



## **Tier One Silver Inc.**

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021  
and 2020

(Unaudited)

# Tier One Silver Inc.

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

	As at June 30, 2021	As at December 31, 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 11,255,456	\$ 2,729,338
Accounts receivable	29,132	13,471
Prepaid expenses and deposits (Note 3)	941,963	148,323
	<b>12,226,551</b>	<b>2,891,132</b>
<b>Non-current assets:</b>		
Prepaid expenses and deposits (Note 3)	85,072	106,812
Equipment	5,350	10,456
Mineral property interests (Note 4)	2,548,616	3,687,909
	<b>2,638,038</b>	<b>3,805,177</b>
<b>Total assets</b>	<b>\$ 14,865,589</b>	<b>\$ 6,696,309</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,102,662	\$ 483,774
<b>Total liabilities</b>	<b>1,102,662</b>	<b>483,774</b>
<b>Equity:</b>		
Share capital	21,103,601	7,980,154
Share option reserves	1,301,020	-
Accumulated other comprehensive loss	(204,303)	(124,416)
Deficit	(8,437,391)	(1,643,203)
<b>Total equity</b>	<b>13,762,927</b>	<b>6,212,535</b>
<b>Total liabilities and equity</b>	<b>\$ 14,865,589</b>	<b>\$ 6,696,309</b>

Approved on behalf of the Board of Directors:

"Peter Dembicki"  
CEO, President & Director

"Steve Cook"  
Director

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

## Tier One Silver Inc.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Operating expenses:</b>				
Exploration and evaluation costs	\$ 1,704,426	\$ 203,325	\$ 2,230,372	\$ 519,941
Fees, salaries and other employee benefits	1,216,541	56,672	1,495,206	110,673
Legal and professional fees	222,411	18,531	362,588	30,428
Marketing and investor relations	330,773	-	486,593	-
Office and administration	78,590	9,362	170,305	29,312
Project investigation costs	33,184	-	38,131	-
Regulatory and transfer agent	20,475	-	86,652	-
Mineral property impairment (Note 4(ii))	-	-	1,689,719	-
Costs related to Huilacollo Option termination (Note 4(ii))	205,273	-	205,273	-
	<b>3,811,673</b>	<b>287,890</b>	<b>6,764,839</b>	<b>690,354</b>
<b>Other expenses:</b>				
Foreign exchange loss, net	18,541	936	29,349	2,307
<b>Loss for the period</b>	<b>\$ 3,830,214</b>	<b>\$ 288,826</b>	<b>\$ 6,794,188</b>	<b>\$ 692,661</b>
<b>Other comprehensive loss (income)</b>				
Unrealized currency loss (gain) on translation	36,128	116,034	79,887	(134,996)
<b>Comprehensive loss for the period</b>	<b>\$ 3,866,342</b>	<b>\$ 404,860</b>	<b>\$ 6,874,075</b>	<b>\$ 557,665</b>
Basic and diluted loss per share (Note 5(c))	\$ 0.03	\$ n/a <sup>1</sup>	\$ 0.06	\$ n/a <sup>1</sup>
Basic and diluted weighted average number of shares outstanding (Note 5(c))	125,794,897	n/a <sup>1</sup>	121,310,076	n/a <sup>1</sup>

<sup>1</sup> Since Tier One was incorporated on July 23, 2020, loss per share information for the three and six months ended June 30, 2020 is not applicable as Tier One did not exist as of June 30, 2020.

