



Advance United Holdings Inc. (formerly Ripper Resources Inc.)
Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021

(Unaudited)

(Expressed in Canadian Dollars)



Advance United Holdings Inc. (formerly Ripper Resources Inc.)

Management's Responsibility for Financial Statements

The accompanying condensed consolidated interim financial statements of Advance United Holdings Inc. (the "Company" or "Advance United") are the responsibility of management and the Board of Directors. These condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed consolidated interim financial statements and (ii) the condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Jim Atkinson"

Jim Atkinson, Chief Executive Officer

Toronto, Canada

May 31, 2021

(signed) "David McDonald"

David McDonald, Chief Financial Officer

Notice to Reader

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The condensed consolidated interim financial statements as at and for the three months ended March 31, 2021 have not been reviewed by the Company's auditor.



Advance United Holdings Inc. (formerly Ripper Resources Inc.)

Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2021

Expressed in Canadian Dollars	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets			
Current assets			
Cash		\$ 558,290	\$ 378,475
HST receivable		11,517	-
Prepaid expenses and deposits		1,678	-
		571,485	378,475
Non-current assets			
Paint Lake Joint Venture		7,800	-
Mineral properties	5	341,965	-
Total assets		\$ 921,250	\$ 378,475
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 53,512	\$ 48,352
		53,512	48,352
Shareholders' equity			
Share capital	8	1,162,086	336,681
Warrant reserve	8(c)	106,065	73,320
Stock option reserve	8(d)	59,658	-
Deficit		(460,071)	(79,878)
		867,738	330,123
Total liabilities and shareholders' equity		\$ 921,250	\$ 378,475

Nature of Operations and Going Concern (Note 1)
Commitments (Note 12)

On behalf of the Board of Directors: May 31, 2021

"James Atkinson" (signed)
Director

"Walter Henry" (signed)
Director

The accompanying notes form an integral part of these financial statements

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Advance United Holdings Inc. (formerly Ripper Resources Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended
(Unaudited)

		March 31, 2021	
(Expressed in Canadian Dollars)	Note		(Note 2)
Management fees	7	\$	30,000
Office, general and administrative			590
Professional fees			77,626
Listing, filing and regulator			10,930
Share-based compensation	8(d)		59,658
Exploration and evaluation			639
Total expenses			179,443
Loss before undernoted			(179,443)
Unrealized loss in market value			(200,750)
Net loss and comprehensive loss of period		\$	(380,193)
Loss per share			
Weighted average number of shares - basic and diluted			33,269,996
Net loss per share - basic and fully diluted		\$	(0.01)

The accompanying notes form an integral part of these financial statements



Advance United Holdings Inc. (formerly Ripper Resources Inc.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited)

	Note	Share Capital		Reserves		Deficit	Total
		Number of Shares	Amount \$	Warrants \$	Stock Options \$		
Balance at December 31, 2020		14,200,100	336,681	73,320	-	(79,878)	330,123
Acquisition of Talisker Gold Corp.	8(b)(i)	22,289,606	858,150	-	-	-	858,150
Issuance of warrants	8(b)(ii)	-	(32,745)	32,745	-	-	-
Share-based compensation	8(d)	-	-	-	59,658	-	59,658
Net loss for the period		-	-	-	-	(380,193)	(380,193)
Balance at March 31, 2021		36,489,706	\$ 1,162,086	\$ 106,065	\$ 59,658	\$ (460,071)	\$ 867,738

The accompanying notes form an integral part of these financial statements



Advance United Holdings Inc. (formerly Ripper Resources Inc.)
Condensed Consolidated Interim Statement of Cash Flows
For the Three Month Ended
(Unaudited)

