TIER ONE SILVER

(An exploration stage business)

TIER ONE SILVER INC.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Unaudited)

Tier One Silver Inc.
Condensed Consolidated Interim Statements of Financial Position
Unaudited (Expressed in Canadian dollars)

	As at June 30, 2022	As at December 31, 2021
Assets		
Current assets:		
Cash	$ 5,082,766	$ 2,589,858
Accounts receivable	46,620	22,911
Prepaid expenses and deposits (Note 3)	852,686	764,328
	5,982,072	3,377,097
Non-current assets:		
Prepaid expenses and deposits (Note 3)	49,138	100,282
Equipment	51,680	57,346
Mineral property interests (Note 4)	2,501,697	2,546,431
Equity investments (Note 5)	116,166	-
Total assets	$ 8,700,753	$ 6,081,156
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 703,729	$ 798,753
Provision for site reclamation and closure	287,547	282,905
	991,276	1,081,658
Non-current liabilities:		
Provision for equity investment (Note 5)	710	-
Provision for site reclamation and closure	200,731	197,490
Total liabilities	$ 1,192,717	$ 1,279,148
Equity:		
Share capital (Note 6)	$ 27,030,374	$ 21,103,601
Share option and warrant reserves	3,758,322	3,020,459
Accumulated other comprehensive loss	(180,745)	(193,647)
Deficit	(23,099,915)	(19,128,405)
Total equity	7,508,036	4,802,008
Total liabilities and equity	$ 8,700,753	$ 6,081,156

Going concern (Note 1(c)); Commitment (Note 5); Subsequent event (Note 11)

Approved on behalf of the Board of Directors:

"Peter Dembicki" — President, CEO & Director

"Steve Cook" — Director

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

Unaudited (Expressed in Canadian dollars)

	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
Operating expenses:				
Exploration and evaluation	**$ 641,466**	$ 1,704,426	**$ 1,452,998**	$ 2,230,372
Fees, salaries and other employee benefits	**569,053**	1,216,541	**1,232,433**	1,495,206
Legal and professional	**164,536**	222,411	**222,442**	362,588
Marketing and investor relations	**204,166**	330,773	**616,711**	486,593
Office and administration	**135,978**	78,590	**235,422**	170,305
Project investigation	**14,488**	33,184	**26,239**	38,131
Regulatory and transfer agent	**42,659**	20,475	**59,042**	86,652
Mineral property impairment (Note 4(iii))	**102,352**	-	**102,352**	1,689,719
Costs related to Huilacollo Option termination (Note 4(iii))	**-**	205,273	**-**	205,273
	1,874,698	3,811,673	**3,947,639**	6,764,839
Other expenses:				
Foreign exchange (gain) loss, net	**(18,455)**	18,541	**(11,841)**	29,349
Net loss from equity investments (Note 5)	**35,712**	-	**35,712**	-
Loss for the period	**$ 1,891,955**	$ 3,830,214	**$ 3,971,510**	$ 6,794,188
Other comprehensive loss				
Unrealized currency (gain) loss on translation	**(32,165)**	36,128	**(12,902)**	79,887
Comprehensive loss for the period	**$ 1,859,790**	$ 3,866,342	**$ 3,958,608**	$ 6,874,075
Basic and diluted loss per share	**$ 0.01**	$ 0.03	**$ 0.03**	$ 0.06
Basic and diluted weighted average number of shares outstanding	**129,258,662**	125,794,897	**127,517,210**	121,310,076

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

Unaudited (Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Share option and warrant reserve	Accumulated other comprehensive loss	Deficit	Total
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	13,454,463	13,123,447	-	-	-	13,123,447
Share-based compensation (Note 7(a))	-	-	1,301,020	-	-	1,301,020
Other comprehensive loss	-	-	-	(79,887)	-	(79,887)
Loss for the period	-	-	-	-	(6,794,188)	(6,794,188)
Balance at June 30, 2021	125,794,897	$ 21,103,601	$ 1,301,020	$ (204,303)	$ (8,437,391)	$ 13,762,927
Balance at December 31, 2021	**125,794,897**	**$ 21,103,601**	**$ 3,020,459**	**$ (193,647)**	**$ (19,128,405)**	**$ 4,802,008**
Share-based compensation (Note 7(a))	**-**	**-**	**631,859**	**-**	**-**	**631,859**
Units issued pursuant to offering, net of share issue costs (Note 6)	**13,736,026**	**5,926,773**	**106,004**	**-**	**-**	**6,032,777**
Other comprehensive loss	**-**	**-**	**-**	**12,902**	**-**	**12,902**
Loss for the period	**-**	**-**	**-**	**-**	**(3,971,510)**	**(3,971,510)**
Balance at June 30, 2022	**139,530,923**	**$ 27,030,374**	**$ 3,758,322**	**$ (180,745)**	**$ (23,099,915)**	**$ 7,508,036**

