(An exploration stage business)

# TIER ONE SILVER INC.

## Management's Discussion & Analysis

For the three months ended March 31, 2022

Dated: May 27, 2022

## 1. HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND THE PERIOD UP TO MAY 27, 2022

### 1.1 Corporate Highlights

- On May 20, 2022, Tier One Silver ("Tier One" or the "Company") announced a non-brokered private placement for up to $3.0 million from the sale of 6,666,667 units (each, a "Unit") at a price of $0.45 per Unit (the "2022 Placement"). Each Unit will consist of one common share (each, a "Share") and one common share purchase warrant (each, a "Warrant") exercisable at a price of $0.75 until the date that is three years from the closing date of the 2022 Placement, targeted for May 30, 2022. The Warrants are subject to accelerated expiry if the closing price of the common shares of the Company is greater than $1.50 for 10 consecutive trading days on the TSX Venture Exchange (the "TSXV") any time after the first 12 months from the initial tranche closing. The Company intends to use the net proceeds from the 2022 Placement to fund continued exploration at the Company's portfolio of assets in Peru, primarily Curibaya, and for general working capital. On April 12, 2022, the Company had announced a marketed public offering which was subsequently terminated on May 4, 2022 due to market conditions.

- 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, 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.

### 1.2 Operational highlights

- On May 19, 2022, the Company announced that it had gained additional social access at the Hurricane Silver project, located approximately 65 kilometres ("km") north of the city of Cusco. A social agreement has been signed with the Hualla community, which will allow for exploration of the Ñañohuayco, San Cipriano and Morro Culispata copper-nickel-platinum-palladium-silver prospects. The agreement is valid for two years and allows the Company to conduct surface work as well as drilling once a drill permit has been obtained from the Peruvian Ministry of Energy and Mines. Historical work at the Ñañohuayco and San Cipriano prospects included surface sampling, ground-based geophysical surveys and initial drill tests by the previous operator from 2009 – 2010. The 10-hole 1,061 metre (m) historical drill program at Ñañohuayco included 14 m of 2.59% copper, 0.62% nickel, 311 grams per tonne ("g/t") cobalt, 0.3 g/t platinum and 0.55 g/t palladium.

- 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 m of 1,213.7 g/t silver equivalent (AgEq[1]) (1129 g/t Ag, 1.04 g/t Au, 0.15% Zn, 0.09% Pb), 1 m of 1,480.5 g/t AgEq (1431 g/t Ag, 0.4 g/t Au, 0.18% Zn, 0.34% Pb) and 3 m of 384.6 g/t AgEq (350 g/t Ag, 0.47 g/t Au, 0.01% Zn, 0.01% Pb) encountered along discrete structural corridors. The outcome of the 2021 drilling has resulted in over 6 km of prospective structural targets, which will be the focus of drilling in 2022, subject to financing.

- 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 (1129 g/t Ag, 1.04 g/t Au, 0.15% Zn, 0.09% Pb) in a larger interval of 7 m of 299.1 g/t AgEq (272 g/t Ag, 0.33 g/t Au, 0.05% Zn, 0.03% Pb) 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 (243 g/t Ag, 0.71 g/t Au), 11 m of 348.2 g/t AgEq (232 g/t Ag, 1.61 g/t Au), 9 m of 438.8 g/t AgEq (409 g/t Ag, 0.41 g/t Au), 2 m of 1,119.2 g/t AgEq (1074 g/t Ag, 0.53 g/t Au) and 2 m of 1,852.8 g/t AgEq (1737 g/t Ag, 1.61 g/t Au).

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[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 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 (350 g/t Ag, 0.47 g/t Au, 0.01% Zn, 0.01% Pb) in a wider interval of 5.5 m of 221.5 g/t AgEq (201 g/t Ag, 0.27 g/t Au, 0.01% Zn, 0.01% Pb) 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.

< 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 condensed consolidated interim financial statements and results of operations of the Company as at March 31, 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three months ended March 31, 2022. 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 May 27, 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 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. 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, and 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 primary focuses of the Company are 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 and the Hurricane Silver project, which covers approximately 32,000 ha and is located 66 km north of the city of Cusco.

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 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. As at the date hereof, the Company has 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 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.

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. The Company will continue to monitor the situation closely and respond appropriately. The pandemic caused only minor disruptions in the Company's plans for first quarter of 2022.

### 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 has a 100% interest in the Curibaya project, which is comprised of numerous concessions acquired through staking efforts by its former parent company 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.

