The Spinout Exploration Business of Tier One Metals Inc.

Condensed Interim Carve-out Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Unaudited)

TIER ONE METALS INC.

(the "Business")

CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS

Three and nine months ended September 30, 2020 and 2019

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim carve-out financial statements of the Business have been prepared by and are the responsibility of the Business management.

The Business' independent auditor has not performed a review of these condensed interim carve-out financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 25, 2020

The Spinout Exploration Business of Tier One Metals Inc.

Condensed Interim Carve-out Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

		As at September 30, 2020		As at December 31, 2019
Assets				
Current assets:				
Cash and cash equivalents	**$**	**471,681**	$	25,915
Prepaid expenses and deposits (Note 4)		**63,502**		57,943
		535,183		83,858
Non-current assets:				
Prepaid expenses and deposits (Note 4)		**122,077**		148,581
Equipment (Note 5)		**13,300**		20,021
Mineral property interests (Note 6)		**3,664,911**		3,237,550
Total assets	**$**	**4,335,471**	$	3,490,010
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**40,559**	$	15,300
Total liabilities		**40,559**		15,300
Equity:				
Net parent investment		**4,294,912**		3,474,710
Total equity		**4,294,912**		3,474,710
Total liabilities and equity	**$**	**4,335,471**	$	3,490,010

Arrangement agreement (Note 1)
Going concern (Note 1)

The Spinout Exploration Business of Tier One Metals Inc.

Condensed Interim Carve-out Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Operating expenses:				
Exploration and evaluation costs (Note 6)	**$ 904,345**	$ 209,039	**$ 1,360,183**	$ 740,279
Fees, salaries and other employee benefits	**52,670**	36,250	**163,343**	115,793
Legal and professional fees	**14,556**	22,463	**44,984**	61,457
Office and administration	**5,758**	6,722	**35,070**	19,598
Project investigation costs	**13,045**	-	**13,045**	-
	990,374	274,474	**1,616,625**	937,127
Other expenses				
Foreign exchange loss, net	**10,360**	1,507	**12,667**	4,075
Loss for the period	**$ 1,000,734**	$ 275,981	**$ 1,629,292**	$ 941,202
Other comprehensive loss (income)				
Unrealized currency loss (gain) on translation	**64,712**	(31,184)	**(70,284)**	78,496
Comprehensive loss for the period	**$ 1,065,446**	$ 244,797	**$ 1,559,008**	$ 1,019,698

The Spinout Exploration Business of Tier One Metals Inc.

Condensed Interim Carve-out Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

		Nine months ended September 30, 2020		Nine months ended September 30, 2019
Operating activities:				
Loss for the period	**$**	**(1,629,292)**	$	(941,202)
Non-cash transactions:				
Share-based compensation (Note 6 and 7)		**81,747**		169,130
Depreciation (Notes 5 and 6)		**17,154**		19,171
Changes in non-cash working capital:				
Prepaid expenses and deposits		**20,945**		46,650
Accounts payable and accrued liabilities		**25,259**		1,500
Cash used in operating activities		**(1,484,187)**		(704,751)
Investing activities:				
Purchase of mineral property		**(357,736)**		(772,249)
Cash used in investing activities		**(357,736)**		(772,249)
Financing activities:				
Advances from parent		**2,287,689**		1,551,422
Cash provided by financing activities		**2,287,689**		1,551,422
Increase in cash and cash equivalents		**445,766**		74,422
Cash and cash equivalents, beginning of the period		**25,915**		31,162
Cash and cash equivalents, end of the period	**$**	**471,681**	$	105,584

The Spinout Exploration Business of Tier One Metals Inc.

Condensed Interim Carve-out Statements of Changes in Net Parent Investment
(Unaudited - Expressed in Canadian dollars)

		Nine months ended September 30, 2020		Nine months ended September 30, 2019
Balance, beginning of period	**$**	**(3,474,710)**	$	(3,192,993)
Cash contributions from parent		**(2,287,689)**		(1,551,422)
Non-cash contributions from parent		**(91,521)**		(181,021)
Net loss		**1,629,292**		941,202
Other comprehensive loss (income)		**(70,284)**		78,496
Balance, end of period	**$**	**(4,294,912)**	$	(3,905,738)

1. Arrangement agreement, nature of operations, and going concern

On July 29, 2020, Auryn Resources Inc. ("Auryn") and Eastmain Resources Inc. ("Eastmain") entered into a definitive agreement pursuant which the Auryn would acquire all the issued and outstanding shares of Eastmain, immediately following a spin out of the Auryn's Peruvian projects to its shareholders and completion of a concurrent financing (collectively, the "Transaction"). The Transaction created Fury Gold Mines Limited (the continuance of the formerly named public company Auryn Resources Inc.) and two independent spin-out entities which would hold the Auryn's Peruvian projects: Sombrero Resources Inc. and Tier One Metals Inc.

