Tier One Silver Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Tier One Silver Inc.

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

		As at September 30, 2021		As at December 31, 2020
Assets				
Current assets:				
Cash	**$**	**7,899,139**	$	2,729,338
Accounts receivable		**21,189**		13,471
Prepaid expenses and deposits (Note 3)		**905,265**		148,323
		8,825,593		2,891,132
Non-current assets:				
Prepaid expenses and deposits (Note 3)		**118,063**		106,812
Equipment		**3,143**		10,456
Mineral property interests (Note 4)		**2,910,155**		3,687,909
Total assets	**$**	**11,856,954**	$	6,696,309
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**2,268,706**	$	483,774
Provision for site reclamation and closure (Note 5)		**267,600**		-
		2,536,306		483,774
Non-current liabilities:				
Provision for site reclamation and closure (Note 5)	**$**	**211,976**	$	-
Total liabilities		**2,748,282**		483,774
Equity:				
Share capital		**21,103,601**		7,980,154
Share option reserves		**2,311,788**		-
Accumulated other comprehensive loss		**(170,991)**		(124,416)
Deficit		**(14,135,726)**		(1,643,203)
Total equity		**9,108,672**		6,212,535
Total liabilities and equity	**$**	**11,856,954**	$	6,696,309

Going concern (Note 1(d))

Subsequent events (Note 4 (iv))

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 interim financial statements.

Tier One Silver Inc.

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating expenses:				
Exploration and evaluation costs	**$ 4,112,983**	$ 936,397	**$ 6,343,355**	$ 1,456,338
Fees, salaries and other employee benefits	**937,920**	52,670	**2,433,126**	163,343
Legal and professional fees	**42,163**	14,556	**404,751**	44,984
Marketing and investor relations	**316,835**	-	**803,428**	-
Office and administration	**176,720**	5,758	**347,025**	35,070
Project investigation costs	**46,445**	13,045	**84,576**	13,045
Regulatory and transfer agent	**22,364**	-	**109,016**	-
Mineral property impairment (Note 4(iii))	**-**	-	**1,689,719**	-
Costs related to Huilacollo Option termination (Note 4(iii))	**27,167**	-	**232,440**	-
	5,682,597	1,022,426	**12,447,436**	1,712,780
Other expenses:				
Foreign exchange loss, net	**15,738**	10,360	**45,087**	12,667
Loss for the period	**$ 5,698,335**	$ 1,032,786	**$ 12,492,523**	$ 1,725,447
Other comprehensive (income) loss				
Unrealized currency (gain) loss on translation	**(33,311)**	64,712	**46,575**	(70,284)
Comprehensive loss for the period	**$ 5,665,024**	$ 1,097,498	**$ 12,539,098**	$ 1,655,163
Basic and diluted loss per share (Note 6(c))	**$ 0.05**	$ n/a[1]	**$ 0.10**	$ n/a[1]
Basic and diluted weighted average number of shares outstanding (Note 6(c))	**125,794,897**	n/a[1]	**122,827,001**	n/a[1]

[1] Since Tier One was incorporated on July 23, 2020, loss per share information for the three and nine months ended September 30, 2020, is not representative as Tier One share structure changed following the Transaction date (note 1(b)).

The accompanying notes form an integral part of these condensed consolidated interim 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**	**Share option reserve**	**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	-	-	-	-	-	2,287,689	2,287,689
Non-cash contributions from parent	-	-	-	-	-	91,521	91,521
Other comprehensive income	-	-	-	-	-	70,284	70,284
Loss for the period	-	-	-	-	-	(1,725,447)	(1,725,447)
Balance at September 30, 2020	-	$ -	$ -	$ -	$ -	$ 4,198,758	$ 4,198,758
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 6(b))	**13,454,463**	**13,123,447**	**-**	**-**	**-**	**-**	**13,123,447**
Share-based compensation (Note 7)	**-**	**-**	**2,311,788**	**-**	**-**	**-**	**2,311,788**
Other comprehensive loss	**-**	**-**	**-**	**(46,575)**	**-**	**-**	**(46,575)**
Loss for the period	**-**	**-**	**-**	**-**	**(12,492,523)**	**-**	**(12,492,523)**
Balance at September 30, 2021	**125,794,897**	**$ 21,103,601**	**$ 2,311,788**	**$ (170,991)**	**$ (14,135,726)**	**$ -**	**$ 9,108,672**

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

Tier One Silver Inc.

