



Advance United Holdings Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

Notice of No Auditor Review

The accompanying unaudited condensed interim consolidated financial statements of Advance United Holdings Inc. for the three months ended March 31, 2023 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that these unaudited condensed interim consolidated financial statements have not been reviewed by its auditor.



Advance United Holdings Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		March 31, 2023	December 31, 2022
	Note	(Unaudited)	Audited
Assets			
Current assets			
Cash		\$ 227,157	\$ 191,633
Harmonized sales tax recoverable		7,257	137,445
Paint Lake Joint Venture receivable	4	-	20,440
Prepaid expenses and deposits		14,871	11,432
		249,285	360,950
Non-current assets			
Mineral properties	4	662,768	662,768
Total assets		\$ 912,053	\$ 1,023,718
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 585,397	\$ 467,590
Flow through premium liability		-	21,400
Total liabilities		585,397	488,990
Shareholders' equity			
Share capital	7	4,245,198	4,245,198
Warrants reserve	7(c)	169,037	169,037
Options reserve	7(d)	42,664	42,664
Accumulated deficit		(4,130,243)	(3,922,171)
		326,656	534,728
Total liabilities and shareholders' equity		\$ 912,053	\$ 1,023,718

Nature of operations and going concern (Note 1)

Commitments (Note 12)

Subsequent events (Note 13)

On behalf of the Board of Directors: May 19, 2023

"Jim Atkinson" (signed)

Director

"Walter Henry" (signed)

Director

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



Advance United Holdings Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2023 and March 31, 2022
(Expressed in Canadian Dollars)

(Unaudited)

	Note	March 31, 2023	March 31, 2022
Expenses			
Business development		\$ -	\$ 97,578
Management fees	6	10,000	51,333
Consulting fees	6	15,000	26,000
Professional fees		31,941	22,234
Listing, filing and regulatory fees		10,551	19,667
General and administrative		12,406	6,179
Investor relations		10,000	-
Loss before undernoted		(89,898)	(222,991)
Exploration and evaluation	4	(139,574)	(21,153)
Flow-through share premium recovery		21,400	-
Net loss and comprehensive loss		\$ (208,072)	\$ (244,144)
Loss per share			
Weighted average number of shares - basic and diluted		49,248,906	43,927,111
Net loss per share - basic and diluted		\$ (0.00)	\$ (0.01)

The accompanying notes form an integral part of these consolidated financial statements



Advance United Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2023 and March 31, 2022

(Expressed in Canadian Dollars)

Note	Share capital		Reserves		Accumulated deficit	Total
	Number of shares	Amount \$	Warrants \$	Options \$		
Balance at December 31, 2021	43,981,406	\$ 3,900,726	\$105,953	\$ 42,664	\$732,978)	\$ 3,316,365
Net loss and comprehensive loss for the period	-	-	-	-	(244,144)	(244,144)
Balance at March 31, 2022	43,981,406	\$ 3,900,726	\$ 105,953	\$ 42,664	\$ (977,122)	\$ 3,072,221
Balance at December 31, 2022	49,248,906	\$ 4,245,198	\$ 169,037	\$ 42,664	\$ (3,922,171)	\$ 534,728
Net loss and comprehensive loss for the period	-	-	-	-	(208,072)	(208,072)
Balance at March 31, 2023	49,248,906	\$ 4,245,198	\$ 169,037	\$ 42,664	\$ (4,130,243)	\$ 326,656



Advance United Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and March 31, 2022
(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2023	March 31, 2022
Operating activities		
Net loss	\$ (208,072)	\$ (244,144)
Items not affecting cash		
Flow-through share price premium	(51,400)	-
	(259,472)	(244,144)
Changes in non-cash working capital activities		
Harmonized sales tax recoverable	130,188	(13,946)
Paint Lake JV receivable	20,440	-
Prepaid expenses and deposits	(3,439)	2,646
Accounts payable and accrued liabilities	147,807	68,651
	294,996	57,351
Net changes in non-cash working capital balances	294,996	57,351
Net cash flows used in operating activities	35,524	(186,793)
Investing activities		
Melba property option	-	-
Mining claims staked	-	(1,100)
	-	(1,100)
Net cash flows used in investing activities	-	(1,100)
Financing activities		
Net cash flows from financing activities	-	-
Net change in cash during the period	35,524	(187,893)
Cash, beginning of period	191,633	2,811,376
Cash, end of period	\$ 227,157	\$ 2,623,483
Non-cash transactions:		
Flow-through share price premium	\$ 51,400	\$ -