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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating activities:				
Loss for the period	**$ (1,891,955)**	$ (3,830,214)	**$ (3,971,510)**	$ (6,794,188)
Non-cash transactions:				
Impairment of mineral property (Note 4(iii))	**102,352**	-	**102,352**	1,689,719
Share-based compensation (Note 7(a))	**329,428**	1,301,020	**631,859**	1,301,020
Depreciation	**2,486**	4,732	**6,512**	4,860
Net loss from equity investments (Note 5)	**35,712**	-	**35,712**	-
Unrealized foreign exchange loss (gain)	**3,122**	(11,505)	**(12,462)**	(3,342)
Changes in non-cash working capital:				
Accounts receivable	**(2,353)**	(9,893)	**(23,709)**	(15,661)
Prepaid expenses and deposits	**(264,997)**	(645,408)	**(191,204)**	(771,900)
Accounts payable and accrued liabilities	**(243,687)**	640,335	**(99,860)**	603,806
Cash used in operating activities	**(1,929,892)**	(2,550,933)	**(3,522,310)**	(3,985,686)
Investing activities:				
Mineral property additions (Note 4)	**(26,703)**	(296,972)	**(27,297)**	(612,746)
Equity investment (Note 5)	**(1,000)**	-	**(1,000)**	-
Cash used in investing activities	**(27,703)**	(296,972)	**(28,297)**	(612,746)
Financing activities:				
Proceeds from issuance of securities, net of share issue costs (Note 6)	**6,032,777**	-	**6,032,777**	13,141,813
Cash provided by financing activities	**6,032,777**	**-**	**6,032,777**	13,141,813
Effect of foreign exchange rate changes on cash	**13,339**	(10,419)	**10,738**	(17,263)
Increase (decrease) in cash	**4,088,521**	(2,858,324)	**2,492,908**	8,526,118
Cash, beginning of the period	**994,245**	14,113,780	**2,589,858**	2,729,338
Cash, end of the period	**$ 5,082,766**	$ 11,255,456	**$ 5,082,766**	$ 11,255,456

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

1. Business Overview

(a) Corporate information

Tier One Silver Inc. (the "Company" or "Tier One") was incorporated under the British Columbia Business Corporations Act 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.

These condensed consolidated interim financial statements were approved and authorized for issuance on August 25, 2022, by the Board of Directors.

(b) Nature of operations

The Company's primary assets are the 100% owned Curibaya property in southern Peru, which was originally staked by the Company in 2015 and has since been expanded through a combination of acquisitions and additional staking, and the Hurricane Silver project in southern Peru which the Company has the option to acquire.

The Company has not yet determined whether its properties contain mineral reserves where extraction is both technically feasible and commercially viable. Tier One operates in one 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. The Company continues to actively engage with the local communities surrounding its projects and has obtained access rights through community agreements to complete work at both the Curibaya and Hurricane Silver projects.

(c) Going Concern

As at June 30, 2022, the Company had net working capital of $4,990,796 and incurred a loss of $3,971,510 for the six months then ended. The Company has no operating revenue to date and no operating cash flows 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. Although the Company has had success raising capital in the past, and on June 16, 2022, closed a non-brokered private placement for gross proceeds of $6.18 million (the "2022 Private Placement" see Note 6), the ability to continue as a going concern remains dependent upon its continued ability to obtain the financing necessary 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.

(d) 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 monitoring the situation along with government guidelines and allowing work to be undertaken as long as it is confident that its employees and communities are safe to do so. The Company has not experienced any significant disruptions in its operations as a result of the pandemic in 2022.