(Expressed in Canadian Dollars)	March 31, 2021
Net loss for the period	\$ (380,193)
Items not affecting cash	
Share-based compensation	59,658
Marketable securities	200,750
	(119,785)
Changes in non-cash working capital activities	
HST receivable	(11,517)
Deposit	(1,678)
Accounts payable and accrued liabilities	5,160
Net changes in non-cash working capital balances	(8,035)
Net cash flows used in operating activities	(127,820)
Cash flows from investing activities	
Acquisition of Talisker Gold Corp.	307,635
Net cash flows used in investing activities	307,635
Cash flows from financing activities	
Net Cash flows from financing activities	-
Net change in cash during the period	179,815
Cash, beginning period	378,475
Cash, end of period	\$ 558,290
Cash paid during the period:	
Interest paid and received	\$ -
Income taxes	\$ -

The accompanying notes form an integral part of these financial statements



Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021
(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Advance United Holdings Inc. (the "Company" or "Advance United") was incorporated under the laws of the Province of British Columbia on May 28, 2020. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol AUHI. The Company is currently engaged in acquisition, exploration and development of mineral properties. Effective January 13, 2021 the Company changed its name from Ripper Resources Inc. to Advance United Holdings Inc. The address of the Company's head office is 372 Bay Street, Suite 301, Toronto, Ontario M5H 2W9.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. Changes in future conditions could require material write downs of the carrying values.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the exploration programs will result in profitable operations. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non compliance with regulatory, environmental and social licensing requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has not realized a profit from operations and has incurred significant expenditures related to property exploration, resulting in a cumulative deficit of \$460,071 as at March 31, 2021 (December 31, 2020 - \$79,878). The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be successful in future financing activities or be able to execute its business strategy. As at March 31, 2021, the Company had current assets of \$571,485 (December 31, 2020 - \$378,475) to cover current liabilities of \$53,512 (December 31, 2020 - \$48,352).



Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements (the “financial statements”) have been prepared in accordance with IAS 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the IFRS Interpretations Committee.

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expense. In management’s opinion, all adjustments considered necessary for a fair presentation have been included in these unaudited condensed consolidated interim financial statements. Interim results are not necessarily indicative of the results expected for the financial year. Actual annual results may differ from interim estimates. The significant judgements made by management applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended December 31, 2020.

Approval of Financial Statements

The financial statements of the Company for the period ended March 31, 2021 were approved and authorized by the Board of Directors on May 31, 2021.

(a) Comparative information

Comparative information has not been provided for the condensed consolidated interim statement of operations and comprehensive loss, statement of cash flows and statement of changes in shareholders' equity as the Company was incorporated on May 28, 2020.

(b) Basis of preparation and consolidation

These condensed consolidated interim financial statements of the Company include the results of its sole, wholly-owned subsidiary "Talisker Gold Corp" ("Talisker") and were prepared in accordance with IFRS. All significant intercompany transactions and balances have been eliminated upon consolidation.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis.

These financial statements are presented in Canadian dollars which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and has been rounded to the nearest dollar.



2. BASIS OF PRESENTATION (Continued)

(d) Use of Estimates and Judgments

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity (deficiency) or earnings. These estimates and assumptions notably relate to the following items:

Share-based payment transactions

The fair value of share-based payments is subject to the limitations of the Black Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black Scholes option pricing model requires the input of highly substantive assumptions including the volatility of share prices, changes in substantive input assumptions can materially affect the fair value estimate.

Capitalization of mineral property costs

Management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits.

Impairment of mineral properties

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.



2. BASIS OF PRESENTATION (Continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(e) Accounting Standards Adopted in 2020

There were amendments to IFRS standards and interpretations which became effective for periods beginning on or after January 1, 2020. The most significant of these is to IFRS 3 Business Combinations which amended the definition of a business. None of these amendments had any material impact on the Company's financial statements.

Amendment to IFRS 3 Definition of a Business - The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) Cash

Cash consists of cash on deposit with a major Canadian bank. Cash is measured at Amortized Cost.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Mineral property interests

The initial acquisition costs of mineral properties are capitalized as exploration and evaluation interests on a project by project basis, pending determination of the technical feasibility and the commercial viability of the project. Acquisition costs include cash and fair value of shares paid, liabilities assumed, including related interest, and associated legal costs paid to acquire the interest, whether by option, purchase, staking or otherwise. Costs of investigation incurred before the Company has obtained the legal right to explore an area are recognized in the statement of loss.

