Tier One Silver Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited)

Tier One Silver Inc.

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

		As at March 31, 2021		As at December 31, 2020
Assets				
Current assets:				
Cash	**$**	**14,113,780**	$	2,729,338
Accounts receivable		**19,239**		13,471
Prepaid expenses and deposits (Note 3)		**285,722**		148,323
		14,418,741		2,891,132
Non-current assets:				
Prepaid expenses and deposits (Note 3)		**95,905**		106,812
Equipment		**10,328**		10,456
Deferred acquisition costs		**107,985**		-
Mineral property interests (Note 4)		**2,160,901**		3,687,909
Total assets	**$**	**16,793,860**	$	6,696,309
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities (Note 6(b))	**$**	**447,245**	$	483,774
Total liabilities		**447,245**		483,774
Equity:				
Share capital (Note 5)		**21,121,967**		7,980,154
Accumulated other comprehensive loss		**(168,175)**		(124,416)
Deficit		**(4,607,177)**		(1,643,203)
Total equity		**16,346,615**		6,212,535
Total liabilities and equity	**$**	**16,793,860**	$	6,696,309

Subsequent Events (Note 10)

Approved on behalf of the Board of Directors:

"Peter Dembicki" — CEO, President & Director

"Steve Cook" — Director

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

Tier One Silver Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Unaudited (Expressed in Canadian dollars)

		Three months ended March 31,		
		2021		2020
Operating expenses:				
Exploration and evaluation costs (Note 6(a))	**$**	**525,946**	$	316,617
Fees, salaries and other employee benefits		**278,665**		54,001
Legal and professional fees		**140,177**		11,897
Marketing and investor relations		**155,820**		-
Office and administration		**91,715**		19,950
Project investigation costs		**4,947**		-
Regulatory and transfer agent		**66,177**		-
Mineral property impairment (Note 4 (ii))		**1,689,719**		-
		2,953,166		402,465
Other expenses				
Foreign exchange loss, net		**10,808**		1,371
Loss for the period	**$**	**2,963,974**	$	403,836
Other comprehensive (income) loss				
Unrealized currency (gain) loss on translation		**43,759**		(251,030)
Comprehensive loss for the period	**$**	**3,007,733**	$	152,806
Basic and diluted loss per share (Note 5(c))	**$**	**0.03**	$	n/a[1]
Basic and diluted weighted average number of shares outstanding (Note 5(c))		**116,724,473**		n/a[1]

[1] Since Tier One was incorporated on July 23, 2020, loss per share information for the three months ended March 31, 2020 is not applicable as Tier One did not exist as of March 31, 2020.

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

Tier One Silver Inc.

Condensed Consolidated Interim Statements of Changes in Equity
Unaudited (Expressed in Canadian dollars, except share amounts)

	Attributable to common shareholders of the Company					
	Number of common shares	**Share capital**	**Other comprehensive loss**	**Deficit**	**Net parent investment (Note 2(b))**	**Total**
Balance at December 31, 2019	**-**	**$ -**	**$ -**	**$ -**	**$ 3,474,710**	**$ 3,474,710**
Cash contributions from parent	-	-	-	-	307,210	307,210
Non-cash contributions from parent	-	-	-	-	11,619	11,619
Other comprehensive income	-	-		-	251,030	251,030
Loss for the period	-	-	-	-	(403,836)	(403,836)
Balance at March 31, 2020	**-**	**$ -**	**$ -**	**$ -**	**$ 3,640,733**	**$ 3,640,733**
Balance at December 31, 2020	**112,340,434**	**$ 7,980,154**	**$ (124,416)**	**$ (1,643,203)**	**$ -**	**$ 6,212,535**
Shares issued pursuant to offering, net of share issue costs (note 5(b))	13,454,463	13,141,813	-	-	-	13,141,813
Other comprehensive loss	-	-	(43,759)	-	-	(43,759)
Loss for the period	-	-	-	(2,963,974)	-	(2,963,974)
Balance at March 31, 2021	**125,794,897**	**$ 21,121,967**	**$ (168,175)**	**$ (4,607,177)**	**$ -**	**$16,346,615**

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

Tier One Silver Inc.