2. Basis of presentation

(a) Statement of compliance

These unaudited 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 audited consolidated financial statements for the year ended December 31, 2021, except for the following:

Equity investments

The Company conducts a portion of its business through equity interests in an associate and a joint venture. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists only when the decisions about relevant activities require the unanimous consent of the parties that control the arrangement.

The Company accounts for its investment in associate and joint venture using the equity method. Under the equity method, the Company's investment in any associate or joint venture is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate or joint venture, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company's share of an associate or joint venture's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The Company's share of earnings and losses of its associate and joint venture are recognized in net loss during the period.

(b) Basis of measurement

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

(c) Basis of consolidation

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 consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Peruvian Subsidiaries") as follows:

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

These condensed consolidated interim financial statements include a 50% investment in Universal Mineral Services Peru S.A.C. ("UMS Peru") and a 25% investment in Universal Mineral Services Ltd. ("UMS Canada") (Note 5).

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 US dollars are denoted as US$.

(e) Critical accounting judgments and estimates

The preparation of condensed consolidated interim 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 judgments and estimates were presented in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2021 and have been consistently applied in the preparation of these condensed consolidated interim financial statements. No new estimates and judgments were applied for the period ended June 30, 2022.

3. Prepaid expenses and deposits

	June 30, 2022	December 31, 2021
Prepaid expenses and deposits related to:		
Community and surface agreements	**$ 157,235**	$ 198,079
Exploration and evaluation	**76,821**	71,721
General, administration and marketing	**667,768**	594,810
Total prepaid expenses and deposits	**$ 901,824**	$ 864,610
Current portion	**852,686**	764,328
Non-current portion	**$ 49,138**	$ 100,282

The non-current 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.

Unaudited (Expressed in Canadian dollars)

General, administration and marketing prepaid expenses and deposits relate in part to short-term advances to UMS Canada and UMS Peru. As at June 30, 2022, the long-term portion of the advance to UMS Canada of $150,000 has been reclassified as part of the Company's investment in associate (Note 5).

4. Mineral property interests

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

Mineral property interests	Curibaya	Hurricane	Other	Total
Balance as at December 31, 2020	$ 986,711	$ -	$2,701,198	$ 3,687,909
Mineral property additions	29,402	235,267	350,924	615,593
Mineral property impairment	-	-	(2,041,437)	(2,041,437)
Recognition of provision for site reclamation and closure	313,312	-	-	313,312
Currency translation adjustment	(7,374)	349	(21,921)	(28,946)
Balance as at December 31, 2021	$ 1,322,051	$ 235,616	$ 988,764	$ 2,546,431
Mineral property additions	**213**	**26,287**	**797**	**27,297**
Mineral property impairment	**-**	**-**	**(102,352)**	**(102,352)**
Currency translation adjustment	**13,185**	**1,029**	**16,107**	**30,321**
Balance as at June 30, 2022	**$ 1,335,449**	**$ 262,932**	**$ 903,316**	**$ 2,501,697**

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 $576,822 and $1,204,016 of exploration and evaluation costs on Curibaya during the three and six months ended June 30, 2022, respectively ($1,421,794 and $1,666,367 for the three and six months ended June 30, 2021, 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") which 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 Pembrook Option, the Company staked additional concessions expanding the Hurricane Silver project area to approximately 30,000 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 being the date by which the Company has secured the necessary surface rights and governmental permits to commence diamond drilling. As of June 30, 2022, only the surface rights have been secured (with two local communities) and if the Company is unable to obtain its drill permit by October 28, 2022, it will then need to elect to either terminate the option or commit to incur the first year of work expenditures in the table below (or pay them to Pembrook in lieu).

The following table outlines the required option payments, which the Company can choose to make in cash or Tier One shares subject to any required stock exchange approvals, 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.

During the three and six month ended June 30, 2022, the Company incurred $177,221 and $284,837, respectively, of exploration and evaluation costs on the Hurricane Silver project ($nil for the three and six months ended June 30, 2021) and as of June 30, 2022 a total of $420,937 (US$332,808) has been incurred in respect of the US$750,000 work expenditure required by the 1st Anniversary of the Access Date.

iii) Other

Corisur Claims

On April 24, 2021, the Company gave notice to terminate its option to acquire the Huilacollo 1 & 2 concessions thus eliminating any further payments related thereto. As a result, during the six months ended June 30, 2021, the Company recorded an impairment of $1,689,719 against the full value of the mineral property interests related to these two concessions. Furthermore, the Company recorded a provision of $171,384 (US$133,000) for final costs relating to the termination of the Huilacollo option agreement 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 June 30, 2022.

