ADVANCE GOLD CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2020

(Expressed in Canadian dollars)

MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Advance Gold Corp. as at November 30, 2020 and six months ended November 30, 2020 and November 30, 2019 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

ADVANCE GOLD CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 AND MAY 31, 2020
(Expressed in Canadian Dollars)

		November 30, 2020		May 31, 2020
ASSETS				
Current Assets				
Cash	$	260,344	$	2,461
Amounts receivable		-		3,269
Prepaid expenses		18,495		4,043
		278,839		9,773
Non-Current Assets				
Taxes recoverable		177,438		115,993
Equipment (Note 5)		68,495		54,570
Exploration and evaluation assets (Statement) (Note 6 and 8)		2,312,013		1,774,981
	$	2,836,785	$	1,955,317
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 7 and 10)	$	153,049	$	165,615
Debentures (Note 9 and 10)		110,233		107,726
		263,282		273,341
EQUITY				
Share capital (Note 8)		8,174,510		7,067,202
Reserves (Note 8)		1,424,923		1,175,568
Deficit		(7,023,753)		(6,559,022)
Equity attributable to owners of parent		2,575,680		1,683,748
Equity attributable to non-controlling interests (Note 11)		(2,177)		(1,772)
Total equity		2,573,503		1,681,976
	$	2,836,785	$	1,955,317

Nature and Continuance of Operations (Note 1)

Commitments (Note 12)

Subsequent events (Note 15)

ADVANCE GOLD CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	For the Three months ended November 30, 2020	For the Three months ended November 30, 2019	For the Six months ended November 30, 2020	For the Six months ended November 30, 2019
Operating expenses				
Advertising and promotion	$ 15,271	$ 187	$ 51,670	$ 4,472
Consulting fees	14,591	6,855	22,931	12,385
Interest, bank charges and foreign exchange	2,757	4,462	4,855	(2,237)
Management fees (Note 10)	22,500	15,000	45,000	30,000
Office and sundry	2,578	4,389	7,476	7,702
Professional fees	15,335	20,320	29,047	36,177
Rent and telephone	1,505	129	2,725	257
Stock based compensation	249,355	-	249,355	-
Transfer agent and filing fees	5,162	5,215	17,192	10,975
Travel and accommodation	-	2,559	-	2,559
Loss for the period	(329,054)	(59,116)	(430,251)	(102,290)
Other income				
Gain on settlement of debt	-	-	-	42,690
Foreign exchange (gain) loss	(9,566)	24,946	(34,885)	(7,733)
	(9,566)	24,946	(34,885)	34,957
Loss and Comprehensive loss for the period	$ (338,620)	$ (34,170)	$ (465,136)	$ (67,333)
Loss and Comprehensive loss for the period attributable to:				
Owners of the parent	(337,380)	(34,596)	(464,731)	(68,106)
Non-controlling interests	(1,240)	426	(405)	773
	$ (338,620)	$ (34,170)	$ (465,136)	$ (67,333)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	50,689,809	31,239,058	47,403,471	27,900,768

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

ADVANCE GOLD CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Stock Option Reserve	Warrant Reserve	Obligation to issue shares	Deficit	Total	Non-controlling interests	Total Equity
Balance at May 31, 2020	38,899,034	7,067,202	652,650	522,918	-	(6,559,022)	1,683,748	(1,772)	1,681,976
Net and comprehensive loss	-	-	-	-	-	(464,731)	(464,731)	(405)	(465,136)
Stock based compensation	-	-	249,355	-	-	-	249,355	-	249,355
Private placements (Note 8)	11,214,998	1,021,125	-	-	-	-	1,021,125	-	1,021,125
Warrants exercised (Note 8)	974,415	86,183	-	-	-	-	86,183	-	86,183
Balance at November 30, 2020	51,088,447	8,174,510	902,005	522,918	-	(7,023,753)	2,575,680	(2,177)	2,573,503