2022 Work Programs and Expenditures

During Q1 2022, Curibaya activities were limited due to the planned suspension of work at the project for the rainy season after completing its 16-hole maiden drill program in December 2021. The Company continued to progress its application for the extended DIA drill permit, which will allow for up to 200 holes from 20 new drill platforms and will include the Cambaya structural corridors. The Company also took the opportunity to complete a more detailed review of the data from its 2021 surface and drilling programs to plan for its upcoming 2022 exploration program and identify prospective drill targets. Activities are expected to recommence in June 2022 once the DIA permit is received.

The Company incurred $627,194 of exploration and evaluation costs on Curibaya during the three months ended March 31, 2022 ($244,573 during the three months ended March 31, 2021).

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. All programs are subject to financing.

### 3.2.2 Hurricane Silver

The Hurricane Silver project, which covers approximately 32,000 ha and is located 66 km north of the city of Cusco, was acquired by way of a share purchase option agreement (the "Pembrook Option") which grants the Company the option to acquire Tororume, a subsidiary of Pembrook Copper Corp. ("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 being the date it secures both the surface rights (achieved) and drill permit (outstanding). In accordance with the Pembrook Option, if the Company is unable to obtain its drill permit by October 28, 2022, it will need to elect at that time to either drop the project option or accept that date as the Access Date and commit to the first year's 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>2022 Work Programs and Expenditures and Plans</u>

The Company's primary focus during Q1 2022, was to continue its efforts to establish comparable agreements with other communities in the region to open up additional access at the project. As of the date hereof, Tier One has negotiated surface rights agreements with two of the local communities surrounding the Hurricane Silver project for a two-year period. The agreements, which in combination provide access to the Magdalena silver prospect, half of the Pampayeoc silver prospect and the Ñañohuayco, San Cipriano and Morro Culispata copper-nickel-platinum-palladium-silver prospects, will allow for drilling once a drill permit has been obtained from the Peruvian Ministry of Energy and Mines.

The Company incurred $107,616 of exploration and evaluation costs on the Hurricane Silver project during the three months ended March 31, 2022 ($nil during the three months ended March 31, 2021) and as of March 31, 2022 a total of $279,603 (US$221,643) has been incurred in relation to the US$750,000 work expenditure required by the 1st Anniversary of the Access Date.

<u>2022 Planned Work</u>

In 2022, Tier One plans to continue evaluating the identified target zones with systematic mapping, soil and rock sampling, and geophysics with the goal of advancing to drill target definition and commencing the permitting process in Q3 2022.

### 3.2.3 Corisur Claims

In 2017, the Company acquired the rights to the Tacora, Tacora Sur and Andamarca concessions, covering 1,300 ha through two acquisition agreements. Certain Net Smelter Return royalties remain on these concessions. These concessions, together with a group of additional concessions, are referred to as the Corisur claims. The Corisur claims cover approximately 13,000 ha and 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 $22,331 and of exploration and evaluation costs on the Corisur claims during the three months ended March 31, 2022 ($28,936 was incurred on the Huilacollo project during the three months ended March 31, 2021 which at that time incorporated the Corisur claims).

#### 3.2.4 Other

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. Subject to financing, the Company may complete minor follow-up surface exploration during 2022.

Exploration and Evaluation Costs

On its properties that are grouped as other, the Company incurred $54,391 of exploration and evaluation costs during the three months ended March 31, 2022 ($252,438 during the three months ended March 31, 2021 which at the time also included the Emilia project).

### 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.

Notice to reader regarding Silver Equivalent (AgEq)

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.

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.

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.

**Cautionary Note Regarding Historical Hurricane Silver Drilling**

Historical drill samples were taken by sawing HQ diameter core into equal halves on site with one half being sent to ALS lab in Arequipa, Peru for preparation and then to Lima, Peru for analysis. Preparation included crushing core samples to 70% < 2mm and pulverizing 250 g of crushed material by more than 85% < 75 microns. All samples were assayed using 30 g nominal weight fire assay with ICP-MS finish for gold, platinum and palladium (PGM-MS23). Where MS23 results were > 1 g/t Au, Pt or Pd the assays were repeated with ore grade 30 g nominal weight fire assay with ICP-AES finish (PGM-ICP27). Silver and base metals were analyzed as part of the multi-element aqua regia digest ICP-AES/ICP-MS method (ME-MS41). Where MS41 results were greater than 10,000 ppm Cu or 100 ppm Ag the assays were repeated with ore grade aqua regia digestion with AA finish (Cu-AA46 and 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 occurred since. 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 suspended its field work in Q4 2021 and expects to resume activities in June 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.