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

## Tier One Silver Inc.

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

### Attributable to common shareholders of the Company

	Number of common shares	Share Capital	Share option reserve	Other comprehensive loss	Deficit	Net parent investment (Note 2(b))	Total
Balance at December 31, 2019	-	\$ -	\$ -	\$ -	\$ -	\$ 3,474,710	\$ 3,474,710
Cash contributions from parent	-	-	-	-	-	644,037	644,037
Non-cash contributions from parent	-	-	-	-	-	67,565	67,565
Other comprehensive income	-	-	-	-	-	134,996	134,996
Loss for the period	-	-	-	-	-	(692,661)	(692,661)
Balance at June 30, 2020	-	\$ -	\$ -	\$ -	\$ -	\$ 3,628,647	\$ 3,628,647
Balance at December 31, 2020	112,340,434	\$ 7,980,154	\$ -	\$ (124,416)	\$ (1,643,203)	\$ -	\$ 6,212,535
Shares issued pursuant to offering, net of share issue costs (Note 5(b))	<b>13,454,463</b>	<b>13,123,447</b>	-	-	-	-	<b>13,123,447</b>
Share-based compensation (Note 6)	-	-	<b>1,301,020</b>	-	-	-	<b>1,301,020</b>
Other comprehensive loss	-	-	-	<b>(79,887)</b>	-	-	<b>(79,887)</b>
Loss for the period	-	-	-	-	<b>(6,794,188)</b>	-	<b>(6,794,188)</b>
<b>Balance at June 30, 2021</b>	<b>125,794,897</b>	<b>\$ 21,103,601</b>	<b>\$ 1,301,020</b>	<b>\$ (204,303)</b>	<b>\$ (8,437,391)</b>	<b>\$ -</b>	<b>\$ 13,762,927</b>

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

## Tier One Silver Inc.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Operating activities:</b>				
Loss for the period	\$ (3,830,214)	\$ (288,826)	\$ (6,794,188)	\$ (692,661)
Non-cash transactions:				
Impairment of mineral property (Note 4(ii))	-	-	1,689,719	-
Share-based compensation (Note 6)	1,301,020	20,637	1,301,020	61,085
Depreciation	4,732	9,010	4,860	11,492
Unrealized foreign exchange (gain) loss	(11,505)	2,678	(3,342)	-
Changes in non-cash working capital:				
Accounts receivable	(9,893)	-	(15,661)	-
Prepaid expenses and deposits	(645,408)	13,694	(771,900)	4,998
Accounts payable and accrued liabilities	640,335	5,789	603,806	77,265
<b>Cash used in operating activities</b>	<b>(2,550,933)</b>	<b>(237,018)</b>	<b>(3,985,686)</b>	<b>(537,821)</b>
<b>Investing activities:</b>				
Mineral property additions (Note 4)	(296,972)	-	(612,746)	(231)
<b>Cash used in investing activities</b>	<b>(296,972)</b>	<b>-</b>	<b>(612,746)</b>	<b>(231)</b>
<b>Financing activities:</b>				
Proceeds from issuance of common shares, net of cash issuance costs	-	-	13,141,813	-
Contributions from parent	-	336,827	-	644,037
<b>Cash provided by financing activities</b>	<b>-</b>	<b>336,827</b>	<b>13,141,813</b>	<b>644,037</b>
Effect of foreign exchange rates on changes on cash	(10,419)	(957)	(17,263)	-
(Decrease) increase in cash	(2,858,324)	98,852	8,526,118	105,985
Cash, beginning of the period	14,113,780	33,048	2,729,338	25,915
<b>Cash, end of the period</b>	<b>\$ 11,255,456</b>	<b>\$ 131,900</b>	<b>\$ 11,255,456</b>	<b>\$ 131,900</b>

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

# Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and six months ended June 30, 2021, and 2020

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## 1. Corporate information, transaction arrangement and nature of operations

### (a) Corporate information

Tier One Silver Inc. (the “Company” or “Tier One”) was incorporated under the British Columbia Business Corporations Act on July 23, 2020 and is listed on the TSX Venture exchange as a Tier 2 mining issuer. The Company’s common shares trade under the symbol TSXV in Canada and on the OTCQB Venture Market under the US symbol TSLVF. Tier One’s head office and principal address is located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, Canada, V6E 3T5.

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

### (b) Transaction arrangement

On October 9, 2020, Auryn Resources Inc. (“Auryn”) – now known as Fury Gold Mines Limited (“Fury Gold”) and Eastmain Resources Inc. (“Eastmain”) closed the transaction to combine their Canadian mineral businesses after Fury Gold spun out its Peruvian subsidiaries into two newly formed British Columbia subsidiaries, distributed to its shareholders the common shares of these subsidiaries, including Tier One and completed a concurrent financing (collectively, the “Transaction”). Refer to Note 1(b) of the audited consolidated financial statements for the year ended December 31, 2020, for more details of the Transaction.