	Number of Common Shares	Share Capital	Stock Option Reserve	Warrant Reserve	Obligation to issue shares	Deficit	Total	Non-controlling interests	Total Equity
Balance at May 31, 2019	26,016,124	6,104,949	661,980	519,133	63,000	(6,322,140)	1,026,922	(1,784)	1,025,138
Net and comprehensive loss	-	-	-	-	-	(68,106)	(68,106)	773	(67,333)
Shares issued for purchase of Tabasquena Equipment (Note 6)	300,000	42,000	-	-	(42,000)	-	-	-	-
Share issuance costs (Note 8)	-	(11,500)	-	-	-	-	(11,500)	-	(11,500)
Share subscription (Note 8)	-	-	-	-	26,000	-	26,000	-	26,000
Private placements (Note 8)	6,094,500	347,100	-	-	-	-	347,100	-	347,100
Balance at November 30, 2019	32,410,624	6,482,549	661,980	519,133	47,000	(6,390,246)	1,320,416	(1,011)	1,319,405

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

ADVANCE GOLD CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

		For the Six months ended November 30, 2020		For the Six months ended November 30, 2019
Cash Provided By (Used For):				
Operating Activities				
Net loss for the period	$	(465,136)	$	(67,333)
Items not requiring cash:				
Accrued interest on debenture		2,507		2,510
Stock based compensation		249,355		-
Gain on settlement of debt		-		(42,690)
Change in non-cash working capital items:				
Amounts receivable		(58,176)		(4,792)
Prepaid expenses		(14,452)		2,600
Accounts payable and accrued liabilities		(12,566)		(66,639)
Cash used in operating activities		(298,468)		(176,344)
Investing Activities				
Deferred exploration expenditures paid		(550,957)		(88,720)
Cash used in investing activities		(550,957)		(88,720)
Financing Activities				
Issuance of common shares for cash		1,107,308		347,100
Share subscription for cash		-		26,000
Payment of share issuance costs		-		(11,500)
Issuance of convertible debenture		-		-
Cash provided by financing activities		1,107,308		361,600
Increase (decrease) in cash		257,883		96,536
Cash, beginning of period		2,461		17,407
Cash, end of period	$	260,344	$	113,943
Supplemental information:				
Non-cash Financing Activities:				
Issuance of common shares for purchase of Tabasquena assets (Note 6)		-		42,000

ADVANCE GOLD CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES –
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	May 31, 2020 (Note 14)	Acquisition Costs	Exploration and evaluation expenditures	November 30, 2020
Kakamega property, Kenya	$ 421,462	$ -	$ 63	$ 421,525
Tabasquena property, Mexico	1,180,855	-	536,969	1,717,824
Venaditas property, Mexico	172,664	-	-	172,664
Balance, end of period	$ 1,774,981	$ -	$ 537,032	$ 2,312,013

	May 31, 2019	Acquisition Costs	Exploration and evaluation expenditures	November 30, 2019
Kakamega property, Kenya	$ 416,312	$ -	$ 69	$ 416,381
Tabasquena property, Mexico	758,784	-	88,523	847,307
Venaditas property, Mexico	159,024	-	11,130	170,154
Balance, end of period	$ 1,334,120	$ -	$ 99,722	$ 1,433,842

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

ADVANCE GOLD CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES –
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	November 30, 2020	November 30, 2019
Kakamega Property		
Opening balance	$ 12,302	$ 12,233
Administration	63	69
	$ 12,365	$ 12,302

	November 30, 2020	November 30, 2019
Tabasquena Property		
Opening balance	$ 786,407	$ 697,884
Camp	24,646	733
Community Development	2,641	-
Drilling	304,901	13,483
Explosives	-	-
Fuel and transport	6,258	1,319
Geological and other consulting	161,129	67,840
Geochemical	12,566	2,168
Local Administration	28,323	2,980
Supplies and maintenance	18,192	-
	$ 1,345,063	$ 786,407

	November 30, 2020	November 30, 2019
Venaditas Property		
Opening balance	$ 40,154	$ 29,024
Geological and other consulting	-	11,130
Administration	-	-
	$ 40,154	$ 40,154

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Advance Gold Corp. (the "Company") was incorporated in the Province of British Columbia on September 28, 2004. The Company's shares are listed on the TSX-Venture Exchange (the "Exchange"). The Company is an exploration stage company engaged in the exploration and evaluation of mineral property interests. The Company's registered office is located at 1400 – 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1 and the head office is located at 432 Royal Avenue, Kamloops, British Columbia V2B 3P7.