Advance United Holdings Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023
(Expressed in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Advance United Holdings Inc. was incorporated under the laws of the Province of British Columbia on May 28, 2020. These interim consolidated financial statements include the accounts of its wholly owned subsidiary, Talisker Gold Corp. (together, "the Company" or "Advance United"). On May 28, 2021, the Company's common shares became listed for trading on the Canadian Securities Exchange ("CSE") under the trading symbol ("AUHI") and Frankfurt Stock Exchange ("9I0"). In July 2022, the Company listed in the United States Over the Counter (OTCQB:AUHIF). On March 8, 2022, the Company received a Certificate of Continuance, moving from the Province of British Columbia, to the Province of Ontario. 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 Ltd. to Advance United Holdings Inc. The address of the Company's head office is 372 Bay Street, Suite 301, Toronto, Ontario M5H 2W9.

Going Concern

These condensed interim consolidated 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.



Advance United Holdings Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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1. NATURE OF BUSINESS AND GOING CONCERN (Continued)

The Company has not realized a profit from operations and has incurred significant expenditures related to property exploration, resulting in a cumulative deficit of \$4,130,243 as at March 31, 2023 (December 31, 2022 - \$3,922,171). 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. Management cannot provide assurance that it will be successful in future financing activities or be able to execute its business strategy. As at March 31, 2023, the Company had current assets of \$249,285 (December 31, 2022 - \$360,950) to cover current liabilities of \$585,397 (December 31, 2022 - \$467,590) excluding the non-cash Flow-through premium liability.

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 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 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 interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2022. For a description of the Company's critical accounting estimates and assumptions, please refer to the Company's audited financial statements and related notes for the year ended December 31, 2022

(b) Approval of Financial Statements

The unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2023 were approved and authorized by the Board of Directors on May 19, 2023.

(c) Basis of consolidation

These condensed interim consolidated financial statements of the Company include the results of its sole, wholly-owned subsidiary "Talisker Gold Corp." ("Talisker"). The financial transactions of the subsidiary are included in the interim consolidated financial statements from the date control is obtained. Intercompany balances, transactions, income, and expenses are eliminated. The accounting policies of the



Advance United Holdings Inc.

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Company's subsidiary is the same as those of the Company.

(d) Basis of measurement

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

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

(e) Critical accounting estimates

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 or earnings. These estimates and assumptions notably relate to the following items:

Share-based payments

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.



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2. BASIS OF PRESENTATION (Continued)

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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.

(g) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and management has determined that there are no standards that are expected to have a significant impact on the interim consolidated financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash

The Company holds all its cash at major Canadian financial institutions and has no cash equivalents.

(b) Mineral properties

Where mineral properties are acquired through an acquisition agreement, 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. Costs of investigation incurred before the Company has obtained the legal right to explore an area are recognized in the statement of loss.



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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expensed 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 properties 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.

(c) Asset acquisition

The Company determines whether a transaction or other event is a business combination by applying the definition in IFRS 3, which requires that the assets acquired, and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition.

By examining the elements of inputs, process and outputs, the Company determines the assets acquired as an asset acquisition. Goodwill is not recorded as a result of an asset acquisition. Share-based payments made for acquisition of assets are recognized at the fair value of assets acquired.

(d) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.



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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from an impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of Paint Lake Joint Venture receivable and deposits.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. There are no financial assets held as FVTPL.

Classification and subsequent measurement (Continued)

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Designated at fair value through profit or loss (FVTPL) – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. Financial assets measured at FVTPL are comprised of cash.

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.



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(Expressed in Canadian Dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. The Company recognizes expected credit losses (“ECL”) for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime ECLs at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

For financial assets carried at amortized cost, the Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).



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(Expressed in Canadian Dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e. change in credit assessment).

Objective evidence of impairment of financial assets carried at amortized cost exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

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.



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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; Investments are classified as Level 1
- *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).

(e) 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.



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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) 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 flow-through share financing. The financial liability pertaining to the premium is recognized in the statement of loss and comprehensive loss 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.