During the six months ended June 30, 2022, the Company made the decision to abandon approximately 11,500 hectares of non-core claims within the Corisur land package and wrote off $4,186 of cost associated with these claims. As at June 30, 2022, Tier One continues to hold the rights to the Tacora, Tacora Sur and Andamarca concessions, the costs of which remain on the consolidated statement of financial position within mineral property interest. The Corisur claims, which are now grouped within other in the table above, are located in the border zone, and as a result 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.

Coastal Batholith

Coastal Batholith is a wholly-owned project on the coast of Peru. As the project was acquired through staking, there are no work expenditure requirements. As at June 30, 2022 the project covers approximately 15,700 ha, after the Company relinquished the remaining claims, and recorded an impairment of $98,166 for the three and six months ended June 30, 2022.

Exploration and Evaluation Costs

On its properties that are grouped as other, namely the Coastal Batholith and Corisur claims, the Company recorded an exploration and evaluation cost recovery of $112,577 and $35,855 during the three and six months ended June 30, 2022, respectively, resulting from the reversal of 2021 accrued validity fees for the claims that were relinquished (exploration and evaluations costs of $282,632 and $564,005 during the three and six months ended June 30, 2021, respectively, which at that time also included the Emilia project).

5. Equity investments

Investment in Associate - UMS Canada

On April 1, 2022, the Company purchased a 25% share interest in a shared-service provider, UMS Canada for nominal consideration. The remaining 75% of UMS Canada is owned equally by three other companies with which the Company shares certain premises and personnel costs, being Coppernico Metals Inc. ("Coppernico"), Torq Resources Inc. and Fury Gold Mines Limited. The Company funded, in addition to its nominal investment in UMS Canada, a cash deposit of $150,000 which is held by UMS Canada for the purposes of general working capital, and which will be returned to the Company upon termination of the UMS Canada arrangement, net of any residual unfulfilled obligations. Prior to 2022, UMS Canada was owned by Ivan Bebek and Shawn Wallace who were directors of Tier One. On December 31, 2021 in anticipation of the reorganization of UMS Canada as a jointly owned cooperative, these two shareholders sold their shares in UMS Canada to fellow director Steven Cook, acting as a placeholder, for nominal consideration and ceased to be directors of UMS Canada. Mr. Cook remains sole director of UMS Canada. Effective April 1, 2022, UMS Canada was restructured whereby the Company redeemed Mr. Cook's shares of UMS Canada for nominal consideration and each of the four public companies which share UMS Canada services subscribed for common shares for a total of $1,000 each.

UMS Canada is located in Vancouver, BC and provides geological, financial and transactional advisory services as well as administrative services to the Company and three other companies on a 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 service agreement with UMS Canada has an indefinite term and can be terminated by each participating company upon providing due notice. UMS Canada is party to an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at June 30, 2022, the Company expects to incur approximately $1.2 million in respect of its share of future rent.

Investment in Joint Venture - UMS Peru

On May 1, 2022, the Company and Coppernico, an unlisted reporting issuer, each acquired from UMS Canada a 50% ownership of UMS Peru for nominal consideration. Given that each of Tier One and Coppernico now have joint control over UMS Peru, it is being accounted for as a joint venture.

UMS Peru is a company incorporated under Peruvian law, which provides administrative and geological services to Corisur S.A.C and Magma Minerales S.A.C. and to the Peruvian subsidiary of Coppernico. 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.