Tier One Metals Inc. (the "Business" or "Tier One") was incorporated under the British Columbia Business Corporations Act on July 23, 2020 and is a reporting issuer in the province of British Columbia. The head office and principal address of Tier One is located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, Canada, V6E 3T5.

Upon completion of the Transaction, Tier One will have two wholly owned subsidiaries: Corisur Peru, S.A.C. ("Corisur"), a Peruvian company which was incorporated on December 17, 2015 pursuant to the General Law of Companies (Ley General de Sociedades), and Magma Minerals S.A.C. ("Magma"), pursuant to the same law.

On October 5, 2020, the shareholders of Auryn and Eastmain approved the Transaction. Court approval from the British Columbia Supreme Court and the Ontario Superior Court of Justice was received on October 7, 2020 and the transaction closed on October 9, 2020. On October 9, 2020, the Business received $3,968,000 in cash from Auryn pursuant the Transaction, which Management believes will be sufficient to pursue its near-term activities.

These carve-out financial statements (the "carve out financial statements") are prepared in connection with the Transaction described above. Management believes the assumptions and allocations underlying the carve-out financial statements are reasonable and appropriate. The expenses and allocations have been determined on a basis considered by Auryn to be a reasonable reflection of the utilization of services provided from or the benefit received by the Auryn subsidiaries for the years presented. Therefore, these carve-out financial statements are not necessarily indicative of the results that would be attained if the Business had operated as a separate legal entity during the periods presented and are not necessarily indicative of future operating results.

The Business' primary asset is the Curibaya porphyry property in Southern Peru, which was staked by the Business in 2016 which covers approximately 11,000 hectares and is located 48km from the provincial capital of Tacna and is accessible by road (see Note 6). The Business has not yet determined whether the property contains mineral reserves where extraction is both technically feasible and commercially viable. The Business operates in one reportable operating segment, being the acquisition, exploration and development of mineral resource properties in Peru.

As a normal part of the exploration process, the Business seeks to enter into access and use agreements with local communities surrounding its projects. The process of securing such agreements requires achieving local community consensus and can be challenging, however positive dialogue continues with the communities and Management believes that agreements will be reached in the ordinary course, although there can be no certainty at this time about their timing or extent.

The Business has incurred operating losses to date and does not generate cash flows from operations to support its activities. With no source of operating cash flow, there is no assurance that sufficient funding will be available to conduct further exploration and development of its mineral properties. The ability to continue as a going concern remains dependent upon its ability to obtain the financing necessary to continue to fund its mineral properties through intercompany loans from the ultimate parent company, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Business's ability to continue as a going concern.

These carve-out financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Business be unable to continue as a going concern. Such adjustments could be material.

In light of the recent developments related to the COVID-19 pandemic, and the restrictions on travel and other activities, both within Canada and globally, in early 2020, the Business recalled all personnel who were conducting project investigation activities in the field and delayed certain site visits. The Business subsequently received approval from the Peruvian government to resume work activities at its projects. The situation in Canada and Peru with respect to the management of COVID-19 remains fluid and permitted activities are subject to change; the Business is continually monitoring the situation along with government guidelines and allowing work to be undertaken once it is confident that it is safe for its employees to do so.

2. Basis of presentation

Statement of compliance and basis of presentation

These interim carve-out financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These interim carve-out financial statements should be read in conjunction with the Business' audited carve-out financial statements as at and for the year ended December 31, 2019 as some disclosures from the annual carve-out financial statements have been condensed or omitted.