(i) 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.



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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 period 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.



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4. 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. Batchawana properties consists of the Doyle property and Buck Lake property. The Batchawana Properties are subject to a 2% Net Smelter Royalty ("NSR"), of which 1% can be bought back at any time for \$1,000,000.

Doyle Property

The Company's principal property, the Doyle Property, is located approximately 92 kilometres southeast of Wawa and 86 km north of Sault Ste. Marie, Ontario. The nearest settlement is the town of Wawa, current approximate population of 3,000 inhabitants which is located at the junction of Provincial Highway 101 and the Trans-Canada Highway 17. The Doyle Property lies within National Topographic System map sheet 41O/08 in Runnalls Township in the Algoma District of Central Ontario. The Doyle Property (gold/zinc) originally comprised of 52 mining claims was expanded between July 2019 and March 2022 to 131 cell mining claims covering 3,265 hectares. The Property is located in Runnalls Township.

Batchawana Properties (Continued)

Buck Lake Property

The Buck Lake Property (copper/zinc) originally comprised of 139 cell mining claims covering 9600 hectares, located in Lunkie Township, both in the Batchawana Greenstone Belt, near Sault Ste. Marie, Ontario. The target is a copper rich Massive Sulfide (VMS) deposit related to a mafic/felsic volcanic contact. Past drilling has identified copper mineralization along this contact. A recent soil geochemical survey has identified a strong copper and zinc anomaly also associated with the contact.

Buck Lake's summer work program focused initially on targets around the massive sulphide mineralization intersections identified in previous drilling in the Noranda Zone and the extended VLF-EM anomalies identified related to this mineralization and will be following up on anomalous copper soil results obtained in the 2017 soil survey and rock samples which returned 0.3% copper.

Melba property

On July 26, 2022, the Company announced it had signed two option agreements to acquire the Melba property. The first option agreement, to acquire 75% of 68 cell mining claims (100% owned) and 6 Leased cell mining claims and a second option agreement that is comprised of 11 cell mining claims (100% owned). The second option agreement of 11 cell mining claims are subject to a 2% NSR. The option agreement terms for the first option an aggregate \$258,000 and 1,500,000 shares of capital of the Company. \$58,000 in cash (paid \$8,000 June 21, 2022 and \$50,000 July 11, 2022) and 500,000 common shares (issued and valued at the June 21, 2022 market price) on signing, 1st anniversary payment of \$100,000 and 500,000 common shares of the Company, 2nd anniversary payment of \$100,000 and 500,000 shares of the Company. The 500,000 shares issued were valued at the market price on the date of



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share issuance of \$.065 (\$32,500). The option agreement for the second option (11 mining claims) consists of an aggregate payment of \$50,000 in cash and \$40,000 worth of commons shares based on the anniversary market closing price; \$10,000 on signing (paid July 11, 2022) and further \$10,000 payments on the 1st, 2nd, 3rd and 4th anniversaries. The Company is to be required to issue \$10,000 worth of shares on the 1st, 2nd, 3rd and 4th anniversaries and \$30,000 in expenditures on the property over the term of the option agreement.

The adjacent claims covering approximately 1950 hectares are located in the Melba township of the Abitibi Greenstone Belt north of Kirkland Lake Ontario.

Gold was first discovered on the property in 1934 and the Melba Mine began development in 1936 but was shut down shortly thereafter with the declaration of World War II. On June 1st, 2020, the claim lease patents were published for public staking as no work or lease payments were current and included the mine workings which are in good standing until 2036.

To date four gold-bearing quartz-calcite veins have been identified and trenched on the property. These include the Rolling Vein, Mike Vein, Blue Vein, and the Contact Vein.

The Ministry of Northern Development and Mines report (ARIS No.42A08SE2005 Gleeson-Ross Mine) indicates that the Melba mine site is similar to the geological signature of the Ross Mine, which is located along the same structure to the NW on strike, in Holtyre, and the Ross Mine ore reserves were estimated at 628,155 tons averaging 5.88 g/ton (1934) and 518,000 tons averaging 4.64 g/ton (1975) according to Minedat.

Paint Lake Road Joint Venture

On April 30, 2020, Talisker and Frontline Gold entered into a joint venture agreement (the “Paint Lake Road Joint Venture Agreement”), with each party having a 50% interest and Talisker acting as the operator of the joint venture.