Condensed Consolidated Interim Statements of Cash Flows
Unaudited (Expressed in Canadian dollars)

		Three months ended March 31, 2021		Three months ended March 31, 2020
Operating activities:				
Loss for the period	**$**	(2,963,974)	$	(403,836)
Non-cash transactions:				
Impairment of mineral property (Note 4(ii))		1,689,719		-
Share-based compensation (Note 6(a))		-		40,448
Depreciation		128		2,482
Unrealized foreign exchange (gain) loss		8,163		(2,678)
Changes in non-cash working capital:				
Accounts receivable		(5,768)		-
Prepaid expenses and deposits (Note 3)		(126,492)		(8,696)
Deferred acquisition costs		(107,985)		-
Accounts payable and accrued liabilities		(36,529)		39,424
Cash used in operating activities		(1,542,738)		(332,856)
Investing activities:				
Mineral property additions (Note 4)		(207,789)		(231)
Cash used in investing activities		(207,789)		(231)
Financing activities:				
Proceeds from issuance of common shares, net of cash issuance costs		13,141,813		-
Contributions from parent		-		307,210
Cash provided by financing activities		13,141,813		307,210
Effect of foreign exchange rates on changes on cash		(6,844)		958
Increase (decrease) in cash		11,384,442		(24,919)
Cash, beginning of the period		2,729,338		25,915
Cash, end of the period	**$**	14,113,780	$	996

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

1. Corporate information, transaction arrangement and nature of operations

(a) Corporate information

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

The Company is principally engaged in the acquisition, exploration, and development of mineral property interests with a focus on Peru.

(b) Transaction arrangement

On October 9, 2020, Auryn Resources Inc. ("Auryn") – now known as Fury Gold Mines Limited ("Fury Gold") and Eastmain Resources Inc. ("Eastmain") closed the transaction to combine their Canadian mineral businesses after Fury Gold spun out its Peruvian subsidiaries into two newly formed British Columbia subsidiaries, distributed to its shareholders the common shares of these subsidiaries, including Tier One and completed a concurrent financing (collectively, the "Transaction"). Refer to Note 1(b) of the audited consolidated financial statements for the year ended December 31, 2020 for more details of the Transaction.

(c) Nature of operations

The Company's primary asset is the Curibaya property in southern Peru, which was staked by the Company in 2016. The Company has not yet determined whether the property contains mineral reserves where extraction is both technically feasible and commercially viable. Tier One 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, Tier One 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 continue to be maintained and updated, although there can be no certainty at this time about their timing or extent.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the year ended December 31, 2020, except as follows:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). This amendment had no impact on the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved and authorized for issuance on May 17, 2021, by the Board of Directors.

Unaudited (Expressed in Canadian dollars)

(b) Basis of measurement

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

<u>Common control transaction</u>

Pursuant to the Transaction, the Company acquired a 100% ownership interest in Corisur and Magma (collectively, the "Peruvian subsidiaries"), respectively. Tier One's acquisition of the Peruvian subsidiaries is a business combination involving entities under common control in which all of the combining entities were ultimately controlled by Fury Gold, both before and after the Transaction was completed. Business combinations involving entities under common control are outside the scope of IFRS 3 – Business Combinations. The Company accounted for this common control transaction using book value accounting based on the book values recognized in the financial statements of the underlying subsidiaries. This results in the condensed consolidated financial statements reflecting the combination as if it had occurred from the beginning of the period that the entities were under common control, regardless of the actual date the common control transaction closed.

<u>Net parent investment</u>

The comparative financial statements for 2020 were prepared on a combined basis. An analysis of reserves and share capital is shown for 2021 and 2020. The amounts which reflect the carrying value of investments in the combined entities are disclosed as "Net parent investment". Since the Company was not a legal entity up to July 23, 2020, the combined entities have no historical capital structure. Consequently, loss per share as required by IAS 33 – Earnings per Share has not been presented for 2020. The amounts reflected as cash and non-cash contributions from parent in the condensed consolidated interim statements of changes in equity refer to cash and non-cash contributions to the Company from Fury Gold.

(c) Basis of consolidation

i. Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns. These condensed consolidated interim financial statements reflect adjustments in all historical periods as if the subsidiaries had always been controlled by the Company.

