to accelerated expiry in certain circumstances. The Company incurred share issue costs of $750 and finder's fees of $6,400 in connection with this financing. No value was allocated to the attachable warrants.

On December 9, 2019, the Company closed a non-brokered private placement of 525,000 shares at $0.08 per unit for gross proceeds of $42,000. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.10 per share until December 9, 2021, subject to accelerated expiry in certain circumstances.

On January 3, 2020, the Company issued 150,000 shares at $0.12 per unit for gross proceeds of $18,000 as a result of stock options being exercised. The fair value of the option exercised is $9,330.

On January 3, 2020, the Company issued 478,000 shares for exercised warrants for gross proceeds of $34,510.

On January 10, 2020, the Company issued 888,847 shares for exercised warrants for gross proceeds of $64,808.

On January 17, 2020, the Company issued 875,000 shares for exercised warrants for gross proceeds of $2,500 and $68,000 in exchange for debt settled with a related party.

On February 3, 2020, the Company issued 588,230 shares for exercised warrants for gross proceeds of $58,823.

On February 7, 2020 the Company issued 333,333 shares for exercised warrants for gross proceeds of $26,666.

On February 27, 2020, the Company closed a non-brokered private placement of 2,500,000 shares at $0.10 per unit for gross proceeds of $168,000 and $82,000 in exchange for debt settled with a related party. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.12 per share until February 27, 2022, subject to accelerated expiry in certain circumstances. No value was allocated to the attachable warrants. The Company incurred share issue costs of $800 and issued 25,600 broker's warrants with a fair value of $1,439 in connection with this financing. The fair value of the broker warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.92%; expected life of 2 years; expected volatility of 164% and dividend yield of nil.

Capital Resources

Advance Gold does not have sufficient funds to meet its anticipated general and administrative expenses for the next 12 months and will therefore have to find alternative sources of funding to pay these anticipated expenses. Advance Gold may from time to time choose to raise money in the capital markets if favourable conditions are present. Additional financing will be required for further exploration programs on Advance Gold's properties during the next fiscal year should new acquisitions occur. The earn-in requirements of Shanta Gold (project purchased from African Barrick on August 19, 2020) cover exploration requirements at the three Kakamega properties.

Fourth Quarter Results

Advance Gold had a net loss of $83,453 (2019 –$121,563) and general and administrative expenses of $44,998 (2019 - $128,432) during the quarter ended May 31, 2020. Such expenses included:

		Q4 2020		Q4 2019
Advertising and promotion	$	2,743	$	184
Consulting fees		-9,341		-10,457
Interest, bank charges and foreign exchange loss		1,868		20,988
Management fees		27,500		15,000
Office and sundry		5,752		935
Professional fees		13,572		14,480
Stock-based compensation		-		84,665
Rent and telephone		977		135
Transfer agent and filing fees		1,992		2,502
Travel		-65		-
	$	44,998	$	128,432

Administrative expenses have decreased from the prior year due primarily to a decrease in stock-based compensation and interest, bank charges and foreign exchange loss. Most administration expenses have increased due to an increase in exploration activity which is expected to continue in the future. Advance Gold had a working capital deficiency of $263,568 for the year ended May 31, 2020.

Related Party Transactions

Related parties are directors and officers, and companies controlled by directors and officers of Advance Gold. The following summarizes Advance Gold's related party transactions for the years ended May 31, 2020 and 2019:

		Year Ended May 31, 2020		Year Ended May 31, 2019
Consulting services	$	19,250	$	8,330
Management Fees	$	72,500	$	60,000
Rent	$	-	$	-
Salaries	$	-	$	-

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management fees were paid to a director of Advance Gold. Rent was paid to a company with common management.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect amounts reported in the financial statements. Actual results could differ from these estimates. Significant accounting estimates used in the preparation of Advance Gold's consolidated financial statements are:

(a) Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairment was recognized for the year ended May 31, 2020.

(b) Stock-based compensation

Management is required to make certain estimates when determining the fair value of share option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's consolidated statement of comprehensive loss. For the year ended May 31, 2020 the Company recognized share-based compensation expense of $nil (2019 - $133,726).

(c) Exploration and evaluation assets

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties under exploration. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As at May 31, 2020 and 2019 management had determined that no reclassification of exploration and evaluation assets was required.

(d) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Newly adopted accounting standards

The Company adopted all of the requirements of IFRS 16 Leases on June 1, 2019. IFRS 9 replaces IAS 17 Leases.

IFRS 16 *Leases*

IFRS 16 replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. Management has assessed that the Company does not have any leases and therefore, with adoption of this accounting standard, the financial statements are not impacted.

Off-Balance Sheet Arrangement

Advance Gold does not have any off-balance sheet arrangements which may affect its current or future operations or conditions.

Financial Instruments

Fair Value

Fair value estimates are made at the reporting period end date, based on relevant market information. Estimated fair value amounts are designed to approximate amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act.

