



TIER ONE  
SILVER

(An exploration stage business)

**TIER ONE SILVER INC.**

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023

(Unaudited)

# Tier One Silver Inc.

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

	As at March 31, 2023	As at December 31, 2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 610,115	\$ 1,553,349
Amounts receivable	13,443	18,100
Prepaid expenses and deposits (Note 3)	595,841	736,876
	<b>1,219,399</b>	<b>2,308,325</b>
<b>Non-current assets:</b>		
Prepaid expenses and deposits (Note 3)	20,642	30,988
Equity investments (Note 5)	130,940	130,966
Equipment	46,371	49,045
Mineral property interests (Note 4)	2,713,162	2,712,593
<b>Total assets</b>	<b>\$ 4,130,514</b>	<b>\$ 5,231,917</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 794,354	\$ 539,806
Provision for site reclamation and closure	370,958	268,847
	<b>1,165,312</b>	<b>808,653</b>
<b>Non-current liabilities:</b>		
Non-current accrued liabilities	58,705	-
Provision for site reclamation and closure	151,344	265,888
<b>Total liabilities</b>	<b>\$ 1,375,361</b>	<b>\$ 1,074,541</b>
<b>Equity:</b>		
Share capital (Note 6)	\$ 27,001,612	\$ 27,001,612
Share option and warrant reserves (Note 7)	4,212,341	4,141,198
Accumulated other comprehensive loss	(118,573)	(117,643)
Deficit	(28,340,227)	(26,867,791)
<b>Total equity</b>	<b>2,755,153</b>	<b>4,157,376</b>
<b>Total liabilities and equity</b>	<b>\$ 4,130,514</b>	<b>\$ 5,231,917</b>

Going concern (Note 1(c)); Commitment (Note 5); Subsequent event (Note 12)

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.

## Tier One Silver Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
Unaudited (Expressed in Canadian dollars, except share amounts)

	Three months ended March 31,	
	2023	2022
<b>Operating expenses:</b>		
Exploration and evaluation	\$ 532,762	\$ 811,532
Fees, salaries and other employee benefits	375,344	663,380
Legal and professional	114,736	57,906
Marketing and investor relations	305,861	412,545
Office and administration	102,634	99,444
Project investigation	8,178	11,751
Regulatory and transfer agent	35,880	16,383
	<b>1,475,395</b>	<b>2,072,941</b>
<b>Other expenses (income):</b>		
Accretion of provision for site reclamation and closure	3,492	-
Foreign exchange loss, net	8,218	6,614
Interest income	(14,695)	-
Net loss from equity investments (Note 5)	26	-
<b>Loss for the period</b>	<b>\$ 1,472,436</b>	<b>\$ 2,079,555</b>
<b>Other comprehensive loss:</b>		
Unrealized currency loss on translation	930	19,263
<b>Comprehensive loss for the period</b>	<b>\$ 1,473,366</b>	<b>\$ 2,098,818</b>
Basic and diluted loss per share	\$ 0.01	\$ 0.02
Basic and diluted weighted average number of shares outstanding	<b>139,530,923</b>	<b>125,794,897</b>