These interim condensed consolidated financial statements have been prepared on the going concerns basis, which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant losses from inception and as at November 30, 2020 the Company had a deficit of $7,023,753 (May 31, 2020 - $6,559,022) and has a working capital of $15,557 as at November 30, 2020 (May 31, 2020 – deficiency of $263,568).

The ability of the Company to continue as going concern is in doubt and is dependent upon the continued financial support from its directors and its ability to continue to raise sufficient financing. Management is seeking equity financing and joint venture opportunities, the outcome of which cannot be predicted at this time. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements for period ended November 30, 2020 were authorized for issue by the Board of Directors of the Company on January 29, 2021.

Statement of compliance

These interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and are in compliance with IAS 34 *Interim Financial Reporting* as required under Part 3 of National Instrument 52-107.

Basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its controlled entities and have been prepared on a historical cost basis, with the exception of certain financial instruments measured at fair value. All inter-company transactions and balances have been eliminated on consolidation.

The net interest of the Company's subsidiaries is presented below:

	Country of incorporation	Ownership November 30, 2020	Ownership May 31, 2020
Gold Rim Exploration Inc.	Kenya	100%	100%
Advance Gold S.A. de C.V. ("Advance Mexico")	Mexico	98%	98%

Financial Instruments:

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable	Amortized cost
Due to related party	Amortized cost
Debentures	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Foreign Currency Translation

(i) Presentation and functional currency

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The Canadian dollar is the functional currency of both the Company's Kenyan subsidiary and Mexican subsidiary.

(ii) Foreign currency transactions

Transactions in currencies other than the functional currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position.

Gain and losses arising on foreign currency translations are included in the Company's statement of comprehensive loss.

Exploration and evaluation assets

Acquired properties are recognized at cost, or if acquired as part of a business combination, at fair value at the date of acquisition. All costs directly related to exploration activities are capitalized once the Company has obtained the legal right to explore. Acquisition costs include cash consideration and the fair value of common shares, issued for exploration and evaluation assets. Exploration expenditures, net of recoveries, are capitalized as incurred. After a property is determined by management to be commercially feasible, acquisition costs and their related deferred exploration expenditures on the property will be transferred to mineral properties under development. Prior to transfer the assets will be tested for impairment.

Exploration and evaluation assets acquired under an option agreement where payments are made at the sole discretion of the Company, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation assets until the payments are in excess of acquisition costs, at which time they are then recognized in profit or loss in the Company's consolidated statements of comprehensive income or loss. Option payments are at the discretion of the optionor and, accordingly, are accounted for when receipt is reasonably assured.

The Company has farm-out arrangements with a third party on its exploration property. The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm-out arrangement but predesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.
The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

Decommissioning liability

The Company is required to recognize a liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its exploration and evaluation assets. As of November 30, 2020, and May 31, 2020, the Company has not incurred any such obligations.

Impairment of long-lived assets

At each reporting date, the carrying amounts of the Company's assets, including exploration and evaluation assets are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of comprehensive loss. For the purposes of assessing for indications of impairment and impairment testing, assets that do not have largely independent cash inflows are grouped into cash generating units. Cash generating units are the smallest identifiable groups of assets having independent cash inflows.

An impairment loss, excluding those recognized on goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had previously been recognized.

Income or Loss per share

The Company presents basic and diluted income or loss per share data for its common shares, calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income or loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. All the share options and warrants were anti-dilutive as of November 30, 2020 and May 31, 2020.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of financial statements also requires management to make judgments aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key uncertainties related to estimates that have a significant risk of resulting in a material adjustment within the next financial year and to judgments that have the most significant effect on the amounts recognized and disclosed in the financial statements.

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.

Calculation of stock-based compensation
The Black-Scholes Option Pricing Model is used to determine the fair value for the stock options and utilizes subjective assumptions such as expected price volatility and expected life of the options. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Useful life of equipment
Equipment are depreciated using the declining balance method at the rate of 30% per year. They are not depreciated until available for use. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of equipment at November 30, 2020 was $68,495 (May 31, 2020 - $54,570).

Critical judgments used in applying accounting policies

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 November 30, 2020 and May 31, 2020 management had determined that no reclassification of exploration and evaluation assets was required.

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 financial statements.