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating activities:				
Loss for the period	**$ (5,698,335)**	$ (1,032,786)	**$ (12,492,523)**	$ (1,725,447)
Non-cash transactions:				
Impairment of mineral property (Note 4(iii))	**-**	-	**1,689,719**	-
Share-based compensation (Note 7 & 8(a))	**1,010,768**	20,662	**2,311,788**	81,747
Depreciation	**2,327**	5,662	**7,187**	17,154
Unrealized foreign exchange (gain) loss	**(4,096)**	-	**(4,492)**	-
Huilacollo termination (Note 4(iii))	**(42,765)**	-	**162,508**	-
Changes in non-cash working capital:				
Accounts receivable	**7,943**	-	**(7,718)**	-
Prepaid expenses and deposits	**6,472**	15,947	**(765,428)**	20,945
Accounts payable and accrued liabilities	**1,353,189**	44,148	**1,748,776**	121,413
Cash used in operating activities	**(3,364,497)**	(946,367)	**(7,350,183)**	(1,484,188)
Investing activities:				
Mineral property additions (Note 4)	**(763)**	(357,504)	**(613,509)**	(357,735)
Cash used in investing activities	**(763)**	(357,504)	**(613,509)**	(357,735)
Financing activities:				
Proceeds from issuance of common shares, net of cash issuance costs	**-**	-	**13,141,813**	-
Contributions from parent	**-**	1,643,652	**-**	2,287,689
Cash provided by financing activities	**-**	1,643,652	**13,141,813**	2,287,689
Effect of foreign exchange rate on changes on cash	**8,943**	-	**(8,320)**	-
(Decrease) increase in cash	**(3,356,317)**	339,781	**5,169,801**	445,766
Cash, beginning of the period	**11,255,456**	131,900	**2,729,338**	25,915
Cash, end of the period	**$ 7,899,139**	$ 471,681	**$ 7,899,139**	$ 471,681

The accompanying notes form an integral part of these condensed consolidated interim 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 and is listed on the TSX Venture exchange. The Company's common shares trade under the symbol TSLV in Canada and on the OTCQB Venture Market under the US symbol TSLVF. Tier One's head office and principal address is located at 1177 West Hastings Street, Suite 1630, Vancouver, British Columbia, Canada, V6E 2K3.

The Company is principally engaged in the acquisition and exploration 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 originally staked by the Company in 2015 and the property has since been expanded through a combination of acquisitions and additional staking. 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 and exploration of mineral resource properties in Peru.

As a normal part of the exploration process, Tier One seeks to establish 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.

(d) Going Concern

As at September 30, 2021, the Company has net working capital of $6,289,287 while it incurred a loss for the period of $12,492,523 for the nine months ended September 30, 2021. The Company 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 of its mineral properties. The ability to continue as a going concern remains dependent upon the Company's ability to obtain the financing necessary to continue to fund its mineral properties, 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 Company's ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

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

(e) Ongoing response to COVID-19

The situation in Canada and Peru with respect to the management of COVID-19 remains fluid and permitted activities are subject to change; the Company is continually reviewing the situation along with provincial and government guidelines and allowing work to be undertaken as long as it is confident that its employees and communities are safe to do so.

While the disruptions resulting from the pandemic caused only a minor delay in the Company's planned goals for 2020, mainly related to its inability to conduct field programs in Peru while a lockdown was mandated, management was still able to continue with much of its planned activity. As the situation surrounding COVID-19 continues to develop, albeit to a lesser extent, the Company will continue to monitor the situation closely and respond appropriately. As of September 30, 2021, the Company is helping local workers get vaccinated and the pandemic is not currently causing disruptions to the Company's operations.

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 November 23, 2021, by the Board of Directors.

(b) Basis of measurement

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

Common control transaction

Pursuant to the Transaction, the Company acquired a 100% ownership interest in Corisur Peru S.A.C. ("Corisur") and Magma Minerals S.A.C.("Magma") (collectively, the "Peruvian Subsidiaries"). Tier One's acquisition of the Peruvian Subsidiaries is a business combination involving entities under common control in which all 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.