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

## Tier One Silver Inc.

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

	Number of common shares	Share capital	Share option reserve	Accumulated other comprehensive loss	Deficit	Total
Balance at December 31, 2021	125,794,897	\$ 21,103,601	\$ 3,020,459	\$ (193,647)	\$ (19,128,405)	\$ 4,802,008
Share-based payments (Note 7)	-	-	302,431	-	-	302,431
Other comprehensive loss	-	-	-	(19,263)	-	(19,263)
Loss for the period	-	-	-	-	(2,079,555)	(2,079,555)
Balance at March 31, 2022	125,794,897	\$ 21,103,601	\$ 3,322,890	\$ (212,910)	\$ (21,207,960)	\$ 3,005,621
<b>Balance at December 31, 2022</b>	<b>139,530,923</b>	<b>\$ 27,001,612</b>	<b>\$ 4,141,198</b>	<b>\$ (117,643)</b>	<b>\$ (26,867,791)</b>	<b>\$ 4,157,376</b>
<b>Share-based payments (Note 7)</b>	-	-	<b>71,143</b>	-	-	<b>71,143</b>
<b>Other comprehensive loss</b>	-	-	-	<b>(930)</b>	-	<b>(930)</b>
<b>Loss for the period</b>	-	-	-	-	<b>(1,472,436)</b>	<b>(1,472,436)</b>
<b>Balance at March 31, 2023</b>	<b>139,530,923</b>	<b>\$ 27,001,612</b>	<b>\$ 4,212,341</b>	<b>\$ (118,573)</b>	<b>\$ (28,340,227)</b>	<b>\$ 2,755,153</b>

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  
(Expressed in Canadian dollars)

	Three months ended March 31,	
	2023	2022
<b>Operating activities:</b>		
Loss for the period	\$ (1,472,436)	\$ (2,079,555)
Non-cash transactions:		
Share-based payments	71,143	302,431
Depreciation	2,633	4,026
Accretion of provision for site reclamation and closure	3,492	-
Net unrealized foreign exchange loss (gain)	193	(15,584)
Net loss from equity investments	26	-
Interest income	(14,695)	-
Changes in non-cash working capital:		
Amounts receivable	4,657	(21,356)
Prepaid expenses and deposits	151,308	73,793
Accounts payable and accrued liabilities	295,914	143,827
<b>Cash used in operating activities</b>	<b>(957,765)</b>	<b>(1,592,418)</b>
<b>Investing activities:</b>		
Mineral property additions	-	(594)
Interest income received	14,695	-
<b>Cash provided by (used) in investing activities</b>	<b>14,695</b>	<b>(594)</b>
Effect of foreign exchange rate changes on cash	(164)	(2,601)
Change in cash	(943,234)	(1,595,613)
Cash, beginning of the period	1,553,349	2,589,858
<b>Cash, end of the period</b>	<b>\$ 610,115</b>	<b>\$ 994,245</b>

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

# Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three months ended March 31, 2023, and 2022

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## 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 (“TSXV”). The Company’s common shares trade under the symbol TSLV in Canada and on the OTCQB Venture Market under the US symbol TSLVF. Tier One’s head office and principal address is located at 1177 West Hastings Street, Suite 1630, Vancouver, British Columbia, Canada, V6E 2K3.

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

### (b) Nature of operations

The Company’s primary assets are the 100% owned Curibaya property in southern Peru, which was originally staked by the Company’s corporate predecessor in 2015 and has since been expanded through a combination of acquisitions and additional staking, and the Hurricane 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 in good standing for a reasonable cost, although there can be no certainty about the financial or other requirements to keep extending them. The Company has access rights through community agreements to complete work at both the Curibaya and Hurricane projects.

### (c) Going concern

As at March 31, 2023, the Company had net working capital of \$54,087 (December 31, 2022 - \$1,499,672) and incurred a loss of \$1,472,436 for the three months then ended (\$2,079,555 for three months ended March 31, 2022). 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 April 21, 2023, closed the first tranche of a non-brokered private placement for gross proceeds of \$1.4 million (the “2023 Private Placement” see Note 12), 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 (“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 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.

# Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

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## 2. Basis of Preparation

### (a) Statement of compliance

These 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 financial statements are the same as those applied in the Company’s annual audited consolidated financial statements for the year ended December 31, 2022.

These financial statements were approved and authorized for issuance on May 25, 2023, by the Board of Directors.

### (b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

### (c) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company. A summary of the Company’s subsidiaries included in these financial statements as at March 31, 2023 is as follows:

<b>Subsidiary</b>	<b>Place of incorporation</b>	<b>Functional Currency</b>	<b>Beneficial Interest</b>
Corisur Peru, S.A.C. (“Corisur”)	Peru	US\$	100%
Magma Minerals, S.A.C. (“Magma”)	Peru	US\$	100%

These 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).