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries as follows:

Subsidiary	**Place of incorporation**	**Functional Currency**	**Beneficial Interest**
Corisur Peru S.A.C. ("Corisur")	Peru	USD	100%
Magma Minerals S.A.C.	Peru	USD	100%

Corisur is a private Peruvian company incorporated on December 17, 2015 pursuant to Peru General Law of Companies. Corisur is owned by two Peruvian nationals who have entered into conditional Option Agreements with the Company pursuant to which the Company has options to acquire 100% of the shares of Corisur for nominal consideration. This arrangement is conditional on a Supreme Decree being received in respect of the border zone properties which Corisur owns. The two optionors are remunerated service providers to Tier One and manage Corisur at the direction of Tier One.

ii. Transactions eliminated upon consolidation

Intercompany balances and transactions have been eliminated on consolidation.

(d) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in USD are denoted as US$.

(e) Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the condensed consolidated interim 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. The Company's critical accounting judgements and estimates were presented in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2020 and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

For the period ended March 31, 2021, management made the judgement that the mineral property interest related to the Huilacollo option agreement was impaired (note 4(ii)). The carrying value of the costs related to this option arrangement were written off to the condensed consolidated interim statement of loss and comprehensive loss for the three months ended March 31, 2021. The remaining Huilacollo asset on the balance sheet relates to the historical cost of acquiring the neighbouring Tacora, Tacora Sur and Andamarca concessions, and going forward will be referred to as the Corisur claims.

Other than the impairment judgement, no new estimates and judgements were applied for the period ended March 31, 2021.

3. Prepaid expenses and deposits

		March 31, 2021		December 31, 2020
Prepaids and deposits related to:				
Community and surface agreements	**$**	134,266	$	145,653
General, administration, and other		247,361		109,482
	$	381,627	$	255,135
Current portion		285,722		148,323
Long-term portion	**$**	95,905	$	106,812

The long-term portion of prepaid expenses and deposits relates to a community and surface agreement entered in relation to the Corisur claims (previously referred to as the Huilacollo project). Despite the termination of the Huilacollo option agreement, the Company retains the rights under the community and surface which expires in 2024.

Unaudited (Expressed in Canadian dollars)

4. Mineral property interests

A continuity of the Company's mineral property interests is as follows:

	Curibaya	Corisur	Other	Total
Balance as at December 31, 2019	**$ 976,259**	**$ 2,261,291**	**$ -**	**$ 3,237,550**
Mineral property additions	20,031	337,475	171,887	529,393
Currency translation adjustment	(9,579)	(63,747)	(5,708)	(79,034)
Balance as at December 31, 2020	**$ 986,711**	**$ 2,535,019**	**$ 166,179**	**$ 3,687,909**
Mineral property additions	2,917	4,816	200,057	207,789
Currency translation adjustment	(12,059)	(29,567)	(3,452)	(45,078)
Mineral property impairment	-	(1,689,719)	-	(1,689,719)
Balance as at March 31, 2021	**$ 977,569**	**$ 820,549**	**$ 362,784**	**$ 2,160,901**

The Company's projects, located in southern Peru, are outlined below:

i) Curibaya

Curibaya is a wholly-owned project that covers approximately 11,000 hectares in southern Peru located 48 kilometres ("km") from the provincial capital, Tacna.

The Company incurred $244,573 and $273,586 of exploration and evaluation costs on Curibaya during the three months ended March 31, 2021 and 2020, respectively.

ii) Corisur (previously Huilacollo)

In 2016, the Company acquired the rights to the Huilacollo 1 & 2 concessions, covering approximately 2,000 hectares and located in the Tacna province of southern Peru through a conditional option agreement (the "Huilacollo Option") with a local Peruvian company, Inversiones Sol S.A.C.("Inversiones"). Subsequently, in 2017, the Company acquired the rights to the neighbouring concessions, the Tacora, Tacora Sur and Andamarca concessions, covering 1,300 hectares through two acquisition agreements. Certain Net Smelter Return royalties remain on these concessions. Collectively, these five claims were referred to as "Huilacollo".

Given the Company's strategic focus on the Curibaya project, Huilacollo has become non-core to the ongoing business of Tier One, becoming clear during March 2021. On April 24, 2021, the Company gave notice to terminate the Huilacollo Option thus eliminating any further payments under the option agreement. The Company has recorded an impairment of $1,689,719 against the value of the mineral property interests in relation to the Huilacollo 1 & 2 concessions and as at March 31, 2021, there are no remaining costs capitalized in relation to these concessions.