Net parent investment

The comparative financial statements for 2020 were prepared on a combined basis. 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	USD	100%
Magma	Peru	USD	100%

Corisur is a private Peruvian company incorporated on December 17, 2015, pursuant to Peru's 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. A Supreme Decree is a legal dispensation required for a non-Peruvian to own a Company's shares. 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

Unaudited (Expressed in Canadian dollars)

December 31, 2020 and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

As at September 30, 2021, the Company recognized a provision for site reclamation and closure costs in relation to the site disturbances that have resulted from the on-going Curibaya drill program that started in June 2021 (Note 5). Significant estimates and assumptions are made in determining the provision for site reclamation and closure, as there are numerous factors that will affect the ultimate liability that becomes payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required, and an equal amount was recorded as a reclamation asset within mineral properties.

As at September 30, 2021, the Company also used judgment in determining the best estimate of costs that will be incurred to return the properties under the Huilacollo option agreement to the optionor, including the closure of its environmental permit. A provision for this best estimate has been recorded within the current portion of the provision for site reclamation and closure on the condensed consolidated interim statements of financial position (Note 5).

No other new estimates and judgements were applied for the period ended September 30, 2021.

3. Prepaid expenses and deposits

		September 30, 2021		December 31, 2020
Prepaid expenses and deposits related to:				
Community and surface agreements	**$**	**226,064**	$	145,653
Exploration and evaluation		**179,626**		-
General, administration, and other		**617,638**		109,482
Total prepaid expenses and deposits	**$**	**1,023,328**	$	255,135
Current portion		**905,265**		148,323
Long-term portion	**$**	**118,063**	$	106,812

The long-term portion of prepaid expenses and deposits relates to community and surface agreements entered in relation to the Corisur claims (previously referred to as the Huilacollo project) and the Curibaya project. Despite the termination of the Huilacollo option agreement, the Company retains the rights under the community and surface agreement which expires in 2024. The Company's surface rights agreement with the local community at the Curibaya project is in place until 2023.

As at September 30, 2021, general, administration and other prepaid expenses and deposits primarily related to amounts advanced to Universal Mineral Services Ltd. ("UMS Canada") and Universal Mineral Services Peru S.A.C. ("UMS Peru") as disclosed in Note 8.

Unaudited (Expressed in Canadian dollars)

4. Mineral property interests

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

	Curibaya	Hurricane	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	**28,053**	**235,267**	**4,190**	**345,999**	**613,509**
Mineral property impairment	**-**	**-**	**(1,689,719)**	**-**	**(1,689,719)**
Recognition of provision for site reclamation and closure	**310,121**	**-**	**-**	**-**	**310,121**
Currency translation adjustment	**(3,420)**	**496**	**(15,602)**	**6,861**	**(11,665)**
Balance as at September 30, 2021	**$1,321,465**	**$ 235,763**	**$ 833,888**	**$ 519,039**	**$ 2,910,155**

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

i) Curibaya

Curibaya is a wholly-owned project that covers approximately 17,000 hectares ("ha") in southern Peru located 48 kilometres ("km") from the provincial capital, Tacna.

The Company incurred $3,968,185 and $5,634,552 of exploration and evaluation costs on the Curibaya claims during the three and nine months ended September 30, 2021, respectively, ($835,741 and $1,261,002 for the three and nine months ended September 30, 2020, respectively).

ii) Hurricane Silver

On April 28, 2021, the Company entered into a share purchase option agreement (the "Pembrook Option") with Pembrook Copper Corp. ("Pembrook") to acquire Pembrook's Peruvian subsidiary, Compañia Minera Tororume S.A.C. ("Tororume"). Tororume owns the Hurricane Silver project located approximately 66 km north of the city of Cusco in southeastern Peru. In addition to the 25,640 ha acquired under the option agreement, the Company staked additional concessions expanding the Hurricane Silver project area to approximately 32,000 ha.