### (d) Functional and presentation currency

The financial statements of the Company and each of its subsidiaries are prepared in its functional currency determined on the basis of the primary economic environment in which such entities operate. The Company’s functional and presentation currency is the Canadian dollar while the functional currency of its Peruvian subsidiaries is the United States dollar. These financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in United States dollars are denoted as US\$.

### (e) 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 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 3 of the annual audited consolidated financial statements

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements  
Unaudited (Expressed in Canadian dollars)  
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for the year ended December 31, 2022, and have been consistently applied in the preparation of these financial statements. No new estimates and judgments were applied for the period ended March 31, 2023.

### (f) Application of new and revised accounting standards

On May 7, 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the initial recognition exemption (“IRE”) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The adoption of the new standard, effective January 1, 2023, did not impact the financial statements of the Company.

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments, which became effective January 1, 2023, require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The adoption of the new standard did not impact the financial statements of the Company.

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The adoption of the new standard, effective January 1, 2023, did not impact the financial statements of the Company.

### (g) Standards issued but not yet effective.

Certain new accounting standards and interpretations have been issued but are not yet effective and they have not been early adopted. The Company is currently assessing the new and amended standards, which are not expected to have a material impact on the Company’s consolidated financial statements.

## 3. Prepaid expenses and deposits

The Company’s prepaid expenses and deposits consist of the following:

	March 31, 2023	December 31, 2022
Community and surface agreements	\$ 76,097	\$ 106,719
Exploration and evaluation	13,547	24,182
General, administration and marketing	292,963	416,963
UMS Canada and UMS Peru	233,876	220,000
<b>Total prepaid expenses and deposits</b>	<b>\$ 616,483</b>	<b>\$ 767,864</b>
Current portion	595,841	736,876
Non-current portion	\$ 20,642	\$ 30,988

The non-current portion of prepaid expenses and deposits relates to a community surface agreement entered into with respect to the Corisur claims (previously referred to as the Huilacollo project). Despite the termination of the Huilacollo option agreement, the Company retains the rights under the community surface agreement which expires in 2024. The Company’s surface rights agreements with the local communities at the Curibaya and Hurricane projects are in place until May 2023 (renewal discussions are currently underway - Curibaya), August 2023 (Magdalena target area - Hurricane) and December 2023 (San Cipriano and Ñañoahuayco target areas - Hurricane).



## Tier One Silver Inc.

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In accordance with the respective service agreements, the Company makes short-term advances to UMS Canada and UMS Peru in relation to geological and administrative services provided thereunder.

#### 4. Mineral property interests

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

<b>Mineral property interests</b>	<b>Curibaya</b>	<b>Hurricane</b>	<b>Other</b>	<b>Total</b>
Balance as at December 31, 2021	\$ 1,322,051	\$ 235,616	\$ 988,764	\$ 2,546,431
Mineral property additions	213	129,128	797	130,138
Mineral property impairments	-	-	(102,352)	(102,352)
Recognition of provision for site reclamation and closure	21,524	-	-	21,524
Currency translation adjustment	54,902	3,939	58,011	116,852
Balance as at December 31, 2022	\$ 1,398,690	\$ 368,683	\$ 945,220	\$ 2,712,593
Recognition of provision for site reclamation and closure	2,101	-	-	2,101
Currency translation adjustment	(716)	(48)	(768)	(1,532)
<b>Balance as at March 31, 2023</b>	<b>\$ 1,400,075</b>	<b>\$ 368,635</b>	<b>\$ 944,452</b>	<b>\$ 2,713,162</b>

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. Within the Curibaya project, the Sambalay and Salvador concessions are subject to a 1.5% and 2.0% net smelter return royalty, respectively. In addition, the Salvador concessions are subject to a US\$2.0 million production payment, payable at the time a production decision is made.