These interim carve-out financial statements include the accounts of Corisur and Magma, and all assets, liabilities, transactions and costs incurred by Auryn (and its subsidiaries) that are specifically identifiable with Corisur and Magma. The Business' ultimate parent (the "Parent"), pursuant to these interim carve-out financial statements, is Auryn. All intercompany balances, transactions, including income and expenses arising from intercompany transactions are eliminated in preparing the interim carve-out financial statements.

These interim carve-out financial statements are for the periods from January 1, 2019 to September 30, 2019, and January 1, 2020 to September 30, 2020, which is the period during which Corisur and Magma were wholly owned by Auryn.

These unaudited interim carve-out financial statements were approved and authorized for issuance on November 25, 2020, by the Board of Directors.

3. Significant accounting policies, estimates, and judgements

The preparation of condensed interim carve-out financial statements in conformity with IAS 34 requires management to select accounting policies and make estimates and judgments that may have a significant impact on the interim carve-out financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. Revisions to estimates and the resulting impacts on the carrying amounts of the Business' assets and liabilities are accounted for prospectively.

The accounting policies followed to prepare these interim carve-out financial statements are the same as those disclosed in Note 3 of the Business' most recent audited carve-out financial statements for the year ended December 31, 2019, except as follows:

(Unaudited - Expressed in Canadian dollars)

- Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:

  The amendments are intended to clarify the definition of material in IAS 1 and not intended to alter the underlying concept of materiality in IFRS standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence".

  The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term "material" to ensure consistency.

  The Business adopted the amendments to IAS 1 and IAS 8 effective January 1, 2020, which did not have a material impact on the Business' unaudited interim carve-out financial statements

- Amendments to International Financial Reporting Standards ("IFRS") 3 - Business Combinations

  In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments, which are effective for annual reporting periods beginning on or after January 1, 2020, clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, narrow the definition of outputs, add guidance to assess whether an acquired process is substantive and introduce an optional concentration test to permit a simplified assessment.

  The adoption of the amended standard did not have an immediate impact on the Business' interim financial statements but will be applied in assessing any future business combination and asset acquisition scenarios.

- Amendments to IFRS 16 Leases

  To provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19 the International Accounting Standards Board ("IASB") proposed an amendment to IFRS 16 which provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. This amendment did not have a significant impact to the Business' financial statements as the Business has not received any COVID-19 related rent concessions as of the date of these financial statements.

4. Prepaid expenses and deposits

		September 30, 2020		December 31, 2019
Prepaids and deposits related to:				
Community and surface agreements	**$**	**162,770**	$	188,203
General, administration, and other		**22,809**		3,855
Exploration and evaluation expenditures		**-**		4,676
Mineral property interests		**-**		9,790
	$	**185,579**	$	206,524
Current portion		**63,502**		57,943
Long-term portion	**$**	**122,077**	$	148,581

(Unaudited - Expressed in Canadian dollars)

5. Equipment

		Cost		Accumulated Depreciation		Carrying Amount
Balance as at December 31, 2018	$	50,477	$	(19,429)	$	31,048
Additions		-		-		-
Depreciation		-		(9,742)		(9,742)
Functional currency translation		(2,421)		1,136		(1,285)
Balance as at December 31, 2019	$	48,056	$	(28,035)	$	20,021
Additions		-		-		-
Depreciation		-		(7,380)		(7,380)
Functional currency translation		1,298		(639)		659
Balance as at September 30, 2020	**$**	**49,354**	**$**	**(36,054)**	**$**	**13,300**

During the three and nine months ended September 30, 2020, the Business recorded $2,460 and $4,920, respectively (three and nine months ended September 30, 2019 - $2,426 and $4,854, respectively) of depreciation within camp cost, equipment and supplies under exploration and evaluation costs in the Condensed Interim Carve-out Statements of Loss and Comprehensive Loss.

6. Mineral property interests

The Business' porphyry projects, located in southern Peru, are outlined below:

i) Curibaya

On August 2, 2019, the Business acquired the rights to the Sambalay and Salvador mineral concessions adjacent to its wholly owned Curibaya property in southern Peru. Collectively, the Curibaya project now covers approximately 11,000 hectares and is located 53 km from the provincial capital, Tacna, and 11 km from the regional Incapuquio geological fault.

