(An exploration stage business)

MANAGEMENT'S DISCUSSION AND ANALYSIS
TIER ONE SILVER INC.
FOR THE YEAR ENDED DECEMBER 31, 2021

Dated: April 28, 2022

1. HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD UP TO APRIL 28, 2022

1.1 Corporate Highlights

- On April 12, 2022, Tier One Silver Inc. ("Tier One" or the "Company") announced a marketed public offering of 9,231,000 units of the Company at a price of $0.65 for minimum gross proceeds to the Company of $6,000,150 (the "Marketed Offering"). The Marketed Offering includes an over-allotment option of up to 15% of the number of units sold and each unit shall consist of one common share of the Company and one half of one common share purchase warrant. Each whole warrant shall entitle the holder thereof to purchase one common share of the Company at a price of $1.00 at any time on or before the date which is 24 months after the closing date, which is scheduled to close in May 2022. The units will be offered by way of a short form prospectus filed in British Columbia, Alberta and Ontario. The Marketing Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals. The Company plans to use the net proceeds of the Marketed Offering for the exploration and advancement of the Company's projects in Peru, which includes its flagship Curibaya project, and for general working capital purposes.

- On January 24, 2022, Tier One announced the appointment of Christian Rios to Senior Vice President of Exploration ("SVP") from his former role as the SVP of Operations in Peru. Mr. Rios is a professional geologist (P.Geo.) who, prior to working with Tier One Silver, was the Vice President of Exploration at Bear Creek Mining where he was directly involved in the discovery of the world-class Santa Ana and Corani silver-lead-zinc deposits in Peru and was on the team that delivered the feasibility study of the Corani deposit. Mr. Rios has a master's degree in Economic Geology and over twenty years of experience in exploration, mining development and operations, specializing in Peru. He is replacing Dave Smithson, who resigned for personal reasons.

- On August 2, 2021, the common shares of the Company commenced trading on the OTCQB Venture Market ("OTCQB") in the United States operated by the OTC Markets Group Inc. under the symbol "TSLVF".

- On June 24, 2021, the Company announced that its Board of Directors had appointed Christy Strashek as a Director and promoted Natasha Frakes to Vice President of Communications.

- On June 9, 2021, the common shares of Tier One commenced trading on the TSX Venture Exchange ("TSXV") under the symbol TSLV.

- On April 12, 2021, the Company announced a grant of 7,715,000 share options to employees, officers, directors and consultants. The options are exercisable at $1.00, vest over two years and expire five years from the date of grant.

- On March 2, 2021, Tier One announced it had increased and completed its previously announced non-brokered private placement of 13,454,463 common shares (the "Shares") at an offering price of $1.00 per Share for net proceeds of $13,123,447 (the "Private Placement") net of fees, costs and commissions. The Private Placement was limited to accredited investors and other investors who are eligible to purchase Shares exempt from prospectus and registration requirements. The net proceeds from the Private Placement were to fund the Company's drill program at the Curibaya project, continued exploration at the Company's portfolio of projects and for general working capital.

- On January 13, 2021, it was announced that Peter Dembicki had been appointed President, Chief Executive Officer, and Director of the Company, taking over for Shawn Wallace who concurrently resigned as President and Chief Executive Officer but remains a Director of the Company.

1.2 Operational highlights

- On March 14, 2022, the Company announced plans for the upcoming 2022 exploration and drill program at its 100% owned Curibaya project in southern Peru. The 2022 program will focus on expanding high-grade intercepts drilled in phase one, which included 1.5 metres (m) of 1,213.7 grams per tonne ("g/t") silver equivalent (AgEq[1]), 1 m of 1,480.5g/t AgEq and 3 m of 384.6 g/t AgEq encountered along discrete structural corridors. The outcome of the 2021 drilling has resulted in over 6 kilometres (km) of prospective targets, which will be the focus of drilling in 2022.

- On February 14, 2022, the Company announced the results from the last five drill holes of the first phase of drilling at the Curibaya project. Hole 16 intercepted 1.5 m of 1,213.7 g/t AgEq in a larger interval of 7 m of 299.1 g/t AgEq on the Sambalay structural corridor. This drill hole targeted higher elevations of the intermediate sulphidation system than the majority of the holes drilled to date and is located on a two km corridor that extends toward the Cambaya target area, where the Company has seen the best channel sample results, including 20 m of 293.8 g/t AgEq, 11 m of 348.2 g/t AgEq, 9 m of 438.8 g/t AgEq, 2 m of 1,119.2 g/t AgEq and 2 m of 1,852.8 g/t AgEq.

- On January 24, 2022, the Company announced results from drill holes 7 – 11 at the Curibaya project. Hole 9 drilled 3 m of 384.6 g/t AgEq in a wider interval of 5.5 m of 221.5 g/t AgEq and was the first hole to target the Tipal structural corridor. This corridor is primarily defined by an airborne magnetics gradient that has a strike length of 2.5 km.

- On December 9, 2021, the Company announced results from its reconnaissance channel sampling program at the Hurricane Silver project in southern Peru. The program was conducted at the Magdalena and Pampayeoc targets and focused on partially exposed silver-base metal vein corridors hosted in Ordovician siltstones of the San José Group. A total of five mineralized vein corridors were identified, with highlights including 6 m of 375.1 g/t AgEq, 4 m of 441.7 g/t AgEq and 1 m of 860.4 g/t AgEq.

- On November 18, 2021, the Company announced drill results from holes 4-6 from the Curibaya project. Drill hole 6 targeted the Madre structure, which has emerged as the primary target structure on the project to-date and intersected 1 m of 1,480.5 g/t AgEq within a broader interval of 3.5 m of 442.5 g/t AgEq at a drill depth of 107.5 m to 111 m.

- On November 4, 2021, Tier One announced results from drill holes 2 and 3, both of which were drilled prior to targeting advancements that were based on newly identified structural corridors and channel sample results. Drill hole 3 intersected several zones of mineralization with intercepts including 4 m of 211 g/t AgEq, within a broader interval of 11 m of 84.9 AgEq near surface, and 1 m of 237.1 AgEq. The precious metal mineralization was encountered approximately 50 m into the footwall of the Madre vein structural corridor from the same drill platform as hole 1 but was drilled in the opposite direction.

- On October 21, 2021, the Company announced that it had applied for an extension of its drill permit at Curibaya to allow for an additional 200 drill holes from 20 new drill platforms. The permit will also extend the drilling polygon to include the Cambaya target.