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- evaluating the technical feasibility and commercial viability of extracting a mineral resource

All exploration and evaluation expenditures are expenses until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interest for that project, and subsequent costs incurred for the development of that project, are capitalized as mineral properties, a component of property, plant and equipment.

All mineral property interests are monitored for indications of impairment at each financial position reporting date. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that acquisition costs are not expected to be recovered, it is charged to the results of operations.

Although the Company has taken steps to verify the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company measures its investments at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and subscriptions receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

IFRS 9 allows a simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements.

The fair value hierarchy has the following levels:

- ◆ *Level 1* - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ◆ *Level 2* - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- ◆ *Level 3* - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Investments are classified as Level 1

(d) Impairment

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

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount 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 or cash generating unit 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 statement of loss and comprehensive loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

(f) Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to warrant reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve account is recorded as an increase to share capital. For those warrants that expire unexercised, the recorded fair value is transferred from warrant reserve to deficit.

(g) Flow-Through Shares

Upon the issuance of flow-through shares, the Company records the initial proceeds to capital stock, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flowthrough share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs eligible Canadian Exploration Expenditures ("CEE") to meet flow-through requirements, a corresponding tax liability is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

(h) Share-Based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in stock option reserve, a component of equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. For those options that are cancelled or expire after vesting, the recorded fair value is transferred from stock option reserve to deficit.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of such goods and services are measured with reference to the fair value of the equity instruments issued. With respect to the acquisition of exploration and evaluation assets, the Company does not believe that the fair value of these assets is reliably measurable at the time of purchase. As such, when shares of the Company are issued as consideration for the purchase of exploration and evaluation assets, the fair value of the asset is based upon the price of the Company's shares on the date of the agreement to issue shares as determined by the Board of Directors. In the event that options or warrants are issued where the fair value of goods or services are not reliably measurable, they are valued using the Black-Scholes pricing model.

(j) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments and the conversion of outstanding convertible debt. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of option, warrants and convertible debt that would be anti dilutive.

(k) Income taxes

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purpose. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward. Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in operations in the period in which the change is substantively enacted.



Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021
(Expressed in Canadian dollars)

4. ACQUISITION OF TALISKER GOLD CORP.

On January 13, 2021, the Company's wholly owned subsidiary 2796446 Ontario Inc. merged with Talisker Gold Corp., pursuant to an amalgamation agreement, retaining the Talisker Gold Corp. ("Talisker") company name. The wholly-owned Talisker Gold Corp. subsidiary resulting from such amalgamation will carry on the base metals development business of Talisker in Ontario, Canada. As per the amalgamation agreement, each common share of Talisker was exchanged for one half common share of Advance United. Completion of the amalgamation resulted in the issue of 22,289,706 common shares valued at a deemed value of \$0.0385 per share, 1,250,000 options and 675,000 warrants. The resulting share capital of Advance United is 36,489,606 common shares of which the shareholders of Advance United own 39% and the former shareholders of Talisker own the remaining 61%. The Company allocated the purchase price to estimate fair values of the assets acquired and liabilities assumed as follows:

Current assets	\$ 372,139
Mineral properties	508,216
Current liabilities	(22,205)
	<hr/>
	\$ 858,150

5. MINERAL PROPERTIES

Batchawana Properties

On April 15, 2018, the Company's subsidiary Talisker Gold Corp. entered into a Property Acquisition Agreement ("Batchawana Agreement") with JD Exploration Inc., a company owned by Advance United's President and CEO, to acquire a 100% interest in two mineral properties. The Doyle Property (gold/zinc) originally comprised of 52 mining claims was expanded between July 2019 and August 2020 to 109 cell mining claims covering 2,365 hectares. The Property is located in Runnalls Township. The Buck Lake Property (copper/zinc) is comprised of 26 cell mining claims covering 527 hectares, located in Lunkie Township, both in the Batchawana Greenstone Belt, near Sault Ste. Marie, Ontario.