During the three months ended March 31, 2023, the Company incurred \$387,416 of exploration and evaluation expenses on Curibaya (\$627,194 during the three months ended March 31, 2022).

##### ii) Hurricane

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, Compañía Minera Tororume S.A.C. ("Tororume") which owns the Hurricane 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 project area to approximately 32,000 ha.

Under the terms of the Pembrook Option, Tier One has the option to acquire 90% or 100% of the shares of Tororume by making certain payments to Pembrook and by incurring certain amounts of exploration work on the project within the five-year period measured from a defined Access Date. The Access Date was to be the earlier of October 31, 2022, or the date by which the Company secured the necessary surface rights and governmental permits to commence diamond drilling. The Access Date was later extended to October 31, 2023 (unless the drill permit is obtained first) by paying Pembrook US\$75,000 as a non-refundable advance of the first annual option payment that will be due on the 1st anniversary date of the Access Date should the Company continue with the option. If the Company is unable to obtain its drill permit by October 31, 2023, the Company has the ability 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).

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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 US\$'000)	Work Expenditure (in US\$'000)
By April 28, 2021	Completed	\$ 84	\$ -
1 <sup>st</sup> Anniversary of Access Date	Partially complete <sup>(1)</sup>	250	750
2 <sup>nd</sup> Anniversary of Access Date		350	1,000
3 <sup>rd</sup> Anniversary of Access Date		500	2,000
4 <sup>th</sup> Anniversary of Access Date		1,000	3,000
5 <sup>th</sup> Anniversary of Access Date		2,500	4,000
<b>Total to acquire 90%</b>		<b>\$ 4,684</b>	<b>\$ 10,750</b>
Payment to acquire final 10%		10,000	-
<b>Total to acquire 100%</b>		<b>\$ 14,684</b>	<b>\$ 10,750</b>

(1) US\$75,000 of the option payment has been advanced and approximately US\$675,182 of eligible work expenditures have been incurred in relation to the 1<sup>st</sup> anniversary requirements.

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

The Company incurred \$113,861 of exploration and evaluation expenses on the Hurricane project during the three months ended March 31, 2023 (\$107,616 during the three months ended March 31, 2022).

iii) Other

### *Corisur Claims*

The Corisur claims, covering 1,300 ha, consist of the Tacora, Tacora Sur and Andamarca concessions which 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.

A provision of \$162,396 (US\$120,000) for final costs relating to the termination of the Huilacollo option agreement remains on the condensed consolidated interim statement of financial position as at March 31, 2023 (\$180,135 as at December 31, 2022) and is presented within the current portion of the provision for site reclamation and closure costs.

### *Coastal Batholith*

Coastal Batholith is a wholly-owned project on the coast of Peru acquired through staking and covers approximately 15,000 ha.

### *Exploration and Evaluation Costs*

On its properties that are grouped as other, namely the Coastal Batholith and Corisur claims, the Company recorded exploration and evaluation expenses of \$31,485 during the three months ended March 31, 2023 (\$76,722 during the three months ended March 31, 2022).

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three months ended March 31, 2023, and 2022

### 5. Equity investments

#### Investment in Associate - UMS Canada

UMS Canada is located in Vancouver, BC, and provides head office premises, administrative, geological, accounting and other advisory services to the Company and three other companies on a cost recovery basis. In 2022, the Company acquired a 25% share interest in UMS Canada and accounts for this investment as an associate. UMS Canada is party to an office lease agreement with a total term of ten years, for which certain rent expenses will be payable by the Company. As at March 31, 2023, the Company expects to incur approximately \$0.9 million in respect of future lease rent for the remaining 8.25 years.

#### Investment in Joint Venture - UMS Peru

UMS Peru is a company incorporated under Peruvian law, which provides administrative and geological services to Sombrero Minerales S.A.C. and the Peruvian subsidiaries of the Company. In 2022, the Company acquired a 50% ownership of UMS Peru and accounts for this investment as a joint venture. UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services.