Under the terms of the Pembrook Option, Tier One has the option to acquire 90% or 100% of the shares of Tororume by making certain payments to Pembrook and by incurring certain amounts of exploration work on the project within the five year period measured from a defined Access Date. The Access Date is the date by which the Company has secured the necessary surface rights and governmental permits ("Rights and Permits") to commence diamond drilling. If after using reasonable efforts to obtain the Rights and Permits for at least 12 months (from April 28, 2021), the Company still has not secured the needed Rights and Permits, it may then terminate the option anytime during the next six months without obligation. If it does not terminate by the end of the 18th month, then the Company is thereupon obligated to incur the first year of workexpenditures in the table below (or pay them to Pembrook in lieu) even if it has not yet obtained the Rights and Permits.

The following table outlines the required option payments (which the Company can choose to make in cash or Tier One shares) and the work expenditures required over the five year option period (starting from the Access Date).

Due Dates	Status	Option Payments (in '000 US$)	Work Expenditure (in '000 US$)
By April 28, 2021	Completed	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**

Under the Pembrook Option the Company assumes the obligation to carry all expenses until production and all exploration requirements cease once the option is exercised, which can be done at any time at Tier One's election.

The Company incurred $74,999 of exploration and evaluation costs on the Hurricane Silver project during both the three and nine months ended September 30, 2021 ($nil for both the three and nine months ended September 30, 2020).

iii) Corisur Claims (previously Huilacollo)

In 2016, the Company acquired the rights to the Huilacollo 1 & 2 concessions, covering approximately 2,000 ha 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 ha 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 had become non-core to the ongoing business of Tier One, and as a result, on April 24, 2021, the Company gave notice to terminate the Huilacollo Option thus eliminating any further payments under the option agreement. During the nine months ended September 30, 2021, the Company recorded an impairment of $1,689,719 against the value of the mineral property interests in relation to the Huilacollo 1 & 2 concessions. There are no remaining costs capitalized in relation to these concessions. Furthermore, the Company has recorded a provision of $169,455 for final costs relating to the termination of the Huilacollo Option which is presented within the current portion of the provision for site reclamation and closure costs on the condensed consolidated interim statement of financial position as at September 30, 2021.

As at September 30, 2021, the historical cost of acquiring the Tacora, Tacora Sur and Andamarca concessions remains on the condensed consolidated interim statement of financial position within mineral property interest. Going forward these concessions, together with a group of additional concessions, will be referred to as the Corisur claims. As they are located in the border zone, unconditional ownership can only be achieved in the future by obtaining a Supreme Decree. No assurance can be given with respect to the timing or certainty of receipt of a Supreme Decree.

The Company incurred $65,530 and $138,541 of exploration and evaluation costs on the Corisur claims during the three and nine months ended September 30, 2021, respectively, ($84,814 and $147,811 for the three and nine months ended September 30, 2020, respectively). Costs incurred in 2021 in relation to the closure of the Huilacollo environmental and drill permit totaling $50,410 have been reclassified from exploration and evaluation costs and grouped within costs related to Huilacollo Option termination on the condensed consolidated interim statements of loss and comprehensive loss for the three and nine months ended September 30, 2021.

iv) Other

Emilia

On January 12, 2021, the Company entered into an option agreement to acquire 100% of the Emilia project (the “Emilia Option”), which covers 1,400 ha in southern Peru. In order to exercise the Emilia Option, the Company was required to make option payments totalling US$10,000,000 and complete US$340,000 in work expenditures over a five-year period, of which, US$275,000 had been incurred as at September 30, 2021.

On November 9, 2021, the Company made the decision to terminate the Emilia Option. The decision was determined to be a non-adjusting subsequent event as it was based on the strategic decision to focus its capital and human resources on its two primary properties, being the Curibaya and Hurricane projects. The Company expects to record an impairment in Q4 against the value of the mineral properties, which as at September 30, 2021 was US$282,550. As a result of the termination, the Company has eliminated any future option payments and work expenditures required under the Emilia Option.

Coastal Batholith

Coastal Batholith is a wholly-owned project that covers approximately 41,000 ha on the coast of Peru. As the project was acquired through staking, there are no work expenditure requirements. During 2021, the Company completed first pass reconnaissance exploration work at the project.

Exploration and Evaluation Costs

On its properties that are grouped as other, the Company incurred $4,267 and $495,263 of exploration and evaluation costs during the three and nine months ended September 30, 2021, respectively, ($15,841 and $47,524 for the three and nine months ended September 30, 2020, respectively).