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity as well as its cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. The Company's investment policy is to invest its cash in highly liquid investments which are readily convertible into cash with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will not be sufficient to carry out its exploration and evaluation plans and operations through its next fiscal year. The Company is planning to use equity financing to support ongoing operations; however, there is no assurance that additional funding and/or suitable joint venture agreements will be obtained. There were no changes in the Company's approach to capital management during the period. The Company has no externally imposed capital requirements.

(Expressed in Canadian Dollars)

4. 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 November 30, 2020 and May 31, 2020 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 November 30, 2020 and May 31, 2020:

	November 30, 2020		
	Level 1	Level 2	Level 3
Cash	$ 260,344	$ -	$ -

	May 31, 2020 (Note 14)		
	Level 1	Level 2	Level 3
Cash	$ 2,461	$ -	$ -

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 reducing the credit risk. Amounts receivable consist of refundable tax credits and therefore 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 November 30, 2020 and May 31, 2020 is as follows:

(Expressed in Canadian Dollars)

		November 30, 2020		May 31, 2020 (Note 14)
Cash	$	5,145	$	223
Accounts payable and accrued liabilities		(120,732)		(98,143)
	$	(115,587)	$	(97,920)

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 November 30, 2020 is insufficient to fund the Company's operational needs for the next 12 months. Liquidity risk is assessed as high.

5. EQUIPMENT

Cost		Mining Equipment	Computer and office equipment		Automotive		Total
Balance, May 31, 2020	$	83,430	512		-	$	83,942
Additions		-	472		24,524		23,996
Balance, November 30, 2020	$	83,430	984		24,524	$	108,938
Accumulated depreciation							
Balance, May 31, 2020	$	29,295	77		-	$	29,372
Additions		7,497	63		3,511		11,071
Balance, November 30, 2020	$	36,792	140		3,511	$	40,443
Carrying amount							
As at May 31, 2020	$	54,135	435		-	$	54,570
Balance, November 30, 2020	**$**	**46,638**	**844**	**$**	**21,013**	**$**	68,495

6. EXPLORATION AND EVALUATION ASSETS

Kakamega Property, Kenya:

The Company has applied for and was granted an Exclusive Prospecting License ("EPL") to cover the former Rosterman Mine and surrounding areas in Kenya. In addition, the Company has two other licenses in the immediate area. On January 31, 2019, the Company was granted a three-year license renewal on all three licenses. Licenses are valid until January 30, 2022.

In order to maintain the licenses, the Company is required to incur a minimum of Kenya Shillings ("KES") 5,000,000 (Canadian $60,000) in exploration expenditures per year for each license. The Company is also obligated to pay KES 10,000 (Canadian $120) for all areas operated under pilot mining.

On April 20, 2011, the Company entered into an option and joint venture agreement with Aviva Corporation Ltd., which was subsequently acquired by a subsidiary of Barrick Gold Corporation and had its name changed to Acacia mining plc. ("Acacia") in 2014.

Under the terms of the agreement, Acacia has the right to earn at least a 75% interest in the Kakamega Property. The agreement became effective on July 21, 2011, when these two conditions had been fulfilled (the "Effective Date"). Acacia earned a 75% interest in the property by completing the following:

- Incur a minimum of US$100,000 in exploration expenditures on the property within 12 months of the effective date (completed);
- Make a US$100,000 cash payment to the Company within 15 days of the date that the initial US$100,000 exploration expenditures are ratified (received June 30, 2012); and
- Incur a further US$500,000 in exploration expenditures on the properties within 24 months of date that the initial US$100,000 exploration expenditures are ratified (completed).
- Incur an additional US$1,000,000 in exploration expenditures on the property within 24 months of earning a 51% interest (completed).

Once Acacia obtained a 75% interest, the Company may elect to participate as to its 25% share of all revenues, costs, assets and liabilities arising from the election to joint venture or, alternatively, elect to dilute their interest to 10% after which Acacia may convert the Company's interest in the property to a 3% net smelter royalty ("NSR").

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

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 June 30, 2020, the Company elected to further dilute its participation interest to 11.97% under the Option and Joint Venture agreement, giving Acacia Mining an 88.03% interest in the Kakamega Properties.