The Company uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3). The Company had no Level 2 or Level 3 financial instruments at May 31, 2020 and May 31, 2019, and there have been no transfers between levels.

The following is an analysis of the Company's financial assets measured at fair value as at May 31, 2020 and 2019:

	May 31, 2020		
	Level 1	Level 2	Level 3
Cash	$ 2,461	$ -	$ -

	May 31, 2019		
	Level 1	Level 2	Level 3
Cash	$ 17,407	$ -	$ -

Financial Risk Management

The Company's financial instruments potentially expose it to a variety of risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company deposits the majority of its cash with high credit quality financial institutions in Canada and Mexico reducing the credit risk. Amounts receivable consist of refundable tax credits and therefore the credit risk is minimal.

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Certain assets and liabilities of the Company are denominated in Kenyan Shilling and Mexican Peso and are therefore subject to fluctuation against the Canadian dollar. Currency risk is considered to be moderate.

The Canadian dollar equivalent of financial instruments denominated in foreign currencies as at May 31, 2020 and 2019 is as follows:

	May 31, 2020	May 31, 2019
Cash	$ 223	$ 2,316
Accounts payable	(98,143)	(73,692)
	$ (97,920)	$ (71,736)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature, maturity, and fixed interest rate on debentures.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances. The Company's expected source of cash flow in the upcoming year is anticipated to be through equity financing and future loan facilities, and potential joint venture agreements. Cash on hand at May 31, 2020 is insufficient to fund the Company's operational needs for the next 12 months. Liquidity risk is assessed as high.

Advance Gold's financial instruments consist of cash, investments, accounts receivable and accounts payable. The fair value of these financial instruments is approximately equal to their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that Advance Gold is not exposed to significant interest, currency or credit risks arising from these financial instruments. Interest rate risk is limited as the Company only invests in highly liquid securities with short-term maturities. The Company manages its currency risk through the preparation of short and long term expenditure budgets in different currencies and converting Canadian dollars to foreign currencies whenever exchange rates are favourable. Credit risk is minimal as accounts receivable consists primarily of goods and services tax refunds due from the Government of Canada.

As at May 31, 2020 $2,124 cash and cash equivalents are held in Canadian dollars, $114 cash and cash equivalents are held in US dollars and Kenya Schilling, and $223 cash and cash equivalents are held in Mexican Pesos. Advance Gold does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

Changes in Accounting Policies

Advance Gold has not changed its accounting policies for the twelve months ended May 31, 2020.

Outstanding Share Data

The authorized capital of Advance Gold consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series with special rights and restrictions attached. As of September 28, 2020 there were 50,514,032 common shares issued and outstanding of which 3,875,000 stock options were outstanding, and the following warrants and broker's warrants outstanding:

Grant Expiry Date	Grant Price	Warrants Outstanding
Oct. 4, 2020	0.10	2,202,650
Feb. 28, 2021	0.08	5,537,692
Jul. 9, 2021	0.07	3,596,143
Nov. 8, 2021	0.10	1,012,500
Dec. 9, 2021	0.10	525,000
Feb. 27, 2022	0.12	2,525,600
Jul. 10, 2022	0.10	4,014,998
Jul. 28, 2020	0.12	7,200,000
		26,614,583

Subsequent Events

On July 10, 2020, the Company closed a private placement to issue 4,014,998 units at $0.075 per unit for gross proceeds of $301,125. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.10 for 24 months.

On July 17, 2020, 200,000 warrants were exercised at $0.10 per warrant for proceeds of $20,000.

On July 28, 2020, the Company closed a private placement to issue 7,200,000 units at $0.10 per unit for gross proceeds of $720,000. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.12 for 24 months.

On August 10, 2020, 200,000 warrants were exercised at $0.10 per warrant for proceeds of $20,000.

On August 12, 2020, the Company entered into a new management agreement with the CEO, whereby the Company will pay $7,500 per month, retroactive to January 1, 2020 (Note 12).

On August 28, 2020, the Company elected to further dilute their participation interest to 12.23% under the Option and Joint Venture agreement, giving Shanta Gold an 87.77% interest in the Kakamega Properties (Note 6).

On September 23, 2020, the Company granted stock options to its Directors, key employees and consultants entitling them to purchase, in total, up to 2,000,000 common shares over a 5 year term expiring September 23, 2025 at an exercise price of $0.12 per share.

Investor Relations

Investor relations activities are performed by directors, officers and key personnel.

Risk Factors

Exploration-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, Advance Gold aims at managing and reducing such risks as much as possible. Few exploration projects successfully achieve development stage, due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Advance Gold closely monitors its activities and those factors that could impact them, and employs experienced consultants to assist in its risk management and to make timely adequate decisions.

Environmental laws and regulations could also impact the viability of a project. Advance Gold has ensured that it has complied with these regulations, but there can be changes in legislation outside Advance Gold's control that could also add a risk factor to a project. Operating in a specific country has legal, political and a currency risk that must be carefully considered to ensure their level is commensurate to Advance Gold's assessment of the project.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.