- On October 14, September 9 and August 6, 2021, the Company announced results from its channel and rock sampling at the Curibaya project. The results demonstrated both high-grade vein and disseminated styles of mineralization within the 4 km by 5 km alteration system that defines the mineralized system at the main project area. Highlights included 2 m of 6,278 g/t AgEq, 2 m of 1,256 g/t AgEq, 6 m of 398 g/t AgEq,12 m of 203 g/t AgEq and 17 m of 71 g/t AgEq. The Company also announced it had identified and defined the Cambaya target, an area 1 km by 600 m consisting of two new zones of veining to the northeast and east. The results from the first 20 channel samples taken from Cambaya included highlights of 20 m of 293.8 g/t AgEq, 11 m of 348.2 g/t AgEq, 9 m of 438.8 g/t AgEq, 2 m of 1,852.8 g/t AgEq and 2 m of 1,111.9 g/t AgEq (true width of channel samples unknown).

[1] The Company has previously disclosed estimated silver equivalent grades (AgEq) where drill core or channel samples contained more than one mineral in addition to silver. These silver equivalent grade estimates were not adjusted downwards to reflect the fact that metal mining and processing always results in a loss of metal content from in situ grades. The previously disclosed silver grades while indicative of the presence of metal mineralization, cannot be relied upon for any kind of economic assessment of the mineralization until metallurgical recovery studies have been completed and a range of likely recovery percentages established and applied to the various metals in the mineralization. The Company's disclosure policy going forward is to disclose separately the grade of each metal separately where more than one metal is contained in an assayed sample.

- On September 22, 2021, the Company announced that it had commenced surface exploration on its 31,503-hectare ("ha") Hurricane Silver project. The Company had signed a two-year community agreement that provides surface access to the Magdalena silver prospect and half of the Pampayeoc silver prospect and will allow for drilling once a final permit has been obtained from the Peruvian Ministry of Energy and Mines. The Magdalena and Pampayeoc prospects are characterized by historical mining adits and numerous high-grade silver showings, including the following reconnaissance chip sampling results collected by the previous operator: 1.4 m of 1,175 g/t silver, 2.1 m of 792 g/t silver, 2.5 m of 589 g/t silver and 14 m of 100 g/t silver.

- On September 7, 2021, the Tier One announced results from the first ever drill hole into the Curibaya project. Although the first drill hole did not intersect the structural corridor interpreted from surface information, it encountered broad widths of intense hydrothermal silica clay alteration within three sub-horizontal bodies over a drill width of approximately 70 m from 131 – 197 m drill depth. Mineralized intercepts from these sub-horizontal bodies included 31 m of 27.4 g/t AgEq, including 1 m of 125.6 g/t AgEq and 1 m of 77.4 g/t AgEq, 5 m of 40.4 g/t AgEq, including 1 m of 99.7 g/t AgEq, and 5 m of 34.4 g/t AgEq. Importantly, the first drill hole drilled parallel to the interpreted high-grade Madre feeder structure where 2 m of 1,256 g/t AgEq and 7 m of 178 g/t AgEq were channel sampled on surface.

- On June 30, 2021, the Company announced that it had expanded its land position through staking at the Curibaya silver-gold project by approximately 50%, from 11,000 ha to 16,800 ha.

- On June 17, 2021, the Company commenced drilling at its flagship Curibaya silver-gold project.

- 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"), which owns the Hurricane Silver project located approximately 66 km north of the city of Cusco in southeastern Peru. Hurricane Silver covered approximately 25,640 ha and has numerous high-grade silver showings.

- On April 27, 2021, the Company announced that it had terminated a 2016 option agreement in respect of two mineral concessions within a larger project area known as Huilacollo, located in southern Peru. Tier One retains the Tacora and Andamarca concessions, as well as various other concessions in the area which altogether will now be referred to as the Corisur claims.

- On January 12, 2021, the Company entered into an option agreement to acquire 100% of the Emilia property in southern Peru, which was treated as an asset acquisition. The project represents a porphyry – iron oxide copper-gold (IOCG) opportunity and is located by the Pacific coast approximately 80 km southwest from Arequipa and 7 km west from National Highway 15. In Q4 2021, the Company made the decision to terminate the Emilia option as discussed further below.

- On January 20, 2021, the Company announced that it had received its Ficha Técnica Ambiental ("FTA" or "Environmental Permit") from the Peruvian Ministry of Energy and Mines for the Curibaya project. The FTA allows the Company to drill up to 40 holes from 20 platforms over a 473 ha area, which is within the 20 square km mineralized alteration zone where high-grade vein corridors had recently sampled up to 298 kg/t silver and 14.1 g/t gold.

< Refer to the section 2.1 for cautionary wording concerning forward-looking information>

2. DATE AND FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") of Tier One has been prepared by management to assist the reader to assess material changes in the consolidated financial statements and results of operations of the Company as at December 31, 2021 and for the year then ended. This MD&A should be read in conjunction with the consolidated financial statements of the Company and related notes thereto as at and for the years ended December 31, 2021, and 2020. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is April 28, 2022.

2.1 Forward-looking statements and risk factors

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable Canadian and United States securities laws ("forward-looking statements"). These forward-looking statements are presented for the purpose of assisting the Company's shareholders and prospective investors in understanding management's intentions and views regarding future outcomes and are inherently uncertain and should not be heavily relied upon. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, identify such forward-looking statements. Specific forward-looking statements in this MD&A may include, but are not limited to: the Company's exploration and financing plans, the likelihood of discovering or expanding resources; the Company's estimated mineral resources and the economics related thereto; the potential for development of the Company's Curibaya or Hurricane Silver Projects, including projected production rates, potentially extractable mineralization, mine life, mineral prices, capital costs, operating costs, internal rates of return, payback and net present value; permitting timelines; government regulation of mining operations; environmental and climate-related risks; the possible impairment of mining interests; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the liquidity of the common shares in the capital of the Company and other events or conditions that may occur in the future.

The forward-looking statements contained in this MD&A represent the Company's views as of the date hereof. The assumptions related to these plans, estimates, projections, beliefs and opinions may change without notice and in unanticipated ways. Many assumptions may prove to be incorrect, including the Company's budgeting plans, expected costs, assumptions regarding market conditions and other factors upon which the Company has based its expenditure and funding expectations; the Company's ability to obtain or renew the licenses and permits necessary for exploration; that operations and financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; the Company's ability to complete and successfully integrate acquisitions; the possible effects of climate change, extreme weather events, water scarcity, and seismic events, and the effectiveness of strategies to deal with these issues; the Company's expectations regarding the future demand for, and supply and price of, precious metals; the Company's ability to recruit and retain qualified personnel; the Company's mineral reserve and resource estimates and preliminary economic assessments, and the assumptions upon which they are based; the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals.

Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to adversely differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors (some of which are beyond the Company's control) which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A include, but are not limited to, fluctuations in the current and projected prices for gold, other precious and base metals and other commodities (such as natural gas, fuel oil and electricity) which are needed to produce these metals; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); the speculative nature of mineral exploration and development; the estimation of mineral resources, the Company's ability to obtain funding, including the Company's ability to complete future equity financings; no preliminary economic assessment or other economic assessment can be conducted on the Company's projects due to their absence of known resources; environmental risks and remediation measures, including evolving environmental regulations and legislation; changes in laws and regulations impacting exploration and mining activities; the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title; legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's limited business history and history of losses and negative cash flow, which will continue into the foreseeable future; our inability to pay dividends, volatility in the Company's share price, the continuation of our management team and our ability to secure the specialized skill and knowledge necessary to operate in the mining industry; relations with and claims by local communities and non-governmental organizations, including relations with and claims by indigenous populations; the requirements of being a public company, including maintaining the listing requirements on the TSXV; risks associated with the significant resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties; and public health crises such as the COVID-19 pandemic and other uninsurable risks. This is not an exhaustive list of the risks and other factors that may affect any of the Company's forward-looking statements. Readers should refer to the risks discussed herein and in the Company's Annual Information Form for the year ended December 31, 2021, subsequent disclosure filings with the Canadian Securities Administrators, available on SEDAR at www.sedar.com.

3. DESCRIPTION OF THE BUSINESS

The Company is focused on creating significant value for shareholders through the exploration and potential discovery of world-class silver, gold and base-metal deposits in Peru. The main focus of the Company is the 100% owned Curibaya project, which consists of approximately 17,000 ha and is located approximately 48 km north-northeast of the provincial capital, Tacna, accessible by road.

At the date of this document, the Company also has the following additional properties which it believes warrant further exploration efforts (see Figure 1):

- the Hurricane Silver project which covers approximately 32,000 ha and is located 66 km north of the city of Cusco;
- the Coastal Batholith claims, comprised of five target areas on the coast of Peru, totaling approximately 41,000 ha. It is a low altitude project located approximately 180 km north of Lima, near the Pan-American Highway; and
- the Corisur claims, comprised of several non-contiguous claims with a total land position of 13,865 ha, located 52 km from Tacna. The claims include the Tacora, Tacora Sur and Andamarca concessions that were previously grouped as part of the Huilacollo project.

Figure 1 – Locations of Tier One's properties within Peru.

The Company's technical and management teams have a track record of successfully monetizing assets for all stakeholders and local communities in which it operates. The Company conducts itself to the highest standards of corporate governance and social responsibility. As a normal part of the exploration process, Tier One enters into access and use agreements with the local communities surrounding its projects. The process of securing such agreements requires achieving local community consensus. 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. During 2021, the Company entered into agreements with communities surrounding the Curibaya and Hurricane Silver projects, each provides surface access for two-year periods.

3.1 Impacts of 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 for the remainder of 2020 and throughout 2021. In response to the COVID-19 pandemic, certain policies and protocols were implemented and maintained as a requirement to restart (in 2020) and continue its activities in Peru. Throughout 2021, the Company helped local workers in Peru to get vaccinated and did not experience any significant disruptions in its operations as a result of the pandemic. 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.

3.2 Peruvian projects

3.2.1 Curibaya

The Curibaya property is comprised of approximately 17,000 ha and is situated in a copper porphyry belt that hosts some of Peru's largest porphyry deposits. Tier One inherited ownership of the Curibaya project and related obligations from its former parent company, Fury Gold Mines ("Fury Gold"), formerly Auryn Resources Inc. Tier One has a 100% interest in the Curibaya project, which is comprised of numerous concessions acquired through staking efforts in 2015 and 2021, and the Sambalay and Salvador concessions, which were acquired in 2019. The Sambalay concessions are subject to a 1.5% net smelter return ("NSR") royalty in favor of each of Teck Peru, S.A.C. ("Teck") and Compañia de Exploraciones Orion S.A. One third or 0.5% of the Teck NSR royalty is buyable for US$1.0 million. The Salvador concessions are subject to a 2.0% 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 in favor of Teck is recorded in the registry files of the Salvador concessions.

2021 Work Programs and Expenditures

During 2021, the Company received its Environmental Permit or FTA permit, which allows the Company to drill up to 40 holes from 20 platforms. With this in hand the Company's primary focus early in 2021 was advancing the project to a drill ready stage by preparing the camp, equipment and drill platforms, securing a water supply for drilling, and conducting surface field work such as mapping, rock and channel sampling to derive drill targets.

Throughout the year, results from the Company's surface sampling programs continued to demonstrate the presence of high-grade silver and gold mineralization, led to the expansion of the alteration and mineralization footprint, and aided in the definition of structural corridors and drill targets. In June 2021, the Company commenced its inaugural drill program under its FTA drill permit and prior to suspending drilling in mid-December 2021 for the rainy season, the Company had drilled a total of 5,348m over 16 holes in four of the six identified precious metal structural corridors. Results from the drill program are summarized in the Company's press release dated February 14, 2022, which can be found on the Company's website.

The Company has recently applied for an extension of its drill permit, which will allow for up to 200 holes from 20 new drill platforms, and will include the Cambaya structural corridors, which the Company plans to drill test in 2022.

The Company incurred $8,571,163 and $2,441,613 of exploration and evaluation costs on Curibaya during the years ended December 31, 2021 and 2020, respectively.

2022 Planned Work

The outcome of the 2021 drilling has resulted in over 6 km of prospective targets. The Company plans to focus its next phase of drilling along the northern extension of the Sambalay corridor and to drill test the Cambaya corridor for the first time. To effectively target these corridors the Company plans to conduct detailed structural mapping to define areas where vein orientations change and where high-grade mineralization can be concentrated. In addition, the Company plans to conduct a CSAMT (Controlled Source Audio-frequency Magneto-Tellurics) geophysical survey in the central portion of the property to help define potential porphyry targets and, contingent upon the results of the survey, the Company plans to complete a two-drill-hole program to test for an underlying porphyry to the epithermal system.