The historical cost of acquiring other concessions in the region, which cover 13,865 hectares, and include the Tacora, Tacora Sur and Andamarca concessions, remain on the statement of financial position within mineral property interest as at March 31, 2021. This group of concessions is located in the border zone and therefore unconditional ownership can only be achieved in the future by obtaining a Supreme Decree. Going forward these concessions will be referred to as the Corisur claims.

The Company incurred $ 28,936 and $10,979 of exploration and evaluation costs on the Corisur claims during the three months ended March 31, 2021 and 2020, respectively.

iii) Other

The Company incurred $252,438 of exploration and evaluation costs on other projects during the three months ended March 31, 2021 ($284,565 – March 31,2020). As at March 31, 2021, the Company has accrued mining concession fees of $25,174 (March 31, 2020 - $32,052) relating to its exploration projects.

The ‘Other’ category includes costs capitalized relating to the Emilia Project. On January 12, 2021, the Company executed the Emilia Option Agreement (the “Emilia Option”) and Tier One has the option to acquire 100% of the Emilia project. In order to exercise the Emilia Option, the Company must make cash payments as follows:

Due Dates	**Property Payments (in ‘000 US$)**
Effective Date (January 12, 2021)	150
June 18, 2021	125
December 18, 2021	125
December 18, 2022	600
December 18, 2023	1,300
December 18, 2024	2,300
December 18, 2025	5,400
Total	10,000

The Company is required to incur work expenditures totaling US$100,000 within the first year and US$240,000 in the second year. This amount increases to US$800,000 should the Company utilize diamond drilling processes.

5. Share capital

(a) Authorized

Unlimited common shares without par value

(b) Common share issuances

On March 2, 2021, Tier One closed a non-brokered private placement for gross proceeds of $13,454,463 which consisted of 13,454,463 common shares priced at CAD$1.00 per share. Share issue costs related to the offering totaled $312,650. A reconciliation of the impact of the offering on share capital is as follows:

	Number of common shares	**Impact on share capital**
Common shares issued at $1.00 per share	13,454,463	$ 13,454,463
Cash share issue costs	-	(312,650)
Proceeds net of share issue costs	13,454,463	$ 13,141,813

There were no other share issuances during the three months ended March 31, 2021.

Unaudited (Expressed in Canadian dollars)

(c) Loss per share

As Fury Gold was the parent company of Tier One prior to the Transaction, basic and diluted loss per share information for the three months ended March 31, 2020 is not applicable.

	March 31, 2021
Net loss	$ 2,963,974
Weighted average number of shares outstanding	116,724,473
Basic and diluted loss per share	$ 0.03

6. 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

	Three months ended March 31, 2021	**2020**
Universal Mineral Services Ltd.		
Exploration and evaluation costs	$ 54,378	$ 71,533
Fees, salaries and other employee benefits	86,302	-
Legal and professional fees	6,445	-
Marketing and investor relations	20,128	-
Office and administration	80,176	-
Project investigation costs	358	-
Total transactions for the periods	**$ 247,787**	$ 71,533

Universal Mineral Services Ltd., ("UMS") is a private company with certain directors and officers in common with Tier One. UMS provides geological, financial and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS, on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice.

During the three months ended March 31, 2021, $nil (March 31, 2020 – $40,448) of share-based compensation and $nil (March 31, 2020 - $40,378) of exploration and evaluation expenditures from Fury Gold were allocated to the Company.

Unaudited (Expressed in Canadian dollars)

Fury Gold uses the fair value method of accounting for all share-based payments. The fair value of the share-based options granted up to the date of the Transaction were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Three months ended March 31, 2020
Risk-free interest rate	1.78%
Expected dividend yield	Nil
Share price volatility	64%
Expected forfeiture rate	0%
Expected life in years	4.52

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 Fury Gold's common shares. The expected forfeiture rate and the expected life in years are based on historical trends.

After the close the Transaction, there was no further allocation of share-based compensation. The Company did not have any outstanding share options at March 31, 2021.

(b) Related party balances

As at March 31, 2021, $100,544 (December 31, 2020 - $96,293) was included in accounts payable and $100,000 (December 31,2020 - $50,000) was in prepaids expenses and deposits relating to transactions with UMS.