#### Summarized financial information of UMS Canada and UMS Peru

The Company's share of net loss (income) of UMS Canada and UMS Peru was as follows:

	<b>UMS Canada</b>	<b>UMS Peru</b>
<b>For the three months ended March 31, 2023</b>		
Cost recoveries	\$ (1,555,704)	\$ (328,346)
Geological services	491,417	204,085
Administrative services	1,101,860	105,527
Net loss (income) for the period	37,573	(18,734)
Equity interest	25%	50%
<b>Company's share of net loss (income)</b>	<b>\$ 9,393</b>	<b>\$ (9,367)</b>

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at March 31, 2023, were as follows:

	<b>UMS Canada</b>	<b>UMS Peru</b>	<b>Total</b>
Acquisition of equity investment	\$ 151,000	\$ 168	\$ 151,168
Company's share of net (loss) income	(23,976)	3,774	(20,202)
Carrying amount as at December 31, 2022	\$ 127,024	\$ 3,942	\$ 130,966
<b>Company's share of net (loss) income</b>	<b>(9,393)</b>	<b>9,367</b>	<b>(26)</b>
<b>Carrying amount as at March 31, 2023</b>	<b>\$ 117,631</b>	<b>\$ 13,309</b>	<b>\$ 130,940</b>

The Company's equity interest in net assets and liabilities of UMS Canada and UMS Peru as at March 31, 2023, were as follows:

	<b>UMS Canada</b>	<b>UMS Peru</b>
Current assets	\$ 798,894	\$ 169,719
Non-current assets	2,679,928	155,311
Current liabilities	(1,579,817)	(298,412)
Non-current liabilities	(1,428,480)	-
Net assets - 100%	470,525	26,618
<b>Company's equity interest in net assets</b>	<b>\$ 117,631</b>	<b>\$ 13,309</b>

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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### 6. Share capital

#### (a) Authorized

Unlimited common shares without par value.

#### (b) Common share issuances

There were no common share issuances during the three months ended March 31, 2023 (March 31, 2022 – nil).

### 7. Share option and warrant reserves

#### (a) Shared 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, December 31, 2021	7,970,000	1.01
Expired	(278,125)	1.04
Forfeited	(496,875)	1.07
Outstanding, December 31, 2022	7,195,000	\$ 1.01
Forfeited	(9,375)	1.00
<b>Outstanding, March 31, 2023</b>	<b>7,185,625</b>	<b>\$ 1.01</b>

As at March 31, 2023, the number of share options outstanding and exercisable was:

Expiry date	Outstanding			Exercisable		
	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
April 8, 2026	6,860,625	\$ 1.00	3.02	6,011,250	\$ 1.00	3.02
April 29, 2026	200,000	1.00	3.08	175,000	1.00	3.08
June 22, 2026	125,000	1.44	3.23	109,375	1.44	3.23
	<b>7,185,625</b>	<b>\$ 1.01</b>	<b>3.03</b>	<b>6,295,625</b>	<b>\$ 1.01</b>	<b>3.03</b>

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 months ended March 31, 2023 (nil for the three months ended March 31, 2022), however, 9,375 share options were forfeited during the three-month period (496,875 for the three months ended March 31, 2022) and as a result, the Company has reversed the amount of share-based payments previously recorded in relation to those forfeited share options.

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Unaudited (Expressed in Canadian dollars)

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During the three months ended March 31, 2023, and 2022, the Company recognized share-based payments expense net of forfeiture recovery as follows.

	<b>March 31, 2023</b>	March 31, 2022
Recognized in net loss:		
Exploration and evaluation	\$ 15,414	\$ (45,268)
Fees, salaries and other employee benefits	51,219	324,635
Marketing and investor relations	3,648	17,821
Project investigation	862	5,243
	<b>\$ 71,143</b>	<b>\$ 302,431</b>

(b) Share purchase warrants

As at March 31, 2023, the Company had 13,736,026 share purchase warrants outstanding (December 31, 2022 – 13,736,026) which have a term of three years and are exercisable at \$0.75. The warrants will expire on May 31, 2025.