3.2.2 Hurricane Silver

The Hurricane Silver project was acquired by way of the Pembrook Option which grants the Company the option to acquire Tororume, a subsidiary of Pembrook. 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 6 months without obligation. If it does not terminate by the end of the 18th month (October 2022), then the Company is obligated to incur the first year of work expenditures in the table below, or pay them to Pembrook in lieu, even if it has not yet obtained the Rights and Permits. As of the date hereof, Tier One has negotiated surface rights agreements with one local community. The Company's 2022 work programs are aimed at drill target definition with the goal of commencing the drill permitting process in Q3 2022. If the Company is unable to obtain its drill permit within the required 18 month period allowed by the Hurricane option agreement (ending October 28, 2022) it will need to elect at that time to either drop the project option or commit to the first year's work and rely on its ability to secure the permit and thereafter either do the US$750,000 minimum committed expenditures of work within the following 12 months or else pay any shortfall in the required US$750,000 amount to the Optionor, Pembrook, in lieu of work.

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**

<u>2021 Work Programs and Expenditures and 2022 Plans</u>

As of the date of this MD&A, Tier One has negotiated surface rights agreements with one local community for a two-year period, which provides access to the Magdalena silver prospect and half of the Pampayeoc silver prospect and will allow for drilling once a final permit has been obtained from the Peruvian Ministry of Energy and Mines. The Company is working toward establishing comparable agreements with other communities in the region to open up access to other areas of the project.

With this access in place, the Company completed a two-week reconnaissance channel sampling program in October 2021 at the Magdalena and Pampayeoc targets. Summarized results can be found in the Company's press release dated December 9, 2021, which can be found on the Company's website. Tier One plans to continue evaluating the identified target zones with systematic mapping, soil and rock sampling, and geophysics through the first half of 2022 with the goal of advancing to drill target definition and commence the permitting process.

The Company incurred $281,388 of exploration and evaluation costs on the Hurricane Silver project during the year ended December 31, 2021 (December 31,2020 - $ Nil), of which $195,795 (US$155,453) has been incurred in relation to the US$750,000 work expenditure required by the 1st Anniversary of the Access Date.

3.2.3 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.. 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 Huilacollo Option. During the year ended December 31, 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 $168,617 US$133,000 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 consolidated statement of financial position as at December 31, 2021.

As at December 31, 2021, the historical cost of acquiring the Tacora, Tacora Sur and Andamarca concessions remains on the consolidated statement of financial position within mineral property interest. These concessions, together with a group of additional concessions, are now 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 $172,189 and $137,767 of exploration and evaluation costs on the Corisur claims during the years ended December 31, 2021, and 2020, respectively. Costs related to mineral property option terminations as reported on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2021, include those costs incurred by the Company to close the Huilacollo environmental and drill permit.

3.2.4 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.

On November 9, 2021, the Company made the decision to terminate the Emilia Option. The termination, which eliminates any future option payments and work expenditures that were otherwise required under the Emilia Option, 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 recorded a full impairment against the value of the mineral properties of $351,718.

Coastal Batholith

The Coastal Batholith project was staked primarily during the last quarter of 2020 and is comprised of five target areas on the coast of Peru, totaling approximately 41,000 ha, with both precious and base metal opportunities. Tier One screened 11,000 square km using a stream sediment survey to identify the five target areas, which are located within the northern half of the Cretaceous porphyry and IOCG belt that hosts the Zafranel (Teck Resources), Tia Maria (Southern Copper Corp.) and Mina Justa (Minsur S.A.) deposits in the southern region of Peru. The Company's technical team believes that the same geology continues north of these deposits but that it has never been explored in a systematic manner. As there is no specific exploration season for this region, the Company is able to complete work at the Coastal Batholith project year-round. During 2021, the Company completed first pass reconnaissance exploration work at the project and may complete minor follow-up surface exploration during 2022.

Exploration and Evaluation Costs

On its properties that are grouped as other, the Company incurred $539,922 of exploration and evaluation costs during the year ended December 31, 2021 ($48,362 during the year ended December 31, 2020).

3.3 Qualified persons and technical disclosures

Michael Henrichsen, P. Geo., Chief Geologist of Tier One, and Christian Rios, SVP of Exploration of the Company, are the Qualified Persons with respect to the technical disclosures in this MD&A.

Curibaya Drilling

Analytical samples were taken by sawing HQ or NQ diameter core into equal halves on site and sending one of the halves to ALS Lab in Arequipa, Peru for preparation and then to Lima, Peru for analysis. All samples are assayed using 30 g nominal weight fire assay with atomic absorption finish (Au-AA25) and multi-element four acid digest ICP-AES/ICP-MS method (ME-MS61). Where MS61 results were greater or near 10,000 ppm Cu, 10,000 ppm Pb or 100 ppm Ag the assays were repeated with ore grade four acid digest method (Cu, Pb, Ag-OG62). Where OG62 results were greater or near 1,500 ppm Ag the assay were repeated with 30 g nominal weight fire assay with gravimetric finish (Ag-GRA21).

QA/QC programs for 2021 core samples using company and lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

Silver equivalent grades (AgEq) were calculated using a silver price of US$18/oz, gold price of US$1,300/oz, zinc price of US$1.25/lb and lead price of US$1.00/lb. Metallurgical recoveries were not applied to the AgEq calculation.

Intercepts were calculated with no less than 5 m of >= 25 g/t AgEq with maximum allowed consecutive dilution of 6 m. True widths of mineralization are unknown based on current geometric understanding of the mineralized intervals.

Curibaya Channel Sampling

Analytical samples were taken from each 1 m interval of channel floor resulting in approximately 2-3 kg of rock chip material per sample. Collected samples were sent to ALS Lab in Arequipa, Peru for preparation and then to Lima, Peru for analysis. All samples are assayed using 30 g nominal weight fire assay with atomic absorption finish (Au-AA25) and multi-element four acid digest ICP-AES/ICP-MS method (ME-MS61). Where MS61 results were greater or near 10,000 ppm Cu, 10,000 ppm Pb or 100 ppm Ag, the assays were repeated with ore grade four acid digest method (Cu, Pb, Ag-OG62). Where OG62 results were greater or near 1,500 ppm Ag the assays were repeated with 30 g nominal weight fire assay with gravimetric finish (Ag-GRA21). QA/QC programs for 2021 channel samples using internal standard and blank samples, field and lab duplicates indicate good overall accuracy and precision.