Mining Concession Fees

As at September 30, 2021, the Company has accrued mining concession fees of $183,504 relating to its exploration projects. Previously, the Company misstated this obligation by expensing these fees when paid because of the uncertainty regarding the timing and amounts of payment due. Accordingly, the Company has re-presented the prior period figures by recording an accrual of $96,155 as at September 30, 2020, impacting exploration and evaluation costs on the condensed consolidated interim statement of loss and comprehensive loss, and the change in accounts payable and accrued liabilities on the condensed consolidated statement of cash flows.

5. Provision for site reclamation and closure

The Company has recorded a provision for site reclamation and closure at the Curibaya project after commencing drilling in June 2021. The amount of the provision reflects the present value of the estimated amount of cash flows required to complete reclamation work as required under the Company’s drill permit. The components of this obligation are costs associated with the reclamation and closure of the drill platforms, water wells and access roads built on the property as at September 30, 2021, as well as the demobilization and reclamation of the camp housing and site. The estimate of future asset retirement obligations is subject to change based on amendments to applicable laws, management's intentions, and mineral concession renewals.

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The key assumptions on which the present value of the future estimated cash flows is based are:

- Undiscounted risk-adjusted cash flow for site reclamation of US$222,765
- Expected timing of future cash flows is based on permit requirements, and the estimated life of the project, which is between 2022 and 2031.

In addition to the Curibaya provision, having terminated the Huilacollo Option, the Company has recorded $169,455 (US$133,000) in the process of undertaking the closure of the environmental and drill permit and returning the Huilacollo concessions to the optionor.

As a monetary liability, the provision is translated to CAD at the closing exchange rate of 1.2741 on September 30, 2021.

The present value of the liability for the site reclamation and closure provision is as follows:

	September 30, 2021
Huilacollo provision for reclamation and closure	**$ 169,455**
Curibaya provision for reclamation and closure	**310,121**
Closing balance	**$ 479,576**
Current balance	$ 267,600
Non-current balance	$ 211,976

6. 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 $331,016. 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	-	(331,016)
Proceeds net of share issue costs	**13,454,463**	**$ 13,123,447**

There were no other share issuances during the nine months ended September 30, 2021.

(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 and nine months ended September 30, 2020, is not applicable.

Unaudited (Expressed in Canadian dollars)

	Three months ended September 30, 2021	Nine months ended September 30, 2021
Net loss	**$ 5,698,335**	**$ 12,492,523**
Weighted average number of shares outstanding	**125,794,897**	**122,827,001**
Basic and diluted loss per share	**$ 0.05**	**$ 0.10**

7. Share-based payments

The Company maintains a Rolling Share Option Plan providing for the issuance of share options up to 10% of the Company's issued and outstanding common shares at the time of the grant. The Company may grant share options from time to time to its directors, officers, employees and other service providers. The share options typically vest as 12½% every three months after grant date, for a total vesting period of 24 months.

During the nine months ended September 30, 2021, the Company issued its first share options.

The continuity of the number of share options issued and outstanding is as follows:

	Number of share options	Weighted average exercise price
Outstanding, January 1, 2021	**-**	**$ -**
Granted	**8,140,000**	**1.01**
Forfeited	**(148,750)**	**1.00**
Outstanding, September 30, 2021	**7,991,250**	**$ 1.01**

As at September 30, 2021, the number of share options outstanding and exercisable was:

	Outstanding			**Exercisable**		
Expiry date	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
April 8, 2026	7,566,250	$ 1.00	4.52	964,375	$ 1.00	4.52
April 29, 2026	200,000	1.00	4.58	25,000	1.00	4.58
June 22, 2026	225,000	1.44	4.73	28,125	1.44	4.73
	7,991,250	$ 1.01	4.53	1,017,500	1.01	4.53

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and other service providers. During the three and nine months ended September 30, 2021, the Company recognized share-based compensation expense as follows:

	Three months ended September 30, 2021	Nine months ended September 30, 2021
Recognized in net loss:		
Included in exploration and evaluation costs	**297,845**	**651,946**
Included in fees, salaries and other employee benefits	**646,288**	**1,521,464**
Included in marketing and investor relations	**47,335**	**111,107**
Included in project investigation costs	**19,300**	**27,271**
	$1,010,768	**$2,311,788**

Unaudited (Expressed in Canadian dollars)

During the three months ended September 30, 2021, the Company did not grant any share options.