The Batchawana Properties are subject to a 2% NSR royalty, of which 1% can be bought back at any time for \$1,000,000.



Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021
(Expressed in Canadian dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the periods. The balances owing to the creditors are payable in accordance with the vendors' individual credit terms.

	March 31, 2021
Trade and other payables	\$ 500
Legal and audit fees	53,012
	\$ 53,512

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at fair value.

On January 13, 2018, the Company granted 1,250,000 stock options to each of the Company's three directors, two of whom are also officers.

As at March 31, 2021, \$Nil was included in accounts payable and accrued liabilities was owing to related parties.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Key management of Advance United includes the Chief Executive Officer, the Chief Financial Officer.

	March 31, 2021
Management and consulting fees charged by officers and directors	\$ 30,000
Share-based payments	59,658
	\$ 89,658



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8. SHARE CAPITAL

(a) Authorized

As at March 31, 2021, the Company's authorized number of common shares was unlimited and without par value.

(b) Issued and outstanding

	Note	March 31,	
		Shares	Amount
Balance at December 31, 2020		14,200,100	\$ 336,681
Issued on acquisition of Talisker Gold Corp	8(b)(i)	22,289,606	858,150
Issuance of warrants	8(b)(ii)	-	(32,745)
Balance at March 31, 2021		36,489,706	\$ 1,162,086

- (i) On January 13, 2021, the Company issued 22,289,606 Advance United Holdings Inc. common shares to the Talisker Gold Corp. shareholders. Each Talisker Gold Corp. shareholder received one (1) Advance United Holdings Inc. common share for every two (2) Talisker Gold Corp. shares held. The Talisker shares were cancelled.
- (ii) On January 13, 2021, the Company issued 175,000 warrants with a strike price of \$0.30 for 18 months expiring November 27, 2022 and 500,000 substitution warrants with a strike price of \$0.10 and expiry date of August 21, 2024.

(c) Warrants

The following table shows the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2020	4,200,000	\$ 0.10
Issued	675,000	0.15
Balance at March 31, 2021	4,875,000	\$ 0.12



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8. SHARE CAPITAL (Continued)

The following table reflects the warrants outstanding as at March 31, 2021:

Date issued	Number of Warrants	Fair Value of Warrants	Exercise Price	Expiry Date
October 06, 2020	4,200,000	\$ 73,320	\$0.10	October 31, 2022
January 13, 2021	175,000	\$ 2,695	\$0.30	November 27, 2022
January 13, 2021	500,000	30,050	\$0.10	August 21, 2024
Totals	4,875,000	\$ 106,065	\$0.12	

The Company follows the fair value method of accounting for warrants using the Black Scholes option pricing model. The fair values of warrants issued were calculated based on the following assumptions:

	Oct 06, 2021	Jan 13, 2021	Jan 13, 2021
Risk free interest rate	0.23%	0.13%	0.13%
Expected volatility	100%	100%	100%
Expected life (in years)	2.0	1.5	3.5
Expected dividend rate	-	-	-
Exercise price	\$0.10	\$0.30	\$0.10

(d) Stock Options

The Company has adopted a stock option plan (the "Plan"), which provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with exchange requirements, where applicable, grant to directors, officers, employees and consultants of the Company options to purchase the Company's shares, provided that the number of the Company's shares reserved for issuance may not exceed 10% of the issued and outstanding common shares at any time. Such options will be exercisable for a period of up to 5 years from the date of grant. Except in specified circumstances, options are not assignable and will terminate if the optionee ceases to be employed by or associated with the Company. The terms of the Plan further provide that the price at which shares may be issued cannot be less than the market price (net of permissible discounts) of the shares when the relevant options were granted.