The Company has previously disclosed estimated silver equivalent grades (AgEq) where drill core or channel samples contained more than one mineral in addition to silver. These silver equivalent grade estimates were not adjusted downwards to reflect the fact that metal mining and processing always results in a loss of metal content from in situ grades. The previously disclosed silver grades while indicative of the presence of metal mineralization, cannot be relied upon for any kind of economic assessment of the mineralization until metallurgical recovery studies have been completed and a range of likely recovery percentages established and applied to the various metals in the mineralization. The Company's disclosure policy going forward is to disclose the grade of each metal separately where more than one metal is contained in an assayed sample.

Silver equivalent grades (AgEq) were calculated using a $1300/oz gold price and $18/oz silver price. AgEq = Ag (ppm) + Au (ppm) * (Ag $/troy oz/Au $/troy oz). As discussed above, no metallurgy recoveries were used for the AgEq calculation.

Curibaya Rock Sampling

Approximately 2-3 kg of material was collected for analysis and sent to ALS Lab in Arequipa, Peru for preparation and then to Lima, Peru for analysis. All samples are assayed using 30 g nominal weight fire assay with ICP finish (Au-ICP21) and multi-element four acid digest ICP-AES/ICP-MS method (ME-MS61). Where ICP21 results were > 3 g/t Au, the assays were repeated with 30 g nominal weight fire assay with gravimetric finish (Au-GRA21). Where MS61 results were greater or near 10,000 ppm Cu, 10,000 ppm Pb or 100 ppm Ag, the assays were repeated with ore grade four acid digest method (Cu, Pb, Ag-OG62). Where OG62 results were greater or near 1,500 ppm Ag the assay were repeated with 30 g nominal weight fire assay with gravimetric finish (Ag-GRA21). Where Ag-GRA21 results were greater or near 10,000 ppm Ag, the assay were repeated with fire assay with gravimetric finish for concentrate (Ag-CON01). QA/QC programs for 2021 rock samples using company and lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

Hurricane Channel Sampling

Analytical samples were taken from each 1 m interval of channel floor resulting in approximately 2-4 kg of rock chip material per sample. Collected samples were sent to ALS Lab in Lima, Peru for preparation and analysis. All samples are assayed for gold, platinum and palladium using 30 g nominal weight fire assay with ICP-AES finish method (PGM-ICP27) and for multi-element using four acid digest ICP-AES/ICP-MS method (ME-MS61). Where MS61 results were greater or near 10,000 ppm Cu, 10,000 ppm Pb, 10,000 ppm Zn or 100 ppm Ag the assays were repeated with ore grade four acid digest method (Cu, Pb, Zn, Ag-OG62). QA/QC programs for 2021 channel samples at Hurricane Silver using internal standard and blank samples, field and lab duplicates indicate good overall accuracy and precision.

Silver equivalent grades (AgEq) were calculated using a silver price of US$18/oz, copper price of US$2.5/lb, zinc price of US$1.25/lb and lead price of US$1.00/lb. Metallurgical recoveries were not applied to the AgEq calculation.

Intercepts were calculated with no less than 5 m of >= 25 g/t AgEq with maximum allowed consecutive dilution of 6 m.

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Cautionary Note Regarding Historical Hurricane Silver Grab, Chip and BLEG Samples and Related Matters

The historical grab, chip and stream sediment (BLEG) samples from the Hurricane project were collected by Compañia de Exploraciones Orion SAC (2007-2009). Tier One checked approximately 5% of the analytical data entries for the provided rock samples database against the signed PDF assay certificates from 2007, 2008, and 2009. No data entry errors were found. Tier One considers that the provided rock database is of a good quality.

Grab and Chip Samples

Tier One conducted a three-day field visit to visually confirm the presence of historically reported mineralized outcrops, with check reconnaissance sampling completed. Approximately 3-5kg of material was collected and sent to ALS Lab in Lima, Peru, for preparation and analysis. All samples were assayed using 30g nominal weight fire assay. Platinum and palladium were analyzed by ICP and MS (PGM-MS23); gold was analyzed by ICP and AES finish (Au-ICP21), for samples assaying above 10 ppm from ICP21 the assay was repeated with 30 g nominal weight fire assay with gravimetric finish (Au-GRA21). Silver and base metals were analyzed as part of the multi element package (ME-MS41), or to trace levels in 36 multi element package (ME-ICP41), In 2009, silver analysis was completed by 30g fire assay with gravimetric finish (Ag-GRA21). Where MS41, ICP41 results were greater than 10,000ppm Cu, 10,000 ppm Zn, 10,000 ppm Pb or 100ppm Ag the assay was repeated with ore grade aqua regia digestion with AA finish (Cu-AA46; Zn-AA46; Pb-AA46; Ag-AA46 respectively).

3.4 Climate related risks

The Company acknowledges the impact of climate change on the weather patterns at its projects, particularly at the Curibaya and Hurricane Silver projects which experience annual rainy seasons.

Curibaya is in the southern coastal desert region of Peru, which include very poorly vegetated plateaus and low hills to mountainous topography. The region is occasionally incised by mainly southwest flowing river systems, and the weather in the area is typical of high-altitude terrain at this latitude, where annual temperature fluctuations are limited. Daytime temperatures are typically cooler during the months of May to September with a rainy season generally extending from November to April. Significant rainfall events are known to occur, and in early 2020 a particularly bad period of rainfall led to flooding which temporarily restricted access to the project. No such events have incurred in 2021. After completing the 2021 drill program mid-December, the Company put the camp in care and maintenance but has kept a skeleton crew and appropriate equipment on site in order to maintain the access roads and to be prepared to respond quickly in the case of a major weather event like the flooding that occurred in early 2020.

The physiography and vegetation at Hurricane Silver are characterized by deeply incised valleys with steep, vegetated slopes. Higher elevations have gentler slopes and less dense vegetation. Elevation at the property ranges between 1,350 m and 4,450 m above sea level. While it is possible to explore the property throughout the year, the exploration season is considered to be between March and December, when rainfall is at its lowest. During rainy season, visibility and therefore activities can be restricted due to heavy rain. Since acquiring the project in April 2021, the Company has not experienced any major weather events at the Hurricane Silver project, however, the Company has suspended its field work as at the date of filing and expects to resume activities in Q2 2022.