### (c) Nature of operations

The Company’s primary asset is the Curibaya property in southern Peru, which was originally staked by the Company in 2015 and the property has since been expanded through a combination of acquisitions and additional staking. The Company has not yet determined whether the property contains mineral reserves where extraction is both technically feasible and commercially viable. Tier One operates in one reportable operating segment, being the acquisition and exploration of mineral resource properties in Peru.

As a normal part of the exploration process, Tier One seeks to establish access and use agreements with local communities surrounding its projects. The process of securing such agreements requires achieving local community consensus and can be challenging; however, positive dialogue continues with the communities and management believes that agreements will continue to be maintained and updated, although there can be no certainty at this time about their timing or extent.

### (d) Ongoing response to COVID-19

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

While the disruptions resulting from the pandemic caused only a minor delay in the Company’s planned goals for 2021, mainly related to its inability to conduct field programs in Peru since the lockdown was mandated, management was still able to continue with much of its planned activity. As the situation surrounding COVID-19 continues to develop daily, the Company will continue to monitor the situation closely and respond appropriately.

## 2. Basis of presentation

### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies

## Tier One Silver Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

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consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company’s most recent audited consolidated financial statements for the year ended December 31, 2020, except as follows:

- Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). This amendment had no impact on the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved and authorized for issuance on August 25, 2021, by the Board of Directors.

#### (b) Basis of measurement

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

#### Common control transaction

Pursuant to the Transaction, the Company acquired a 100% ownership interest in Corisur and Magma (collectively, the “Peruvian Subsidiaries”). Tier One’s acquisition of the Peruvian Subsidiaries is a business combination involving entities under common control in which all of the combining entities were ultimately controlled by Fury Gold, both before and after the Transaction was completed. Business combinations involving entities under common control are outside the scope of IFRS 3 – Business Combinations. The Company accounted for this common control transaction using book value accounting based on the book values recognized in the financial statements of the underlying subsidiaries. This results in the condensed consolidated financial statements reflecting the combination as if it had occurred from the beginning of the period that the entities were under common control, regardless of the actual date the common control transaction closed.

#### Net parent investment

The comparative financial statements for 2020 were prepared on a combined basis. An analysis of reserves and share capital is shown for 2021 and 2020. The amounts which reflect the carrying value of investments in the combined entities are disclosed as “Net Parent Investment”. Since the Company was not a legal entity up to July 23, 2020, the combined entities have no historical capital structure. Consequently, loss per share as required by IAS 33 – Earnings per Share has not been presented for 2020. The amounts reflected as cash and non-cash contributions from parent in the condensed consolidated interim statements of changes in equity refer to cash and non-cash contributions to the Company from Fury Gold.

#### (c) Basis of consolidation

##### i. Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company’s returns. These condensed consolidated interim financial statements reflect adjustments in all historical periods as if the subsidiaries had always been controlled by the Company.

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries 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	USD	100%
Magma Minerals S.A.C.	Peru	USD	100%

Corisur is a private Peruvian company incorporated on December 17, 2015, pursuant to Peru General Law of Companies. Corisur is owned by two Peruvian nationals who have entered into conditional Option Agreements with the Company pursuant to which the Company has options to acquire 100% of the shares of Corisur for nominal consideration. This arrangement is conditional on a Supreme Decree being received in respect of the border zone properties which Corisur owns. The two optionors are remunerated service providers to Tier One and manage Corisur at the direction of Tier One.

ii. Transactions eliminated upon consolidation

Intercompany balances and transactions have been eliminated on consolidation.

(d) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in USD are denoted as US\$.

(e) Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the condensed consolidated interim financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgements and estimates were presented in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2020, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

As at June 30, 2021, the Company also used judgment in determining the best estimate of costs that will be incurred to return the properties under the Huilacollo Option agreement to the optionor. A provision for this best estimate has been recorded within accounts payable and accrued liabilities on the condensed consolidated interim statement of financial position.