Under the terms of the mining concession transfer agreement with Wild Acre Metals (Peru) S.A.C., the Business paid US$250,000 on transfer of the concessions in favour of Corisur. The Sambalay concessions are subject to a combined 3% NSR royalty, 0.5% of which is buyable for US$1.0 million. The Salvador concessions are subject to a 2% NSR royalty and a US$2.0 million production payment, payable at the time a production decision is made, and to secure payment of such consideration a legal mortgage is recorded in the registry files of the Salvador concessions.

ii) Huilacollo

On June 2, 2016, the Business acquired the rights to the Huilacollo epithermal property in the Tacna province of southern Peru, which is comprised of 2,000 hectares of hydrothermal alteration. The rights were acquired through an option agreement (the "Huilacollo Option") with a local Peruvian company, Inversiones Sol S.A.C., under which the Business may acquire 100% interest (subject to a 1.5% NSR on precious metals buyable for US$2.5 million and a 2.5% NSR on base metals buyable for US$7.0 million) through a combination of work expenditures and cash payments as outlined in the table below. As of May 11, 2019, the Business had completed US$4.5 million of work expenditures under the Huilacollo Option and thus did not satisfy the accumulated work expenditure requirement of US$5.0 million at that date. As permitted by the Huilacollo Option, the Business instead made a cash payment of US$0.25 million equal to 50% of the shortfall at the due date to keep the option in good standing.

Below is a schedule of work expenditures and cash payments required under the agreement of which US$5.0 million in work expenditures has been completed to date

Due Dates	Payment & Work Expenditure Status	Property Payments (in '000 US$)	Work Expenditures (in '000 US$)
Effective Date (May 11, 2016)	Completed	$ 250	$ -
May 11, 2018	Completed	500	2,000
May 11, 2019	Completed	-	3,000
May 11, 2020	Completed	250	-
May 11, 2021		250	2,000
May 11, 2022		7,500	-
Total		$ 8,750	$ 7,000

Effective April 3, 2020, the Business declared force majeure under its Huilacollo option as a result of the COVID-19 shutdown in Peru which allowed the Business to defer the option payment that was due May 11, 2020. Force Majeure was lifted on June 5, 2020, due to the Peruvian Government easing COVID-19 restrictions. As a result, the option payment became due in July 2020 and together with the finder's fee and was paid in the quarter ended September 30, 2020.

During 2017, the Business acquired the rights to certain mineral claims adjacent to the Huilacollo property known as Andamarca claims and Tacora claims. Under the terms of the acquisition agreements, the Business paid US$0.65 million on transfer of the concessions in favour of Corisur. The Andamarca concession is subject to a 1.5% NSR of which 50% is buyable for US$2.5 million and the Tacora concession is subject to a 0.5% NSR of which 50% is buyable for US$0.5 million.

For the three and nine months ended September 30, 2020 and 2019, the Business' exploration and evaluation costs are broken down as follows:

	Three months ended September 30, **2020**	Three months ended September 30, 2019	Nine months ended September 30, **2020**	Nine months ended September 30, 2019
Assaying	**$ 749**	$ 79	**$ 2,893**	$ 4,182
Camp cost, equipment, and field supplies	**303,847**	37,073	**356,533**	67,775
Geological consulting services	**160,268**	32,858	**242,126**	45,576
Geophysical analysis	**17,626**	-	**17,626**	6,743
Permitting, environmental and community costs	**332,394**	89,922	**442,546**	409,989
Expediting and mobilization	**2,698**	1,087	**6,270**	1,412
Salaries and wages	**53,810**	5,300	**152,922**	7,977
Fuel and consumables	**5,552**	4,037	**7,123**	7,821
Aircraft and travel	**3,445**	2,490	**40,623**	7,783
Share-based compensation (Note 7)	**20,662**	32,171	**81,747**	169,130
Depreciation	**3,294**	4,022	**9,774**	11,891
Total	**$ 904,345**	$ 209,039	**$ 1,360,183**	$ 740,279

(Unaudited - Expressed in Canadian dollars)

A continuity of the Business' mineral property expenditures for the nine month period ended September 30, 2020 and the year ended December 31, 2019 is as follows:

		September 30, 2020		December 31, 2019
Balance, beginning of the period	**$**	**3,237,550**	$	2,934,484
Acquisition costs		**357,736**		435,886
Functional currency translation		**69,625**		(132,820)
Total	**$**	**3,664,911**	$	3,237,550

7. Related party balances and transactions

All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

(a) Related party transactions

Universal Mineral Services Ltd., ("UMS") is a private company with certain directors and officers in common with the Parent. Pursuant to an agreement with the Parent dated March 30, 2012 and as amended on December 30, 2015, UMS provides geological, administrative, and financial and transactional advisory services to the Business on an ongoing, cost recovery basis. During the three and nine months ended September 30, 2020, the Business incurred $53,810 and $152,922, respectively (three and nine months ended September 30, 2019 - $5,300 and $7,977, respectively) of geological services included under wages in exploration and evaluation costs.