When undertaking activities, the Company is committed to taking all reasonable steps to mitigate climate related risks and to ensure the health and safety of its people and the surrounding communities.

4. SELECTED ANNUAL FINANCIAL INFORMATION

As at and for the years ended December 31,	**2021**	2020	2019
Comprehensive loss for the year	**$ 17,554,433**	$ 3,396,911	$ 1,734,938
Loss for the year	**$ 17,485,202**	$ 3,272,495	$ 1,600,833
Basic and diluted loss per share	**$ 0.14**	$ 0.03	$ n/a
Total assets	**6,081,156**	$ 6,696,309	$ 3,490,010
Total non-current liabilities	**197,490**	-	-

The Company generated no revenues from operations during the years presented above. See discussion of operations below for factors that have caused the year-to-year variation in the loss and loss per share data. Readers are reminded that Q4 2020 was the first quarter that the Company reported as a stand-alone entity and therefore much of the 2020 loss (Q1-Q3) is based on carve-out financial statements from Auryn (now Fury Gold) and as Auryn was the parent company of Tier One prior to the Transaction, basic and diluted loss per share information for the years ended December 31, 2019 is not applicable ("n/a").

5. DISCUSSION OF OPERATIONS

Three months ended December 31, 2021, and 2020 (Q4 2021 vs. Q4 2020)

During the three months ended December 31, 2021, the Company reported a loss of $4,992,679 compared to a loss of $1,643,203 for the same period in 2020. Significant variances within operating expenses and other expenses, which in combination resulted in the $3,349,476 increase in the current period's loss, are discussed as follows:

Operating expenses

- Exploration and evaluation costs in Q4 2021 were $3,221,307 compared to $1,267,559 in Q4 2020, an increase of $1,953,748 primarily due to the drilling program and related camp, permitting, environment and community costs incurred during the current period at Curibaya.
- Fees, salaries, and other employee benefits have increased by $557,029 to $767,868 in Q4 2021 from $210,839 in Q4 2020 primarily due to the inclusion of $458,250 of share-based compensation in the current period compared to $nil in the prior period. Further to the increase related to share-based compensation, by Q4 2021 the Company's administrative team had grown including additional administrative staff in Peru and one additional corporate director.
- Office and administration costs for the three months ended December 31, 2021, increased by $141,874 from $46,860 in the 2020 period to $188,734 in the current period. The increase is a result of the higher activity levels at the Company's projects which drives the need for more administrative and support services.
- Marketing and investor relations costs in Q4 2021 increased to $258,973 from $17,615 in Q4 2020, an increase of $241,358. As a stand-alone business in Q4 2021 with active exploration programs at both the Curibaya and Hurricane projects, the Company's marketing and investor communications activities had increased substantially over the comparable quarter in the prior year when the Transaction was only just completed and the Company's shares were not yet listed on a public exchange.
- During the three months ended December 31, 2021, the Company recorded an impairment charge of $351,718 against its Emilia mineral property upon making the decision to terminate the related option agreement. No such impairment was recorded in Q4 2020.

Year ended December 31, 2021, and 2020 (YTD 2021 vs YTD 2020)

During the year ended December 31, 2021, the Company reported a loss of $17,485,202 compared to a loss of $3,272,495 for the 2020 year. Significant variances for the comparable twelve-month period are generally driven by many of the same factors discussed above for the three-month periods. More specifically, higher costs in 2021 were the result of:

1) being a stand-alone entity for the full year, therefore incurring costs related to having its own corporate management team and directors, investor communications and exchange listing fees;
2) listing on the TSXV and OTCQB exchanges in Q2 2021, which resulted in higher-than-normal legal fees for the year;
3) the completion of approximately 5,300 m of drilling at the Curibaya project in addition to surface work at both the Curibaya and Hurricane Silver projects;
4) the impairment of the Huilacollo and Emilia projects during the year; and
5) the inclusion of share-based payments totalling $3,020,459 in 2021, as related to the Company's initial share-option grant (2020 - $81,747 allocated from Fury Gold).

In comparison, 2020 costs were primarily based on carve out numbers from its former parent company, Fury Gold (previously Auryn), and there were no drilling programs.

Summary of Project Costs

During the year ended December 31, 2021, the Company incurred $615,593 of mineral property additions, $9,564,662 in exploration and evaluation costs on its projects, recorded an impairment of $2,041,437 and recorded $313,312 in relation to the recognition of a provision for site reclamation and closure of the Curibaya project.

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	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	**29,402**	**235,267**	**4,190**	**346,734**	**615,593**
Mineral property impairment	**-**	**-**	**(1,689,719)**	**(351,718)**	**(2,041,437)**
Recognition of provision for site reclamation and closure	**313,312**	**-**	**-**	**-**	**313,312**
Currency translation adjustment	**(7,374)**	**349**	**(19,726)**	**(2,195)**	**(28,946)**
Balance as at December 31, 2021	**$ 1,322,051**	**$ 235,616**	**$ 829,764**	**$ 159,000**	**$ 2,546,431**

For the year ended December 31, 2021, the Company's exploration and evaluation costs were as follows:

Exploration and evaluation	Curibaya	Hurricane	Corisur	Other	Total
Aircraft and Travel	$ 212,033	$ 11,180	$ -	$ 46,188	$ 269,401
Assaying	176,281	5,780	-	92,014	274,075
Camp cost, equipment and field	1,124,380	12,980	-	37,155	1,174,515
Concession holding costs	168,504	-	66,961	159,805	395,270
Exploration drilling	4,800,586	-	-	-	4,800,586
Geological consulting services	38,941	31,900	-	-	70,841
Geophysical analysis and imagery	53,241	-	-	-	53,241
Legal fees	28,344	-	25,986	61,043	115,373
Permitting, environmental and community	189,822	58,614	74,163	6,637	329,236
Salaries and wages	1,030,332	75,341	5,079	117,215	1,227,967
Share-based compensation	748,699	85,593	-	19,865	854,157
Total for the year ended December 31, 2021	**$ 8,571,163**	**$ 281,388**	**$ 172,189**	**$ 539,922**	**$ 9,564,662**

Future Operations

The Company began its inaugural drill program at Curibaya in June 2021, following the receipt of the FTA drill permit earlier in 2021. Prior to suspending drilling in mid-December 2021 for the rainy season, the Company drilled a total of 5,348m over 16 holes in four of the six identified precious metal structural corridors. The Company is in the process of planning a follow up drill program to commence in 2022, based on its 2021 drill results, while concurrently working to obtain an extended DIA drill permit. The extended permit will allow for up to 200 holes from 20 new drill platforms and will include the Cambaya target area, where the Company has seen the best surface results to-date. Drilling is expected to resume during Q2 2022 and will include the Cambaya target area.