for three months ended March 31, 2022 (In Canadian dollars, unless otherwise noted)

## 4. DISCUSSION OF OPERATIONS

### 4.1 Three months ended March 31, 2022, and 2021 (Q1 2022 vs. Q1 2021)

During the three months ended March 31, 2022, the Company reported a loss of $2,079,555 compared to a loss of $2,963,974 for the same period in 2021. Significant variances within operating expenses and other expenses, which in combination resulted in the $884,419 decrease in the current period's loss, are discussed as follows:

Operating expenses

- Exploration and evaluation costs in Q1 2022 were $811,532 compared to $525,946 in Q1 2021, an increase of $285,586. Q1 2022 costs primarily related to the Curibaya project including care and maintenance of the camp, analysis of the 2021 drill results to aid in targeting for the 2022 exploration programs, and permitting, environment and community activities. In comparison, there was minimal surface work ongoing at the Curibaya project in Q1 2021 and overall concession holding costs were lower due to the smaller land package held at the time.
- Fees, salaries, and other employee benefits have increased by $384,715 to $663,380 in Q1 2022 from $278,665 in Q1 2021 primarily due to the inclusion of $324,635 of share-based compensation in the current period compared to $nil in the prior period. In addition, the Company's administrative team in Canada and Peru grew during 2021 to support the higher activity levels which resulted in a further increase in Q1 2022 as compared to Q1 2021.
- Marketing and investor relations costs in Q1 2022 increased to $412,545 from $155,820 in Q1 2021, an increase of $256,725. As a stand-alone and publicly listed company in Q1 2022 and having recently completed exploration programs at both the Curibaya and Hurricane projects, the Company's marketing and investor communications activities increased substantially over the comparable quarter in the prior year when the Company was being launched following the Q4 2020 spin out from Fury Gold Mines Limited ("Fury Gold") and the Company's shares were not yet listed on a public exchange.
- During the three months ended March 31, 2021, the Company recorded an impairment charge of $1,689,719 against its Huilacollo mineral property upon making the decision to terminate the related option agreement. No such impairment was recorded in Q1 2022.

### 4.2 Summary of Quarterly Results

| Three months ended | Net loss | Comprehensive loss | Net Loss per share |
|---|---|---|---|
| | $ | $ | $ |
| March 31, 2022 | 2,079,555 | 2,098,818 | 0.02 |
| 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 |

[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 incorporation are based on carve-out financial statements from its former parent company Auryn Resources Inc. (now Fury Gold), loss per share information for Q2 and Q3 2020 is not applicable as Tier One's share structure changed following that date.

During the last eight quarters, the Company's net loss has ranged between $288,826 and $5,698,335. There were several factors that have driven the higher losses for the 2021 periods and into 2022, 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 through 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 with final results and analysis being performed in Q1 2022. Q1 and Q4 2021 also included the impairments of the Huilacollo and Emilia projects, respectively, which increased the losses for those quarters.

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### 4.3 Summary of Project Costs

During the three months ended March 31, 2022, the Company incurred $594 of mineral property additions and $811,532 in exploration and evaluation costs on its projects.

| Mineral property interests | Curibaya | Hurricane | Corisur | Other | Total |
|---|---|---|---|---|---|
| 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 |
| **Mineral property additions** | **-** | **196** | **-** | **398** | **594** |
| **Currency translation adjustment** | **(11,535)** | **(470)** | **(11,911)** | **(2,289)** | **(26,205)** |
| **Balance as at March 31, 2022** | **$ 1,310,516** | **$ 235,342** | **$ 817,853** | **$ 157,109** | **$ 2,520,820** |

| Exploration and evaluation | Curibaya | Hurricane | Corisur | Other | Total |
|---|---|---|---|---|---|
| Assaying | **$ 17,707** | **$ 156** | **$ -** | **$ 4,012** | **$ 21,875** |
| Camp and project support costs | **184,848** | **2,677** | **-** | **-** | **187,525** |
| Concession holding costs | **17,026** | **29,056** | **12,673** | **37,149** | **95,904** |
| Exploration drilling | **14,725** | **-** | **-** | **-** | **14,725** |
| Permitting, environmental and community | **53,241** | **9,959** | **9,658** | **-** | **72,858** |
| Salaries, wages and geological consulting | **410,698** | **41,960** | **-** | **11,255** | **463,913** |
| Share-based compensation (reversal) | **(71,051)** | **23,808** | **-** | **1,975** | **(45,268)** |
| **Total for the period ended March 31, 2022** | **$ 627,194** | **$ 107,616** | **$ 22,331** | **$ 54,391** | **$ 811,532** |

### 4.4 Future operations and 2022 expenditure forecast

Proposed work plans for 2022, as discussed above in relation to each project, 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.