During the nine months ended September 30, 2021, the Company granted 8,140,000 share options to directors, officers, employees and other service providers. The weighted average fair value per option of these share options was calculated as $0.55 using the Black-Scholes option valuation model at the grant date with the following weighted average assumptions:

	Nine months ended September 30, 2021
Risk-free interest rate	**0.85%**
Expected dividend yield	**Nil**
Share price volatility	**69%**
Expected forfeiture rate	**1.64%**
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. Due to the limited historical data for the Company, the expected volatility, expected forfeiture rate, and expected life assumptions took into consideration the historical data for the Company, Fury Gold and that of other peer exploration companies.

8. Related party transactions and balances

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Exploration and evaluation costs	$ **259,476**	$ 53,810	**$ 509,778**	$ 152,922
Fees, salaries and other employee benefits	**110,291**	-	**318,629**	-
Legal and professional fees	**5,286**	-	**30,155**	-
Marketing and investor relations	**24,417**	-	**71,332**	-
Office and administration	**137,874**	-	**277,659**	-
Project investigation costs	**1,811**	-	**11,485**	-
Total transactions for the periods	**$ 539,155**	$ 53,810	**$ 1,219,038**	$ 152,922

UMS Canada is a private Canadian company with two directors and one officer in common with Tier One. UMS Canada 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 Canada, 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.

Unaudited (Expressed in Canadian dollars)

On April 1, 2021, UMS Peru, a company incorporated by UMS Canada under Peruvian law, began providing administrative and geological services to the Peruvian Subsidiaries. In order to comply with Peruvian transfer pricing rules, UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services.

Fury Gold

During the three and nine months ended September 30, 2021, $nil (three and nine months ended September 30, 2020, $20,662 and $81,747 respectively) of share-based compensation from Fury Gold were allocated to the Company.

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:

	Nine months ended September 30, 2020
Risk-free interest rate	0.39%
Expected dividend yield	Nil
Share price volatility	58%
Expected forfeiture rate	0%
Expected life in years	4.90

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 of the Transaction, there was no further allocation of share-based compensation.

(b) Related party balances

As at September 30, 2021, $85,415 (December 31, 2020 - $96,293) was included in accounts payable and $444,555 (December 31, 2020 - $50,000) was in prepaid expenses and deposits relating to transactions with UMS Canada.

As at September 30, 2021, $44,527 (December 31, 2020 - $nil) was included in accounts payable and $67,655 (December 31, 2020 - $nil) was in prepaid expenses and deposits relating to transactions with UMS Peru.

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.

Unaudited (Expressed in Canadian dollars)

(c) Key management compensation

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

		Three months ended September 30, 2021		Nine months ended September 30, 2021
Salary and benefits provided to executives	$	**248,696**	**$**	**596,049**
Director fees paid to non-executive directors		**57,974**		**158,712**
Share-based compensation		**647,048**		**1,627,641**
	$	**953,718**	**$**	**2,382,402**

9. Financial instruments

The Company's financial instruments consist of cash, accounts receivable, 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 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 September 30, 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 September 30, 2021, the primary risks were as follows:

Liquidity risk

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 September 30, 2021, the Company has working capital of $6,289,287 (December 31, 2020 - $2,407,358). The Company held cash of $7,899,139 at September 30, 2021 (December 31, 2020 - $2,729,338), which is entirely unrestricted.

Market risk

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:

Currency risk

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 September 30, 2021, and December 31, 2020, the Company's foreign currency exposure relates primarily to cash, and accounts payable and accrued liabilities that are in 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, 2021		December 31, 2020
Financial assets	**$**	**202,424**	$	58,774
Financial liabilities		**(258,272)**		(71,173)
Net exposure	**$**	**(55,848)**	$	(12,399)

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.

10. Segmented information

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

Tier One was not subjected to restrictions on its cash as at September 30, 2021, and December 31, 2020.

11. 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 and exploration 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:

	September 30, 2021	December 31, 2020
Equity	**$ 9,108,672**	$ 6,212,535
Less cash	**(7,899,139)**	(2,729,338)
	$ 1,209,533	$ 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.