After entering a surface rights agreement with one of the local communities surrounding the Hurricane Silver project in August 2021, the Company completed a two-week reconnaissance exploration work program in October. With the data from its initial surface program in 2021, Tier One plans to continue evaluating the identified target zones with systematic mapping, soil and rock sampling, and geophysics through the first half of 2022, with the goal of advancing to drill target definition and commence the drill permitting process. The Company has also recently negotiated a second surface agreement with a local community in the region and will continue its community relations programs with the local communities surrounding the Hurricane Silver project to secure additional agreements and expand its access at the project.

Proposed work plans for 2022, will be subject to raising funds through the issuance of shares and while the Company has been successful at raising capital in the past, there can be no assurance that the Company will have sufficient funds to finance its planned programs.

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6. SUMMARY OF QUARTERLY RESULTS

Quarter ended	Net loss	Comprehensive loss	Loss per share
	$	$	$
December 31, 2021	4,992,679	5,015,335	0.04
September 30, 2021	5,698,335	5,665,024	0.05
June 30, 2021	3,830,214	3,866,342	0.03
March 31, 2021	2,963,974	3,007,733	0.03
December 31, 2020	1,547,047	1,741,748	0.02
September 30, 2020[1]	1,032,786	1,097,498	n/a
June 30, 2020[1]	288,826	404,860	n/a
March 31, 2020[1]	403,836	152,806	n/a

[1] Tier One was incorporated on July 23, 2020, and Q4 2020 was the first quarter that the Company reported as a stand-alone entity. Given that all quarterly losses prior to the Transaction are based on carve-out financial statements from Auryn (now Fury Gold), loss per share information for Q1 – Q3 2020 is not applicable as Tier One's share structure changed following the Transaction date.

During the last eight quarters, the Company's net loss has ranged between $288,826 and $5,698,335. As outlined in the discussion of operations above, there are several factors that have driven the higher losses for the 2021 periods, namely the Company being a stand-alone entity with drilling at Curibaya. Since the corporate restructuring in October 2020, the Company has incurred additional expenses as a result of its own corporate reporting and compliance obligations, and additionally, Tier One's listing on the TSXV and OTCQB exchanges in Q2 2021 resulted in higher-than-normal legal fees and other associated costs in Q1 and Q2 2021. Most recently, the loss amounts in Q2 – Q4 2021, continued to increase as a result of the drill program at the Curibaya project which commenced in Q2 2021 and was completed in Q4 2021.

7. FINANCIAL POSITION, LIQUIDITY, AND CAPITAL RESOURCES

	December 31, 2021	December 31, 2020
Cash and cash equivalents	**$ 2,589,858**	$ 2,729,338
Accounts receivable	**22,911**	13,471
Mineral property interests	**2,546,431**	3,687,909
Current liabilities	**1,081,658**	483,774
Non-current liabilities	**197,490**	-

The Company did not have any restricted cash as at December 31, 2021, and long-term liabilities reported as at December 31, 2021 relate to the recognition of a provision for site reclamation and closure ($nil at December 31, 2020). The working capital balance as at December 31, 2021 was $2,295,439 (December 31, 2020: $2,407,358). Contractual obligations as at December 31, 2021, were $1,279,148.

During the year ended December 31, 2021, the Company used cash of $12,590,743 in operating activities compared to $2,786,463 during the year ended December 31, 2020. The cash outflow during 2021 was higher than the cash outflow in 2020 due to the higher exploration activity at the Curibaya project as detailed above, as well as working capital cash outflows relating to marketing campaigns and costs related to the Company's public listings and other administrative activities.

During the year ended December 31, 2021, the Company used cash in investing activities of $673,167 whereas $529,393 was used in 2020. The current period cash outlay was primarily due to the acquisition of mineral properties, more specifically in relation to initial option payments made to acquire the Emilia and Hurricane Silver mineral interests and costs related to staking additional land at the Curibaya and Hurricane Silver projects.

Cash flow of $13,123,447 was generated during the year ended December 31, 2021 from the non-brokered private placement financing, compared to $6,052,988 of contributions received from its former parent, Fury Gold, to conduct its operations during the 2020 year.

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Capital Resources

The Company had cash of $2,589,858 as at December 31, 2021 and working capital of $2,295,439 as at December 31, 2021.

On March 2, 2021, the Company completed the Private Placement by issuing 13,454,463 Shares for net proceeds of $13,123,447, net of fees, costs and commissions and by December 31, 2021, the Company had used $11,512,400 of the proceeds as detailed in the table below:

Actual Use of Proceeds from Private Placement	
Drilling and surface exploration at the Curibaya project	$ 7,577,891
Acquisition costs	407,804
Surface exploration activities at the other projects	606,668
General working capital	2,920,037
Total	**$ 11,512,400**

Net proceeds from the Private Placement have been used as the Company had originally planned, more specifically to fund the first phase drill program at the Curibaya project, acquisition costs, continued surface exploration at the Company's portfolio of projects, and for general working capital.

The Company will continue to require additional working capital for the foreseeable future to fund its ongoing activities. As an exploration company that does not generate revenues, the most likely source of additional capital will be equity financings, which are not assured and will depend on, among other things, financial market conditions, precious metals prices and the Company's exploration results. See Section 10 Subsequent Events for discussion of the Marketed Offering announced on April 12, 2022.

8. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements. Earn-in arrangements are not viewed as off-balance sheet arrangements, and there are no other commitments held by the Company at the balance sheet date other than as disclosed in Note 9.1.

9. TRANSACTIONS WITH RELATED PARTIES

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.

9.1 Related party transactions

UMS Canada and UMS Peru

	December 31, 2021	December 31, 2020
Exploration and evaluation costs	**$ 739,728**	$ 406,185
Fees, salaries and other employee benefits	**501,603**	-
Legal and professional fees	**34,741**	-
Marketing and investor relations	**80,708**	-
Office and administration	**391,321**	-
Project investigation costs	**23,741**	-
Costs related to mineral property option terminations	**36,130**	-
Total transactions for the years	**$ 1,807,972**	$ 406,185

Throughout the year ended December 31, 2021, UMS Canada was owned by Ivan Bebek and Shawn Wallace who are directors of Tier One. On December 31, 2021, these two shareholders sold their shares in UMS Canada for nominal consideration and at the same time resigned as directors of UMS Canada. Steven Cook, who acquired the UMS Canada shares, is also a director of Tier One and on the date of transfer also took over as sole director of UMS Canada.