On August 19, 2020, Shanta Gold (AIM: SHG), the East Africa-focused gold producer purchased 100% of the shares of Barrick's subsidiary Acacia Exploration (Kenya) Ltd. from two subsidiaries of Barrick Gold Corporation.

On September 30, 2020, the Company elected to further dilute its participation interest to 11.79% under the Option and Joint Venture agreement, giving Acacia Mining an 88.21% interest in the Kakamega Properties.

Tabasquena Property, Mexico:

On July 20, 2017, Advance Mexico, a subsidiary of the Company, entered into an agreement with Hot Spring Mining S.A. de C.V. ("Hot Spring Mining") to acquire the Tabasquena Silver Mine in Zacatecas, Mexico ("Mining Concessions"). 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 since October 2017.

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.

(Expressed in Canadian Dollars)

Venaditas Property, Mexico:

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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

		November 30, 2020		May 31, 2020 (Note 14)
Trade payables	$	116,349	$	108,436
Accrued liabilities		34,071		38,930
Due to related parties (Note 10)		3,034		18,249
	$	153,454	$	165,615

8. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

(b) Issued Share Capital

Share Issuances:

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. No value was allocated to the attachable warrants.

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.

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 the Company issued 200,000 shares for exercised warrants for gross 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 8, 2020 the Company issued 200,000 shares for exercised warrants for gross proceeds of $20,000.

On October 5, 2020 the Company issued 574,415 shares for exercised warrants for gross proceeds of $57,442.

(c) Stock Options

At the Annual General Meeting, held on March 27, 2020, shareholders approved to adopt a 10% Rolling Stock Option Plan ("the Plan") whereby the aggregate number of common shares reserved for issuance pursuant to the Plan and any other share compensation arrangement granted or made available by the Company from time to time shall not exceed in aggregate 10% of the total number of issued and outstanding Common Shares (the "Option Plan Shares"). The number of Option Plan Shares shall be increased or decreased from time to time as required if more or less Option Plan Shares are required to be issued due to any reorganization of the share capital of the Company. The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the Plan will be determined by the Board of Directors, provided that it is not less than the lowest price permitted by the Exchange.

(Expressed in Canadian Dollars)

Any options granted pursuant to the Plan will terminate within 30 days of the option holder ceasing to act as an Eligible Person pursuant to and as defined in the Plan, unless such cessation is on account of death, disability or termination of employment with cause. If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company's shares.

A summary of stock option activity for the quarter ended November 30, 2020 and year ended May 31, 2020 is as follows:

	November 30, 2020		**May 31, 2020 (Note 14)**	
	Number Outstanding	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
Outstanding, beginning	1,875,000	$ 0.12	2,025,000	$ 0.12
Cancelled/Expired	-	-	-	-
Exercised	-	-	(150,000)	0.12
Granted	2,000,000	0.12	-	-
Outstanding, ending	3,875,000	$ 0.12	1,875,000	$ 0.12

As at November 30, 2020, the Company had stock options outstanding to acquire common shares of the Company as follows:

Expiry Date	**Options Outstanding**	**Options Exercisable**	**Exercise Price**	**Remaining Contractual Life (In Years)**
April 17, 2023	700,000	700,000	$ 0.12	2.38
April 24, 2024	1,175,000	1,175,000	0.12	3.40
September 23, 2025	2,000,000	2,000,000	0.12	4.82
	3,875,000	3,875,000	$ 0.12	3.95

On April 24, 2019, the Company granted 1,325,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.12 per common share for a period of five years ending April 24, 2024. A share-based compensation expense of $82,412 was recognized, with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 1.49%; expected life of 5 years; expected volatility of 152% and dividend yield of nil.

During the year ended May 31, 2019, 140,000 stock options with an exercise price of $0.25 per unit expired, unexercised, and 100,000 stock options with an exercise price of $0.12 per unit was cancelled.

On September 23, 2020, the Company granted 2,000,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.12 per common share for a period of five years ending September 23, 2023. A share-based compensation expense of $249,355 was recognized during the period ended November 30, 2020, with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.36%; expected life of 5 years; expected volatility of 181% and dividend yield of nil.

(d) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

(Expressed in Canadian Dollars)

	November 30, 2020		May 31, 2020 (Note 14)	
	Number Outstanding	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
Outstanding, beginning	15,799,585	$ 0.09	10,077,419	$ 0.09
Cancelled/Expired	(1,628,235)	$ -	(316,667)	$ -
Granted	11,214,998	$ 0.09	9,202,243	$ 0.08
Exercised	(974,415)	$ 0.10	(3,163,410)	$ 0.08
Outstanding, ending	24,411,933	$ 0.09	15,799,585	$ 0.09

As at November 30, 2020, the Company had share purchase warrants outstanding to acquire common shares of the Company as follows:

Expiry Date	Warrants Outstanding	Exercise Price	Remaining Contractual Life (In Years)
February 28, 2021	5,537,692	0.08	0.25
July 9, 2021	3,596,143	0.07	0.61
November 8, 2021	1,012,500	0.10	0.94
December 9, 2021	525,000	0.10	1.02
February 27, 2022	2,525,600	0.12	1.24
July 10, 2022	4,014,998	0.10	1.61
July 28, 2022	7,200,000	0.12	1.66
	24,411,933	$ 0.09	

The weighted average life of the outstanding share purchase warrants is 1.10 years.

(e) Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant Reserve

The warrant reserve records the proceeds allocated to warrants on the issuance of units in private placements until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. DEBENTURES

	November 30, 2020	May 31, 2020 (Note 14)
Opening balance	$ 107,726	$ 102,712
Accrued interest	2,507	5,014
	$ 110,233	$ 107,726

On November 20, 2018, the Company closed a non-brokered private placement of 1,000 convertible debentures with a Director of the Company to raise $100,000 (Note 10). The convertible debentures have a term of one year and are convertible into units (the “Units”) at a price of $0.09 per unit with no conversion feature recorded. Each Unit is comprised of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at an exercise price of $0.11 per share for a period of two years. The debentures bear interest at 5% per annum, are unsecured and has a term of one year.

(Expressed in Canadian Dollars)

On November 13, 2019, the Company extended the debenture by one year to expire on November 20, 2020. The approval from the Exchange for the extension was granted on November 19, 2019. The expiry date of the warrants issuable on the conversion of the debenture with an original expiry date of November 20, 2020 was extended by one year to November 20, 2021.

10. RELATED PARTY TRANSACTIONS

(a) Related party balances

Accounts payables and accrued liabilities includes $nil (May 31, 2020 - $nil) payable to a former director of the Company and a company controlled by a former director of the Company (Note 7). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. Also included is $3,034 (May 31, 2020 - $18,249) payable to officers of the Company (Note 7). Convertible debentures include 110,233 payable to a director of the Company (Note 9).

(b) Related party transactions and compensation to key management

During the six months ended November 30, 2020, $45,000 (May 31, 2020 - $30,000) was paid to a director of the Company to fulfil the position of chief executive officer and $20,230 (2020 - $9,570) was paid to the chief financial officer of the Company as consulting fees.

During the year ended May 31, 2019, $100,000 convertible debentures were issued to a director of the Company (Note 9).

11. NON-CONTROLLING INTEREST

The Company has a 98% interest in Advance Mexico and the remaining 2% non-controlling interest is held by a director of Advance Mexico. As at November 30, 2020, the non-controlling interest liability included in equity is $(2,177) (May 31, 2020 - $(1,772)).

12. COMMITMENTS

The Company has a management services agreement with a director and an officer of the Company requiring payments of $7,500 per month.

13. SEGMENTED INFORMATION

The Company's operations are all conducted in one industry segment, the exploration and development of exploration and evaluation assets.

The Company's total assets located within its geographic segments of Canada, Kenya and Mexico are as follows:

		November 30, 2020		May 31, 2020 (Note 14)
Canada	$	268,334	$	9,128
Kenya		421,575		421,575
Mexico		2,146,876		1,524,614
	$	2,836,785	$	1,955,317

14. COMPARATIVE FIGURES

The comparative figures disclosed as at May 31, 2020 in these interim financial statements were subject to an audit engagement. Certain of the comparative figures in the statement of operations have been reclassified to conform with the financial presentation adopted for in the current period. These changes have no effect on the loss for the prior period disclosed.

15. SUBSEQUENT EVENTS

On January 18, 2021, the Company issued 800,000 shares for exercised warrants for gross proceeds of $64,000.