The Paint Lake Road Joint Venture is in the Wawa area west and south of the open pit operation of Wesdome Mines. The project covers 65 claim units totaling 3,460 ha. The claims are contained within the Mishibishu Greenstone Belt which hosts the Eagle River Gold Mine and Mishi Open Pit belonging to Wesdome Mines. This area also hosts the former Magnacon Mine (Wesdome) and the Dorset Zone belonging to Angus Gold, Inc. which contains a non-compliant resources of 100,000 oz. Au.



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4. MINERAL PROPERTIES (Continued)

Exploration and Evaluation Expenditures

For the period ended

December 31, 2022	Buck Lake	Doyle	Melba	Paint Lake JV	Other	Total
Option agreement and staking	-	-	-	-	-	-
Drilling	-	-	29,428	-	-	29,428
Fieldwork	10,400	-	21,164	-	-	31,564
Assay	-	-	30,524	-	-	30,524
VLF-LiDAR	-	4,000	-	-	-	4,000
Land Management	220	-	184	-	1,233	1,637
Other	-	-	-	-	42,421	42,421
March 31, 2023	10,620	4,000	81,300	-	43,654	139,574

December 31, 2021	Buck Lake	Doyle	Melba	Paint Lake JV	Other	Total
Fieldwork	-	6,153	-	-	-	6,153
VLF-LiDAR	-	-	-	-	-	-
Land Management - modelling	-	-	-	-	15,000	15,000
March 31, 2022	-	6,153	-	-	15,000	21,153

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	March 31, 2023	December 31, 2022
Accounts payable and others	\$ 545,397	\$ 414,590
Accrued liabilities	40,000	53,000
	\$ 585,397	\$ 467,590



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6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key Management Compensation

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

On January 13, 2021, the Company granted 1,250,000 stock options with the fair value of \$42,664 to the Company's three directors, one of whom is also an officer. Subsequent to period end, on April 17, 2023, 1,000,000 options expired unexercised.

	For three months ending March 31,	
	2023	2022
Management fees charged by officers and directors	\$ 10,000	51,333
Fees charged to a Company controlled by a Director	1,500	3,000

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.

On September 13, 2022, the Company completed a non-brokered private placement for gross proceeds of \$150,000 through the issuance of 1,500,000 shares at a price of \$0.10 per share purchased by a Director of the Company.

As at March 31, 2023 - \$46,456 (December 31, 2022 - \$32,000) was included in accounts payable and accrued liabilities owed to management and directors of the Company. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.



Advance United Holdings Inc.

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7. SHARE CAPITAL

(a) Authorized

As at March 31, 2023, the Company's authorized number of common shares was unlimited and without par value.

(b) Issued and outstanding

Balance at December 31, 2022 and March 31, 2023	49,248,906	\$ 4,245,198
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During the quarter ended March 31, 2023, the Company did not complete any equity financings or issue any options or warrants.

(c) Warrants

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

	Number of warrants March 31, 2023	Weighted average exercise price	Number of warrants December 31, 2022	Weighted average exercise price
Outstanding, beginning of period	3,131,901	\$ 0.17	847,001	\$ 0.27
Expired	-	-	(175,000)	0.30
Issued	-	-	230,000	0.15
Exercised	-	-	42,400	0.08
Issued	-	-	500,000	0.15
Issued	-	-	1,687,500	0.15
Outstanding, end of period	3,131,901	\$ 0.17	3,131,901	\$ 0.17

The following table reflects the warrants outstanding as at March 31, 2023:

Date issued	Number of warrants	Fair value of warrants	Exercise price	Expiry date
January 13, 2021	500,000	\$ 19,956	\$0.10	August 21, 2024
December 15, 2021	172,001	83,658	\$0.75	December 15, 2023
October 25, 2022	230,000	13,939	\$0.15	October 25 2024
October 25, 2022 (broker warrants) (1)	42,400	2,918	\$0.08	October 25 2024
October 28, 2022	500,000	20,995	\$0.15	October 28 2024
November 28, 2022	1,687,500	27,571	\$0.15	November 28 2024
Totals	3,131,901	\$ 169,037	\$0.17	

(1) Broker warrants issued are Unit purchase warrants consisting of one common share and one-half (1/2) warrant.