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On April 1, 2022, UMS Canada was restructured whereby Mr. Cook transferred his ownership equally to the four public companies which share its services, including Tier One. As a result, Tier One now has a 25% shareholding in its shared service company, UMS Canada, which it purchased for nominal consideration.

UMS Canada provides geological, financial, administrative and transactional services to four companies, including the Company, on an ongoing, full-cost recovery basis. Sharing these services through UMS Canada, on a partially committed and partially as needed basis, allows the Company to maintain a more efficient and cost-effective corporate cost 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 180 days notice with continuing responsibility for the Vancouver premises lease unless and until a subtenant can be found. During the year ended December 31, 2021, UMS Canada entered into an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at December 31, 2021, the Company expects to incur approximately $1.2 million in respect of its share of future rent over the remainder of the ten year lease period.

On April 1, 2021, UMS Peru S.A.C., 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.

<u>Fury Gold</u>

During the year ended December 31, 2021, $nil (during the year ended December 31, 2020, $81,747) 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:

	October 9, 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.

9.2 Related party balances

As at December 31, 2021, $111,901 (December 31, 2020 - $96,293) was included in accounts payable and $419,553 (December 31, 2020 - $50,000) was in prepaid expenses and deposits relating to transactions with UMS Canada.

As at December 31, 2021, $64,879 (December 31, 2020 - $nil) was in prepaid expenses and deposits relating to transactions with UMS Peru.

As at December 31, 2021, 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.

9.3 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 six non-executive directors:

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		December 31, 2021		December 31, 2020
Salary and benefits provided to executives	**$**	**811,863**	$	143,243
Director fees paid to non-executive directors		**216,077**		25,022
Share-based compensation		**2,106,855**		-
	$	**3,134,795**	$	168,265

10. SUBSEQUENT EVENT

On April 12, 2022, the Company announced a marketed public offering of 9,231,000 units of the Company at a price of $0.65 for minimum gross proceeds to the Company of $6,000,150 ("Marketed Offering"). Each unit shall consist of one common share of the Company and one half of one common share purchase warrant. Each whole warrant shall entitle the holder thereof to purchase one common share of the Company at a price of $1.00 at any time on or before the date which is 24 months after the closing date. The agreement also allows for an over-allotment option of 15% exercisable in whole or in part for a period of 30 days after and including the closing date.

The Company plans to use the net proceeds of the Marketed Offering for the exploration and advancement of the Company's projects in Peru, which includes its flagship Curibaya project, and for general working capital purposes.

The units will be offered by way of a short form prospectus filed in British Columbia, Alberta and Ontario. The offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals and is scheduled to close in May 2022 however it is a best efforts financing.

11. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the 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 consolidated 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.

Critical accounting judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency to be the Canadian dollar, while the functional currency of its Peruvian subsidiaries is the United States dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

ii) Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that the acquisition of mineral properties and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

iii) Indications of impairment of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

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iv) Financial instruments

Financial instruments are assessed upon initial recognition to determine whether they meet the definition of a financial asset, financial liability or equity instrument depending on the substance of the contractual arrangement. Judgment is required in making this determination as the substance of a transaction may differ from its legal form. Once a determination is made, IFRS requires that financial instruments be measured at fair value on initial recognition. For financial instruments that do not have quoted market prices or observable inputs, judgments are made in determining what are appropriate inputs and assumptions to use in calculating the fair value.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

i. Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

ii. Reclamation obligations

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations may have occurred. 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. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset and liability.

As at December 31, 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. An equal amount was recorded as a reclamation asset within mineral properties.

As at December 31, 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 consolidated statements of financial position.

See notes 5 and 6 of the Company's consolidated financial statements for the year ended December 31, 2021 in relation to the balances discussed above.

iii. Share-based compensation

The Company determines the fair value of share options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

The fair value of the share-based options granted during the year ended December 31, 2021, were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	December 31, 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**

iv. Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

v. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

12. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Application of new and revised accounting standards:

The Company has adopted the following amended accounting standards and policies effective January 1, 2021:

IBOR Reform and the Effects on Financial Reporting – Phase II

In August 2020, the Board issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. This amendment had no impact on the consolidated financial statements.

New and amended standards not yet effective:

Certain new accounting standards and interpretations have been issued but were not effective for the year ended December 31, 2021, and they have not been early adopted. The Company is currently assessing the new and amended standards' impact on its consolidated financial statements; however, they are not expected to have a material impact on the Company's current or future reporting periods.

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards and has an effective date of January 1, 2022:

IFRS 1 - First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS.

IFRS 9 - Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates in the Standard was retained with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

13. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at December 31, 2021, 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 Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, market risk and currency risk. Details of the primary risks that the Company is exposed to are laid out in note 11 to the Company's consolidated financial statements.

14. OTHER REQUIRED DISCLOSURE

14.1 Capital structure

The capital structure of the Company is as follows:

Authorized: Unlimited number of common shares
Number of common shares issued and outstanding as at April 28, 2022: 125,794,897
Number of common shares issued and outstanding as at December 31, 2021: 125,794,897

As at April 28, 2022, there were 7,529,375 share purchase options and nil warrants outstanding.
As at December 31, 2021, there were 7,970,000 share purchase options and nil warrants outstanding.

While the Company did not have any warrants issued and outstanding as at December 31, 2021, it does have the obligation to issue up to 500,000 common shares upon the exercise of 337,813 common share purchase warrants of Fury Gold, which expire September 12, 2022. In that event, Tier One will receive cash proceeds of $0.20 per common share issued.

In connection with the Marketed Offering announced on April 12, 2022, the Company may issue up to 5,679,372 warrants which includes 371,547 warrants that would be issued upon the exercise of 743,095 broker unit warrants each which entitles the broker to purchase a common share and a half warrant.

14.2 Disclosure controls and procedures

As defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements for the years ended December 31, 2021, and 2020 have been prepared by management in accordance with IFRS and in accordance with accounting policies set out therein.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com under Tier One Silver Inc.'s profile.

On behalf of the Board of Directors,

"Peter Dembicki"
Peter Dembicki
President, Chief Executive Officer and Director
April 28, 2022