Given the Company's portfolio approach to exploration, designed to mitigate risk and expand opportunities for investors, management continues to evaluate new opportunities when they arise and also monitor the cost and benefit of maintaining its portfolio of assets. Dependent on market conditions and access to capital, the Company may choose to increase or reduce its land holdings when it is economically prudent to do so, with the goal of optimizing its land package.

for three months ended March 31, 2022 (In Canadian dollars, unless otherwise noted)

## 5. FINANCIAL POSITION, LIQUIDITY, AND CAPITAL RESOURCES

### 5.1 Financial position and liquidity

| | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| Cash | **$ 994,245** | $ 2,589,858 |
| Accounts receivable | **44,267** | 22,911 |
| Mineral property interests | **2,520,820** | 2,546,431 |
| Current liabilities | **1,207,942** | 1,081,658 |
| Non-current liabilities | **194,656** | 197,490 |

The Company did not have any restricted cash at March 31, 2022 and December 31, 2021. The working capital balance at March 31, 2022 was $564,078 (December 31, 2021, $2,295,439). Contractual obligations as at March 31, 2022, relate to accounts payable and accrued liabilities totalling $929,098. Additionally, the Company has certain commitments related to the UMS Canada lease obligation disclosed in section 7.1.

During the three months ended March 31, 2022, the Company used cash of $1,592,418 in operating activities compared to $1,542,738 during the comparative period in 2021. The cash outflow during Q1 2022 was consistent with the cash outflow in Q1 2021 despite increased activity levels in Q1 2022. In Q1 2022 cash flows were positively impacted by changes in working capital as the Company made efforts to conserve its treasury.

During the three months ended March 31, 2022, the Company used cash in investing activities of $594 on staking-related costs for concessions, lower than the $207,789 incurred in the same period in 2021 for the initial option payment at Emilia as well as other eligible capitalized costs.

Funding from the non-brokered private placement financing (the "2021 Private Placement") was received during the three months ended March 31, 2021; no such funding was received in the first quarter of 2022 however subsequent to quarter end the Company announced a non-brokered private placement of $3.0 million.

Despite the recently announced 2022 Placement, the Company has incurred operating losses to date and does not generate operating revenue to support its activities. With no source of operating revenue, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The ability to continue as a going concern remains dependent upon Tier One's ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

### 5.2 Capital Resources

The Company held cash of $994,245 and working capital of $564,078 as at March 31, 2022.

Subsequent to March 31, 2022, the Company announced the 2022 Placement for up to $3.0 million. The Company intends to use the net proceeds from the 2022 Placement to fund continued exploration at the Company's portfolio of assets in Peru, primarily Curibaya, and for general working capital.

On March 2, 2021, the Company completed the 2021 Private Placement by issuing 13,454,463 Shares for net proceeds of $13,123,447, net of fees, costs and commissions and by March 31, 2022, the Company had used $12,129,202 of the proceeds as detailed in the table below:

| **Actual Use of Proceeds from 2021 Private Placement** | |
|---|---|
| Drilling and surface exploration at the Curibaya project | $ 8,276,136 |
| Acquisition costs | 408,398 |
| Surface exploration activities at the other projects | 765,223 |
| General working capital | 2,679,445 |
| **Total** | **$ 12,129,202** |

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.

for three months ended March 31, 2022 (In Canadian dollars, unless otherwise noted)

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.

## 6. 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 section 7.1.

## 7. TRANSACTIONS WITH RELATED PARTIES

### 7.1 Related party transactions

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

| | Three months ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Exploration and evaluation | **$ 292,401** | $ 54,378 |
| Fees, salaries and other employee benefits | **143,995** | 86,302 |
| Legal and professional fees | **15,655** | 6,445 |
| Marketing and investor relations | **383** | 20,128 |
| Office and administration | **70,498** | 80,176 |
| Project investigation | **5,543** | 358 |
| Regulatory and transfer agent | **51** | - |
| **Total transactions for the period** | **$ 528,526** | $ 247,787 |

UMS Canada

UMS Canada provides geological, financial, administrative and transactional services to four companies, including the Tier One, on an ongoing, full-cost recovery basis. Sharing these services through UMS Canada, on an 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. 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 March 31, 2022 the Company expects to incur approximately $1.2 million in respect of its share of future rent.