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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:

	Risk free interest rate	Expected volatility	Expected life (in years)	Expected dividend rate	Exercise price
January 13, 2021	0.36 %	153 %	3.4	\$ -	\$ 0.10
December 15, 2021	0.95 %	131 %	1.8	\$ -	\$ 0.75
October 25, 2022	4.15 %	95 %	1.8	\$ -	\$ 0.15
October 25, 2022	4.15 %	95 %	1.8	\$ -	\$ 0.08
October 28, 2022	3.31 %	183 %	1.8	\$ -	\$ 0.15
November 28, 2022	3.91 %	108 %	4.8	\$ -	\$ 0.15

(d) Options reserve

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

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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7. 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, 2022	1,250,000	\$ 0.10
Granted	-	\$ -
Balance at March 31, 2023	1,250,000	\$ 0.10

As at March 31, 2023 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	\$ 0.10	1,000,000	1,000,000	\$ 32,140	0.29	April 17, 2023
January 13, 2021	\$ 0.10	250,000	250,000	\$ 10,524	1.98	December 23, 2024
Totals	\$ 0.10	1,250,000	1,250,000	\$ 42,664	0.63	

On January 13, 2021 stock options to purchase up to 1,250,000 common shares of the Company were issued to certain Officers and Directors of the Company with 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 three months ended March 31, 2023, the Company recognized share-based compensation expense of \$42,664 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	0.16%	0.36%
Expected volatility	100 %	100 %
Expected dividend rate	0.0%	0.0%
Expected life (in years)	2.25	4.0



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8. 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' equity. 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 over all 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, 2023.

9. FINANCIAL INSTRUMENTS

The carrying amounts of cash, and accounts payables and accrued liabilities, approximate their fair values due to the short-term maturities of these instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

The Company follows a three-tier categorization for its financial instruments. The hierarchy is summarized as:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities, only cash falls under the level 1;

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 has no financial instruments under Level 2 and 3.



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9. FINANCIAL INSTRUMENTS (Continued)

The Company's financial assets and liabilities as at March 31, 2023 were as follows:

March 31, 2023	Amortized cost	FVTPL	Total
<i>Financial assets</i>			
Cash	\$ -	\$ 227,157	\$ 227,157
<i>Financial liabilities</i>			
Accounts payable and accrued liabilities	\$ 585,397	\$ -	\$ 585,397

December 31, 2022	Amortized cost	FVTPL	Total
<i>Financial assets</i>			
Cash	\$ -	\$ 191,633	\$ 191,633
<i>Financial liabilities</i>			
Accounts payable and accrued liabilities	\$ 467,590	\$ -	\$ 467,590

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at March 31, 2023, the Company is not exposed to significant market risk.

Credit risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations. The Company has exposure to credit risk through its cash and cash equivalents and amounts receivable. The Company's maximum exposure to credit risk at the end of any year is equal to the carrying amount of these financial assets as recorded in the interim consolidated statement of financial position. At March 31, 2023, no amounts were held as collateral. The Company manages credit risk, in respect of cash and short-term investments, by maintaining the majority of cash at highly rated financial institution.



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9. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at March 31, 2023, the Company had current liabilities of \$585,397 and current assets of \$249,285 and a workings capital deficit of \$336,112 (December 31, 2022 - \$(106,641) surplus). Management believes that it has the ability to raise sufficient cash to meet all of its obligations that are coming due in the next twelve months and to fund the operating losses that may occur in the upcoming years.

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.

10. SEGMENTED INFORMATION

The Company currently has one business segment and operates in the mineral exploration business in Canada.

11. LOSS PER SHARE

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



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12. COMMITMENTS

As a result of the Company's flow-through financings, the Company is committed to incur qualifying resource expenditures. As at March 31, 2023, the Company is required to incur additional qualifying expenditures of \$150,000 by September 13, 2024.

In connection with the flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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, social licensing requirement, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements.

The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

13. SUBSEQUENT EVENTS

On May 03, 2023, the Company announced the CFO resigned and the Board of Directors and management thanked the CFO for his contributions to the Company. The President, Jim Atkinson has taken over the role as CFO on an interim basis.