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8. SHARE CAPITAL (Continued)

The following table shows the continuity of stock options for the periods presented:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2020	-	\$ -
Granted	1,250,000	\$ 0.10
Balance at March 31, 2021	1,250,000	\$ 0.10

As at March 31, 2021 the following options were outstanding and vested:

Grant Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Black Scholes Fair Value	Weighted Average Remaining Contractual Life (Years)	Expiry Date
January 13, 2021	\$ 0.05	1,000,000	1,000,000	\$ 44,633	2.25	April 17, 2023
January 13, 2021	\$ 0.05	250,000	250,000	\$ 15,025	4.00	December 23, 2024
Totals	\$ 0.05	1,250,000	1,250,000	\$ 59,658	2.08	

On January 13, 2021 stock options to purchase up to 1,250,000 common shares of the Company were issued at an exercise price of \$0.10 per share. 1,000,000 options have an expiry date of April 17, 2023 and 250,000 options expire December 23, 2024. The options issued replaced Talisker options held on a 1 for 2 basis.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. For the period ended March 31, 2021, the Company recognized share-based compensation expense of \$59,658 and credited stock option reserve.

In calculating the fair value of the options, the following underlying assumptions were used in the Black-Scholes calculation:

	Jan 13, 2021	Jan 13, 2021
Strike price	\$ 0.10	\$ 0.10
Risk free interest rate	0.13%	0.13%
Expected volatility	100 %	100 %
Expected dividend rate	0.0%	0.0%
Expected life (in years)	2.25	4.0



9. UNREALIZED GAIN (LOSS) ON INVESTMENTS.

The Company's subsidiary Talisker Gold Corp. held an investment of 1,825,000 Angus Gold Inc. ("Angus") shares on December 31, 2020. These shares were distributed to the Talisker shareholders on a pro-rata basis before the completion of the three corner amalgamation with 2796446 Ontario Inc. and Advance United Holdings Inc. on January 13, 2021. The Angus investment shares were adjusted quarterly to reflect the current market value of the shares (Mark to Market). On December 31, 2020 the Angus investment shares were valued at \$0.80 per share. On January 13, 2021 the Angus shares were valued at \$0.69 per share. The \$0.11 decrease in value resulted in a Mark to Market unrealized loss of \$200,750 ($\$0.11 \times 1,825,000$).

10. CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain the entity's ability to continue as going concern, support the Company's normal operating requirements and to continue the exploration and development of its mineral properties.

The capital of the Company consists of the items in the shareholders' deficit. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debts or equity or similar instruments to obtain additional financing.

The Company's overall strategy with respect to capital risk management remained unchanged during the period. The Company is not subject to any externally imposed capital requirements as at March 31, 2021.

11. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and to up to date market information.

The Company's risk exposure and risk management policies and procedures have not changed.

Market risk



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Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative, financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on going basis.



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11. FINANCIAL INSTRUMENTS (Continued)

Commodity risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices as they relate to gold and the stock market to determine the appropriate course of action to be taken.

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 subscriptions receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank.

The Company's financial assets and liabilities as at March 31, 2021 were as follows:

March 31, 2021	Amortized Cost	FVPL	Total
Financial assets			
Cash	\$ 558,290	\$ -	\$ 558,290
HST receivable	\$ 11,517	\$ -	\$ 11,517
Assets held for sale	\$ -	\$ 1,678	\$ 1,678
Financial liabilities			
Accounts payable and accrued liabilities	\$ 53,512	\$ -	\$ 53,512

At March 31, 2021, there were no significant concentrations of credit risk for receivables.

The carrying amounts reflected above represent the Company's maximum exposure to credit risk for such receivables.

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

12. LOSS PER SHARE

Net loss per share has been calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The effect of stock options and warrants was anti dilutive and hence, the diluted loss per share equals the basic loss per share.

13. COMMITMENTS

The Company's exploration activities are subject to various federal and provincial regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations.