



Management's Discussion and Analysis For the Quarter Ended November 30, 2018

The following discussion and analysis, prepared as of January 28, 2019, should be read together with the interim consolidated financial statements of Advance Gold for the quarter ended November 30, 2018, 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, 2018 and May 31, 2017 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 Tabasquena, Mexico.

Management & Directors

Allan Barry Laboucan, Director, President & Chief Executive Officer – Allan 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.

James T. Gillis, Director & Chairman of the Board – Since 1985 Mr. Gillis has been the President of James T. Gillis Management Co. Inc., a private company which provides management services to public companies. He is the past President and current Chair of Cassidy Gold Corp.

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, a non-profit society, among others. For the past ten 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, Segha 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 Carube Copper Corp. Mr. Ackert holds a BSc. in Geology from the University of Toronto.

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.

Bradley 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, Kenya: 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 Special License 265 (Bukura), Special License 266 (Sigalagala) and Special License 267 (Rosterman) that cover in total 64km².

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. Acacia has not informed the Company of any recent exploration activity at any of the Kakamega Properties.

Tabasquena Property, Mexico

On September 11, 2017 Advance announced that it had acquired a 100% interest in the Tabasquena Silver Mine in Zacatecas, Mexico. Advance has issued to Hot Spring Mining, a Mexican based corporation, 1,000,000 common, 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%.

Venaditas Property, Mexico

On April 17, 2018 Advance announced that it had acquired a 100% interest in the Venaditas project in Ojocaliente, Mexico. Upon receipt of regulatory acceptance, Advance will issue to Hot Spring Mining, a Mexican based corporation, 1,000,000 common shares which will be subject to a statutory four-month hold period, in exchange for which Hot Spring Mining will transfer 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%.

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.

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 net loss of \$161,606 for the six months ended November 30, 2018, compared to a net loss of \$81,574 for the six months ended November 30, 2017. The current period loss is higher due to the acquisition of the Tabasquena project and ongoing exploration activity. Drilling in Phase 2 has identified a series of epithermal veins which have been drilled above the boiling zone and remain open at depth and along strike.

Summary of Quarterly Results

	Nov 30/18 IFRS	Aug 31/18 IFRS	May 31/18 IFRS	Feb 28/18 IFRS	Nov 30/17 IFRS	Aug 31/17 IFRS	May 31/17 IFRS	Feb 28/17 IFRS
Total assets	\$ 1,227,520	\$ 827,930	\$ 879,982	\$ 708,180	\$ 553,233	\$ 488,212	\$ 437,629	\$ 461,323
Exploration properties & deferred costs	\$ 1,196,611	\$ 742,007	\$ 664,446	\$ 551,118	\$ 549,144	\$ 465,945	\$ 412,949	\$ 410,432
Working capital (deficiency)	\$ (371,625)	\$ (290,540)	\$ (269,762)	\$ (153,845)	\$ (296,483)	\$ (248,846)	\$ (158,802)	\$ (114,313)
Deficit	\$ 6,113,209	\$ 6,043,598	\$ 5,939,337	\$ 5,813,421	\$ 5,771,747	\$ 5,727,310	\$ 5,690,261	\$ 5,648,523
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss (income)	\$ 71,887	\$ 104,261	\$ 249,076	\$ 41,674	\$ 44,437	\$ 37,049	\$ 84,698	\$ 20,658
Earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

The significant changes in key financial data from September 1, 2016 to November 30, 2018 can be attributed to an increase in exploration activity. The increase in the net loss for the quarter is due mainly to an increase in advertising and promotion and stock based compensation. As of November 30, 2018, the Company had current assets of \$30,909, compared to current assets of \$59,542 as at May 31, 2018, the decrease stemming from exploration activity. As of November 30, 2018, the Company's current liabilities were \$402,534 compared to current liabilities of \$329,304 as at May 31, 2018, the increase is due to the exploration activity on the Tabasquena project and a debenture. The inability to raise 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 issuance of a convertible debenture, 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.

		Nov 30, 2018		Nov 30, 2017
Working capital (deficiency)	\$	(371,625)	\$	(296,483)
Deficit	\$	6,113,209	\$	5,771,747

Financing

On February 28, 2017, the Company closed a non-brokered private placement of 1,813,332 shares at \$0.075 per unit for gross proceeds of \$136,000. A director and an officer of the Company both participated in the private placement, having purchased an aggregate of 960,000 common shares. The Company incurred share issue costs of \$3,697 in connection with this financing.

On October 2, 2017, the Company issued 1,000,000 common shares with a fair value of \$60,000 for acquisition of the Tabasquena property.

On February 5, 2018, the Company closed a non-brokered private placement of 3,166,667 shares at \$0.06 per unit for gross proceeds of \$190,000. 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 \$0.08 per share until February 7, 2020, subject to accelerated expiry in certain circumstances. An officer of the Company participated in the private placement, having purchased 850,000 common shares. The Company incurred share issue costs of \$3,714 in connection with this financing. No value was allocated to the attachable warrants.