Sombrero Minerals S.A.C. ("Sombrero") is a company under common control by the Parent. Pursuant to the carve-out, during the three and nine months ended September 30, 2020, the Business allocated $nil and $nil, respectively (three and nine months ended September 30, 2019 - $13,133 and $41,953, respectively) of wage expense, and $nil and $nil, respectively (2019 – $7,758 and $22,622, respectively) of office expense to Sombrero relating to costs benefitting Sombrero. Also, during the first quarter of 2019 Corisur incurred $4,120 of mineral property expenditure on Sombrero's mineral properties on behalf of Auryn. There were no such costs in 2020.

During the three and nine months ended September 30, 2020, $20,662 and $81,747, respectively (three and nine months ended September 30, 2019 - $32,171 and $169,130, respectively) of share-based compensation from the Parent was allocated to the Business for carve-out purposes.

The Parent uses the fair value method of accounting for all share-based payments. The fair value of the share-based options granted during the three and nine month periods ended September 30, 2020 and 2019 were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Three months ended September 30,		**Nine months ended September 30,**	
	2020	2019	**2020**	2019
Risk-free interest rate	**-**	1.35%	**0.39%**	1.60%
Expected dividend yield	**Nil**	Nil	**Nil**	Nil
Share price volatility	**-**	53%	**58%**	62%
Expected forfeiture rate	**-**	0%	**0%**	0%
Expected life in years	**-**	3.30	**4.90**	4.32

The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the share-based options. The expected volatility assumption is based on the historical and implied volatility of the Business' common shares. The expected forfeiture rate and the expected life in years are based on historical trends.

(b) Related party balances

As at September 30, 2020, $nil (December 31, 2019 - $nil) was included in accounts payable and $nil (December 31, 2019 - $nil) was in prepaids and/or deposits relating to transactions with related parties.

8. Financial instruments

The Business' financial instruments consist of cash, deposits, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following summarizes fair value hierarchy under which the Business' financial instruments are valued:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

As at September 30, 2020 and 2019 there were no financial instruments measured at fair value.

The Business' financial instruments are exposed to credit risk, and liquidity risk. As at September 30, 2020 the primary risk was as follows:

<u>Liquidity risk</u>

This is the risk that the Business will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at September 30, 2020, the Business has working capital of $494,624 (December 31, 2019 - $68,558).

<u>Market risk</u>

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risks to which the Business is exposed are as follows:

<u>Foreign currency risk</u>

The Business is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the functional currency of each Corisur and Magma is the US dollar). As at September 30, 2020 and December 31, 2019, the Business' foreign currency exposure relates primarily to cash, prepaid expenses and deposits, and accounts payable and accrued liabilities that are in majority either US dollars or Peruvian Soles.

(Unaudited - Expressed in Canadian dollars)

The currency risk exposure for financial instruments denominated in foreign currencies is as follows:

		September 30, 2020		December 31, 2019
Financial assets	**$**	**657,260**	$	232,439
Financial liabilities		**(40,559)**		(15,300)
Net exposure	**$**	**616,701**	$	217,139

A 10% increase or decrease in either the US dollar or Peruvian Soles exchange rate would not have a material impact on the Business' net loss.

9. Subsequent event

As described under Note 1, on October 9, 2020, Auryn transferred its Peruvian assets to two newly incorporated subsidiary companies, Tier One and Sombrero Resources Inc. (collectively the "Spincos") and distributed the shares of the Spincos to Auryn's shareholders.

Auryn had 112,340,434 common shares outstanding as of that date. Accordingly, Auryn shareholders received, for each Auryn share held as of the closing date of the Transaction, a full share in Tier One.