Unaudited (Expressed in Canadian dollars)

(a) Summarized financial information of UMS Canada and UMS Peru

For the period ended June 30, 2022, the Company's share of net losses of UMS Canada and UMS Peru were as follows:

	UMS Canada	UMS Peru
Cost recoveries	$ (1,689,579)	$ (245,749)
Geological services	665,023	177,970
Administrative services	1,163,892	69,534
Net loss for the period since investment	139,336	1,755
Company's share of net losses for the period ended June 30, 2022	**$ 34,834**	**$ 878**

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at June 30, 2022 were as follows:

	UMS Canada	UMS Peru
Acquisition of equity investment	$ 151,000	$ 168
Company's share of net loss of investments	(34,834)	(878)
Carrying amount as at June 30, 2022	**$ 116,166**	**$ (710)**

The Company's share of equity loss from UMS Peru was $878 resulting in the initial investment being reduced to nil. The Company is contractually obligated to provide for certain operating expenses, as such the Company recognized a provision of $710 in the condensed consolidated interim financial position as at June 30, 2022.

The Company's equity share of net assets and liabilities of UMS Canada and UMS Peru at June 30, 2022, were as follows:

	UMS Canada	UMS Peru
Current assets	$ 1,209,328	$ 198,769
Non-current assets	2,791,467	122,408
Current liabilities	(2,013,089)	(322,597)
Non-current liabilities	(1,523,043)	-
Net assets (liabilities) 100%	464,663	(1,420)
Company's equity share of net assets and liabilities	**$ 116,166**	**$ (710)**

(b) Services rendered 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.

Unaudited (Expressed in Canadian dollars)

	Three months ended	June 30,	Six months ended	June 30,
	2022	2021	**2022**	2021
Exploration and evaluation	**$ 238,356**	$ 195,924	**$ 530,757**	$ 250,302
Project investigation	**8,008**	9,316	**13,551**	9,675
Marketing and investor relations	**24,535**	26,787	**24,918**	46,915
General and administration	**344,447**	200,069	**574,646**	372,992
Total transactions for the period	**$ 615,346**	$ 432,096	**$ 1,143,872**	$ 679,884

As at June 30, 2022, $170,498 (December 31, 2021 - $111,901) was included in accounts payable and $220,000 (December 31, 2021 - $419,553) in prepaid expenses and deposits relating to transactions with UMS Canada; upon the acquisition of the share of UMS Canada in April 2022, $150,000 was reclassified to the equity investment.

As at June 30, 2022, $23,138 (December 31, 2021 - nil) was included in accounts payable and $60,822 (December 31, 2021 - $ 64,879) in prepaid expenses and deposits relating to transactions with UMS Peru.

(c) Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management members, being its four executives, of which one is a Board Director, and six non-executive directors:

	Three months ended	June 30,	Six months ended	June 30,
	2022	2021	**2022**	2021
Salary and benefits provided to executives	**$ 177,224**	$ 186,599	**$ 399,479**	$ 347,353
Fees paid to non-executive directors	**63,466**	47,433	**122,409**	100,739
Share-based compensation	**215,384**	980,593	**402,263**	980,593
	$ 456,074	$ 1,214,625	**$ 924,151**	$ 1,428,685

On April 1, 2022, the Company entered into a shared services agreement with UMS Canada. Under the agreement, the Company's Chief Financial Officer and Chief Geologist terminated their direct employment status with the Company, became employed by UMS Canada and entered into secondment employment arrangements between the Company and UMS Canada.

6. Share capital

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

On June 16, 2022, the Company closed the 2022 Private Placement issuing 13,736,026 units at a price of $0.45 per unit for gross proceeds of $6,181,212. Each unit consisted of a common share and a three-year share purchase warrant, exercisable at $0.75. Share issuance costs including customary referral fees amounted to $148,435.

Unaudited (Expressed in Canadian dollars)

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares and warrants). Using this approach, the Company attributed a residual value of $106,004 to the warrants issued.

A reconciliation of the impact of the 2022 Private Placement on share capital is as follows:

	Number of common shares	Impact on share capital
Units issued at $0.45 per unit	**13,736,026**	**$ 6,181,212**
Share issuance costs		(148,435)
Net proceeds		6,032,777
Residual value of warrants		(106,004)
Impact on share capital	**13,736,026**	**$ 5,926,773**

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**

7. Share option and warrant reserve

a. Shared-based options

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 to 12½% every three months after the grant date, for a total vesting period of 24 months.