On September 27, 2018 (“approval date”), TSX approved the asset purchase agreement whereby the Company purchased mining machinery and equipment for the Tabasquena property for a total consideration of 600,000 common shares with a fair value of \$300,000. As per the agreement, 150,000 common shares were issued on the approval date at the price of \$0.50 per share, with a further issuance of 150,000 common shares to be issued every six months from the approval date till 18 months from the approval date.

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. The Company incurred share issue costs of \$2,128 in connection with this financing. No value was allocated to the attachable warrants.

During the six months ended November 30, 2018, 1,666,667 share warrants were exercised for \$133,333 cash by an officer and a Director of the Company.

As at November 30, 2018, the Company had 34,300 (May 31, 2018 – 34,000) escrow shares.

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 Acacia have covered exploration requirements at the three Kakamega properties.

Second Quarter Results

Advance Gold had a loss and comprehensive loss of \$101,513 (2017 –\$44,437) and general and administrative expenses of \$71,887 (2017 - \$44,437) during the quarter ended November 30, 2018. Such expenses included:

	Q2 2018	Q2 2017
Advertising and promotion	\$ 10,680	\$ 2,196
Consulting fees	2,560	-
Interest, bank charges and foreign exchange loss	2,421	4,586
Management fees	15,000	15,000
Office and sundry	4,468	205
Professional fees	15,597	18,175
Rent and telephone	129	-
Stock based compensation	14,339	-
Transfer agent and filing fees	6,693	4,275
	<u>\$ 71,887</u>	<u>\$ 44,437</u>

Administration expenses have increased from the prior year mostly due to an increase in management fees, stock based compensation and consulting fees. Interest, bank charges and foreign exchange loss as well as professional fees have decreased from the prior year. Advance Gold had a working capital deficiency of \$371,625 for the quarter ended November 30, 2018.

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 quarters ended November 30, 2018 and November 30, 2017:

	Quarter Ended Nov 30, 2018	Quarter Ended Nov 30, 2017
Management Fees	\$ 15,000	\$ 15,000
Consulting	\$ 2,560	\$ -
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.

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 six months ended November 30, 2018.

(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 quarter ended November 30, 2018 the Company recognized share-based compensation expense of \$14,339 (November 30, 2017 - \$Nil).

(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 November 30, 2018 and 2017 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 financial statements.

Accounting Standards Issued But Not Yet Effective

The following new or amended accounting standards have been issued by the International Accounting Standards Board ("IASB") for periods beginning on or after June 1, 2018. These new or amended standards are not yet effective, and the Company has not completed its assessment of their impact on its consolidated financial statements.

IFRS 9 *Financial Instruments*

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities.

IFRS 15 *Revenue from Contracts with Customers*

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

IFRS 16 *Leases*

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions, and is effective for annual periods beginning on or after January 1, 2019.

Financial Instruments

The Company's financial instruments are exposed to certain financial risks, being credit risk, liquidity risk, and market risk, which are defined as follows:

(a) 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 cash equivalents. The Company deposits the majority of its cash and cash equivalents with high credit quality financial institutions in Canada and as a result, the Company considers its credit risk to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by maintaining adequate cash and short-term investment balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing and future loan facilities. Cash on hand at November 30, 2018 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

Accounts payable and accrued liabilities are due within twelve months of the consolidated statement of financial position date.

(c) Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

(i) Interest rate risk

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency risk with respect to cash and accounts payable and accrued liabilities, as a portion of these amounts are denominated in US dollars. The Canadian equivalent of financial instruments denominated in US dollars and Mexican Pesos as at November 30, 2018 and 2017 is as follows:

	Nov 30, 2018	Nov 30, 2017
Cash and cash equivalents	\$ 1,672	\$ 709
Prepaid expenses	2,223	
Accounts payable	(127,124)	80,427
	\$ (123,229)	\$ (79,718)

The Company manages foreign currency risk by minimizing the value of financial instruments denominated in foreign currency. The Company has not entered into any foreign currency contracts to mitigate this risk.

(iii) Other price risk

The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Fair value of financial instruments

The fair values of the Company's amounts receivable, accounts payable and accrued liabilities and loan payable approximate their carrying values because of the short-term nature of these instruments.

The Company uses a fair value hierarchy that categorizes inputs used in valuation techniques to measure the fair value of financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents are all classified at level one of the fair value hierarchy. The Company's remaining financial instruments are classified as Level 2.

Changes in Accounting Policies

Advance Gold has not changed its accounting policies for the three months ended November 30, 2018.

Off-Balance Sheet Arrangements

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

Financial Instruments

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 November 30, 2017 \$24,093 cash and cash equivalents are held in Canadian dollars, \$296 cash and cash equivalents are held in US dollars and Kenya Schilling, and \$1,376 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.

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 January 29, 2019 there were 20,358,885 common shares issued and outstanding, 700,000 stock options were outstanding, and the following warrants and broker's options outstanding:

Grant Expiry Date	Grant Price	Warrants Outstanding
Feb. 7, 2020	\$ 0.08	1,500,000
Oct. 4, 2020	0.10	2,885,880
Nov. 21, 2018	0.07	1,111,111
		<u>5,496,991</u>

Investor Relations

Investor relations activities are currently being 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.