There was $nil (December 31, 2020 - $84,000) included in accounts payable and accrued liabilities owed to Fury Gold related to the closing cash pursuant to the Transaction.

(c) Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management members, being its executives and directors:

	Three months ended March 31, 2021
Salary and benefits provided to executives	$ 160,753
Directors fees paid to non-executive directors	53,305
	$ 214,058

Unaudited (Expressed in Canadian dollars)

7. Financial instruments

The Company's financial instruments consist of cash, prepaid expenses and deposits, accounts receivable, 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 Company's 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 March 31, 2021 and December 31, 2020, there were no financial instruments measured at fair value.

The Company's financial instruments are exposed to credit risk and liquidity risk. As at March 31, 2021, the primary risks were as follows:

<u>Liquidity risk</u>

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at March 31, 2021, the Company has working capital of $13,971,496 (December 31, 2020 - $2,407,358). The Company held cash of $14,113,780 at March 31, 2021 (December 31, 2020 - $2,729,338), which is entirely unrestricted.

<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 risk to which the Company is exposed is as follows:

<u>Currency risk</u>

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the functional currency of each of Corisur and Magma is the US dollar). As at March 31, 2021 and December 31, 2020, the Company's 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.

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

		March 31, 2021		December 31, 2020
Financial assets	**$**	**667,554**	$	824,196
Financial liabilities		**(182,342)**		(118,217)
Net exposure	**$**	**485,212**	$	705,979

A 10% increase or decrease in either the US dollars or Peruvian soles exchange rate would not have a material impact on the Company's net loss.

Unaudited (Expressed in Canadian dollars)

8. Segmented information

The Company operates as one operating segment, being the acquisition, exploration, and development of mineral resource properties.

Tier One was not subjected to restrictions on its cash as at March 31, 2021 and December 31, 2020.

9. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and development of resource properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The capital of the Company is determined as follows:

	March 31, 2021	December 31, 2020
Equity	**$ 16,346,615**	$ 6,212,535
Less cash	**(14,113,780)**	(2,729,338)
	$ 2,232,835	$ 3,483,197

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to maximize ongoing development efforts, the Company does not pay out dividends, does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company currently has sufficient working capital and is able to meet its ongoing current obligations as they become due. However, the Company will likely require additional capital in the future to meet its company objectives, being the acquisition and exploration of mineral properties. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.

10. Subsequent events

On April 12, 2021, the Company announced a grant of 7,715,000 share options to employees, officers and directors, and consultants. The options are exercisable at $1.00, will vest over two years and expire five years from the date of grant. On April 29, 2021, the Company granted an additional 200,000 share options with the same terms.

On April 24, 2021, the Company gave notice to terminate the Huilacollo option agreement, as discussed in note 4 (ii) above.

On April 28, 2021, the Company entered into a share purchase option agreement with Pembrook Copper Corp. ("Pembrook) to acquire Pembrook's Peruvian subsidiary, Compañia Minera Tororume S.A.C. ("Tororume"), which owns the Hurricane Silver project located in southeastern Peru. Hurricane Silver covers approximately 25,640 hectares and is located approximately 66 km north of the city of Cusco. In relation to this arrangement, the Company has deferred acquisition costs of $107,985 on the condensed consolidated interim statement of financial position as at March 31, 2021.

Under the terms of the Share Purchase Option Agreement, Tier One has the option to acquire 90% or 100% of the shares of Tororume. In order to acquire 90%, Tier One has up to five years, from the date it secures the access agreement for the surface rights and permits ("Access Date"), to make the following option exercise payments and assumes an obligation to carry all expenses until production.

Due Dates	**Option Payments (in '000 US$)**	**Work Expenditure (in '000 US$)**
By April 28, 2021	84	-
1st Anniversary of Access Date	250	750
2nd Anniversary of Access Date	350	1,000
3rd Anniversary of Access Date	500	2,000
4th Anniversary of Access Date	1,000	3,000
5th Anniversary of Access Date	2,500	4,000
Total to acquire 90%	**4,684**	**10,750**
Payment to acquire final 10%	10,000	-
Total to acquire 100%	**14,684**	**10,750**

Exploration requirements cease once the option is exercised, which can be done at any time at Tier One's election. Tier One also has the right to make option payments in cash or Tier One shares, subject to any required stock exchange approvals.