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. 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, for nominal consideration. As a result, Tier One now has a 25% shareholding in its shared service company, UMS Canada.

UMS Peru

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 and the Peruvian subsidiaries of another exploration company (Coppernico Metals Inc. or "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. On May 1, 2022, UMS Canada transferred its ownership of UMS Peru to be jointly owned 50% by the Company and 50% by Coppernico for nominal consideration.

for three months ended March 31, 2022 (In Canadian dollars, unless otherwise noted)

### 7.2 Related party balances

As at March 31, 2022, $67,361 (December 31, 2021 - $111,901) was included in accounts payable and $370,000 (December 31, 2021 - $419,553) in prepaid expenses and deposits relating to transactions with UMS Canada.

As at March 31, 2022, $116,458 (December 31, 2021 - $64,879) was included in accounts payable and $125,335 (December 31, 2021 - $ 64,879) in prepaid expenses and deposits relating to transactions with UMS Peru.

### 7.3 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:

| | Three months ended March 31 | |
|---|---|---|
| | **2022** | **2021** |
| Salary and benefits provided to executives | **$ 222,255** | $ 160,753 |
| Fees paid to non-executive directors | **58,943** | 53,305 |
| Share-based compensation | **186,879** | - |
| | **$ 468,077** | $ 214,058 |

## 8. SUBSEQUENT EVENTS

On April 12, 2022, the Company announced a marketed public offering which was subsequently terminated on May 4, 2022, due to market conditions.

On May 20, 2022, the Company announced a non-brokered private placement for up to $3.0 million from the sale of 6,666,667 units at a price of $0.45 per unit. Each unit will consist of one common share and one common share purchase warrant exercisable at a price of $0.75 until the date that is three years from the closing date of the placement, targeted for May 30, 2022. The warrants are subject to accelerated expiry if the closing price of the common shares of the Company is greater than $1.50 for 10 consecutive trading days on the TSX Venture Exchange any time after the first 12 months from the closing date. The placement is subject to receipt of executed subscription agreements and funds as well as customary closing conditions, including conditional approval from the TSXV. The Company intends to use the net proceeds from the 2022 Placement to fund continued exploration at the Company's portfolio of assets in Peru, primarily Curibaya, and for general working capital.

## 9. 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.

In preparing the Company's condensed consolidated interim financial statements for the three months ended March 31, 2022, the Company applied the critical accounting estimates and judgements disclosed in Note 2 of its audited consolidated financial statements for the year ended December 31, 2021.

## 10. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

<u>New accounting standards and policies</u>

The Company did not adopt any new accounting standards or policies during the quarter, and the accounting policies applied in preparing the Company's condensed interim consolidated financial statements for the three months ended March 31, 2022, were consistent with those disclosed in Note 3 of its audited consolidated financial statements for the year ended December 31, 2021.

New and amended standards not yet effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods beginning after December 31, 2022. The Company has not early adopted any of these pronouncements, and they are not expected to have a significant impact in the foreseeable future on the Company's consolidated financial statements once adopted.

## 11. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at March 31 2022, the Company's financial instruments consist of cash, accounts receivable, deposits, accounts payables 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 and market risk which includes currency risk. Details of the primary risks that the Company is exposed to are laid out in the notes to the Company's unaudited condensed consolidated interim financial statements.

## 12. OTHER REQUIRED DISCLOSURE

### 12.1 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 March 31, 2022: 125,794,897
Number of common shares issued and outstanding as at May 27, 2022: 125,794,897

As at March 31, 2022, there were 7,473,125 share purchase options and nil warrants outstanding.
As at May 27, 2022, there were 7,429,375 share purchase options and nil warrants outstanding.

While the Company did not have any warrants issued and outstanding as at March 31, 2022, 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 2022 Placement announced on May 20, 2022, the Company may issue up to 6,666,667 Warrants.

### 12.2 Disclosure controls and procedures

Details relating to disclosure controls and procedures, and internal control over financial reporting, are disclosed in the Company's MD&A for the year ended December 31, 2021.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During the quarter ended March 31, 2022, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

On behalf of the Board of Directors,

*"Peter Dembicki"*
**Peter Dembicki**
President, Chief Executive Officer and Director
May 27, 2022