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, 2022	**7,970,000**	**$ 1.01**
Expired	**(278,125)**	**1.04**
Forfeited	**(496,875)**	**1.07**
Outstanding, June 30, 2022	**7,195,000**	**$ 1.01**

Unaudited (Expressed in Canadian dollars)

As at June 30, 2022, 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	6,870,000	$ 1.00	3.78	3,435,000	$ 1.00	3.78
April 29, 2026	200,000	1.00	3.83	100,000	1.00	3.83
June 22, 2026	125,000	1.44	3.98	62,500	1.44	3.98
	7,195,000	$ 1.01	3.78	3,597,500	$ 1.01	3.78

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and other service providers. There were no share options granted during the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 - 8,140,000), however, 496,875 share options were forfeited and as a result, the Company has reversed the amount of share-based compensation previously recorded in relation to those forfeited share options.

During the three and six months ended June 30, 2022, the Company recognized share-based compensation expense net of forfeiture recovery as follows.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Recognized in net loss:				
Exploration and evaluation	**$ 68,671**	$ 354,101	**$ 23,403**	$ 354,101
Fees, salaries and other employee benefits	**238,115**	875,175	**562,751**	875,175
Marketing and investor relations	**17,499**	63,773	**35,320**	63,773
Project investigation	**5,143**	7,971	**10,385**	7,971
	$ 329,428	$ 1,301,020	**$ 631,859**	$ 1,301,020

b. Share purchase warrants

As at June 30, 2022, the Company had 13,736,026 share purchase warrants outstanding which have a term of three years and are exercisable at $0.75 (December 31, 2021 – nil). As discussed in Note 6 (b) an amount of $106,004 has been attributed to the warrants and recorded within share option and warrant reserve.

The Company has the obligation to issue 500,000 common shares upon the exercise of 337,813 common share purchase warrants of Fury Gold Mines, which are expiring September 12, 2022. In that event, Tier One will receive cash proceeds of $0.20 per common share issued.

8. 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.

Unaudited (Expressed in Canadian dollars)

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 June 30, 2022 and December 31, 2021 there were no financial instruments measured at fair value.

The Company's financial instruments are exposed to liquidity risk, credit risk and market risk, which includes currency risk. As at June 30, 2022, the primary risks were as follows:

(a) 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. The Company's primary source of liquidity is equity financing. The funds are primarily used to finance working capital and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing. In June 2022, the Company paid US$201,171 for the 2021 concession holding fees, and US$99,207 has been recorded within accounts payable related to the 2022 concession holding fees which are due in June 2023. The Company has working capital of $4,990,796 (December 31, 2021 - $2,295,439) and cash of $5,082,766 (December 31, 2021 - $2,589,858), which is entirely unrestricted.

(b) Credit risk

The Company's cash and accounts receivable are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will cause a loss to the Company by failing to pay for their obligations. The amount of credit risk to which the Company is exposed is considered insignificant as the Company's cash is held with highly rated financial institutions in interest-bearing accounts and the accounts receivable primarily consist of GST receivable from the Government of Canada.

(c) 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:

i. 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 June 30, 2022 and December 31, 2021, 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.

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

		June 30, 2022		December 31, 2021
Financial assets	**$**	337,155	**$**	64,987
Financial liabilities		(59,767)		(66,652)
Net exposure	**$**	**277,388**	**$**	(1,665)

Unaudited (Expressed in Canadian dollars)

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

9. 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 June 30, 2022, and December 31, 2021.

10. 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:

	June 30, 2022	December 31, 2021
Equity	**$ 7,508,036**	$ 4,802,008
Less cash	**(5,082,766)**	(2,589,858)
	$ 2,425,270	$ 2,212,150

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 exploration 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.

On June 16, 2022, the Company closed the 2022 Private Placement for gross proceeds of $6.18 million which provides the Company with sufficient working capital to meet its ongoing current obligations as they become due. The Company will 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.

11. Subsequent event

On July 14, 2022 the Company announced the filing of a preliminary short form base shelf prospectus (the "Shelf Prospectus") with the securities commissions in each of the provinces and territories of Canada which allows the Company to qualify the distribution of up to $100,000,000 of common shares, warrants, subscription receipts, units, debt securities, or any combination thereof, from time to time over the 25-month period that the Shelf Prospectus remains effective. On August 24, 2022 the Company was cleared by the securities regulatory authorities to file the final Shelf Prospectus.