### 8. Related party transactions

Related party transactions are those with entities over which the Company has control or significant influence, or with key management personnel, being those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions for the three months ended March 31, 2023, and 2022, is as follows:

(a) UMS Canada and UMS Peru

All transactions 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.

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Exploration and evaluation	\$ 151,701	\$ 292,401
General and administration	280,452	230,199
Marketing and investor relations	21,672	383
Project investigation	5,990	5,543
<b>Total transactions for the period</b>	<b>\$ 459,815</b>	<b>\$ 528,526</b>

As at March 31, 2023, \$160,844 (December 31, 2022 - \$58,068) was included in accounts payable and accrued liabilities and \$170,000 (December 31, 2022 - \$220,000) in prepaid expenses and deposits relating to transactions with UMS Canada.

As at March 31, 2023, \$63,876 (December 31, 2022 - \$nil) was included in prepaid expenses and deposits relating to transactions with UMS Peru.

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three months ended March 31, 2023, and 2022

### (b) Key management compensation

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

	Three months ended March 31,	
	2023	2022
Salary and benefits provided to executives	\$ 131,494	\$ 222,255
Fees paid to non-executive directors	34,841	58,943
Share-based payments	37,934	186,879
	\$ 204,269	\$ 468,077

The Company's Chief Financial Officer provides services under a secondment employment arrangement between the Company and UMS Canada. As at March 31, 2023, \$27,905 (\$nil as at December 31, 2022) of executive salaries and director fees had been deferred and were included in accounts payable. These amounts have since been paid in full.

The Company issues options to certain UMS employees, including key management personnel of the Company. The Company recognized share-based payments of \$25,090 for the three months ended March 31, 2023 in respect of share options issued to UMS employees (\$159,383 for the three months ended March 31, 2022).

## 9. Financial instruments

The Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following summarizes the fair value hierarchy under which the Company's financial instruments are valued:

**Level 1** – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

**Level 3** – fair values based on inputs for the asset or liability that are not based on observable market data.

As at March 31, 2023 and December 31, 2022 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 March 31, 2023, the primary risks were as follows:

### (a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. As at March 31, 2023, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations for the upcoming year.

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three months ended March 31, 2023, and 2022

### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and amounts receivable. The risk exposure is limited because the Company's cash is held with highly rated financial institutions in interest-bearing accounts and the amounts receivable primarily consist of GST receivable from the Government of Canada.

### (c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A summary of the Company's financial instruments that are denominated in US dollars or Peruvian Soles is as follows:

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

	<b>March 31, 2023</b>	December 31, 2022
Financial assets	\$ 3,604	\$ 9,094
Financial liabilities	(127,818)	(109,500)
<b>Net exposure</b>	<b>\$ (124,214)</b>	<b>\$ (100,406)</b>

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.

## 10. Segmented information

The Company operates in one reportable segment, the exploration and evaluation of unproven exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in Peru, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

## 11. Management of capital

The Company considers capital to include items within shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and evaluation of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or issue debt instruments. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on the equity markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any capital restrictions and the Company's approach to capital management has not changed from the prior year.

## **Tier One Silver Inc.**

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

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### **12. Subsequent event**

On April 3, 2023, the Company announced a non-brokered private placement (the “2023 Private Placement”) for up to \$2,500,000 from the sale of 10,000,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.35 until the date that is two years from the closing date of the placement. On April 21, 2023, the Company closed the first tranche of the 2023 Private Placement by issuing 5,622,000 units for gross proceeds of \$1,405,500. In connection with the offering, the Company paid certain securities dealers total cash finder’s fees of \$43,830 and issued 175,320 non-transferable finder’s warrants, with the finder’s warrants having the same terms as the unit warrants. The Company has received an extension from the TSXV to close a second and final tranche of the 2023 Private Placement no later than June 2, 2023.