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



## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

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### 3. Prepaid expenses and deposits

	June 30, 2021	December 31, 2020
<b>Prepays and deposits related to:</b>		
Community and surface agreements	\$ 122,881	\$ 145,653
Exploration and evaluation	138,807	-
General, administration, and other	765,347	109,482
<b>Total prepaids and deposits</b>	<b>\$ 1,027,035</b>	<b>\$ 255,135</b>
Current portion	941,963	148,323
Long-term portion	\$ 85,072	\$ 106,812

The long-term portion of prepaid expenses and deposits relates to a community and surface agreement entered in relation 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 and surface agreement which expires in 2024.

### 4. Mineral property interests

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

	Curibaya	Corisur	Other	Total
Balance as at December 31, 2019	\$ 976,259	\$ 2,261,291	\$ -	\$ 3,237,550
Mineral property additions	20,031	337,475	171,887	529,393
Currency translation adjustment	(9,579)	(63,747)	(5,708)	(79,034)
Balance as at December 31, 2020	\$ 986,711	\$ 2,535,019	\$ 166,179	\$ 3,687,909
Mineral property additions	29,470	-	583,276	612,746
Mineral property impairment	-	(1,689,719)	-	(1,689,719)
Currency translation adjustment	(17,322)	(38,264)	(6,734)	(62,320)
<b>Balance as at June 30, 2021</b>	<b>\$ 998,859</b>	<b>\$ 807,036</b>	<b>\$ 742,721</b>	<b>\$ 2,548,616</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 in southern Peru located 48 kilometres ("km") from the provincial capital, Tacna.

The Company incurred \$1,421,794 and \$1,666,367 of exploration and evaluation costs on the Curibaya claims during the three and six months ended June 30, 2021, respectively, (\$160,873 and \$425,261 for the three and six months ended June 30, 2020, respectively).

#### ii) Corisur Claims (previously Huilacollo)

In 2016, the Company acquired the rights to the Huilacollo 1 & 2 concessions, covering approximately 2,000 hectares and located in the Tacna province of southern Peru through a conditional option agreement (the

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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“Huilacollo Option”) with a local Peruvian company, Inversiones Sol S.A.C.(“Inversiones”). Subsequently, in 2017, the Company acquired the rights to the neighbouring concessions, the Tacora, Tacora Sur and Andamarca concessions, covering 1,300 hectares through two acquisition agreements. Certain Net Smelter Return royalties remain on these concessions. Collectively, these five claims were referred to as “Huilacollo”.

Given the Company’s strategic focus on the Curibaya project, Huilacollo had become non-core to the ongoing business of Tier One, and as a result, on April 24, 2021, the Company gave notice to terminate the Huilacollo Option thus eliminating any further payments under the option agreement. During the six months ended June 30, 2021, the Company recorded an impairment of \$1,689,719 against the value of the mineral property interests in relation to the Huilacollo 1 & 2 concessions. There are no remaining costs capitalized in relation to these concessions. Furthermore, the Company has recorded a liability of \$205,273 for final costs relating to the termination of the Huilacollo Option which is presented within accounts payable and accrued liabilities on the condensed consolidated interim statement of financial position as at June 30, 2021.

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

The Company incurred \$44,075 and \$73,010 of exploration and evaluation costs on the Corisur claims during the three and six months ended June 30, 2021, respectively, (\$26,611 and \$62,998 for the three and six months ended June 30, 2020, respectively).

iii) Other

### *Emilia*

On January 12, 2021, the Company entered into an option agreement to acquire 100% of the Emilia project (the “Emilia Option”), which covers 1,400 hectares in southern Peru. In order to exercise the Emilia Option, the Company must make cash payments as follows:

<b>Due Dates</b>	<b>Status</b>	<b>Property Payments (in ‘000 US\$)</b>	<b>Work Expenditure (in ‘000 US\$)</b>
Effective Date (January 12, 2021)	Completed	150	-
June 18, 2021	Completed	125	-
December 18, 2021		125	100
December 18, 2022		600	240
December 18, 2023		1,300	-
December 18, 2024		2,300	-
December 18, 2025		5,400	-
<b>Total</b>		<b>10,000</b>	<b>340*</b>

\*The Company is required to incur work expenditures totaling US\$340,000 as outlined above. However, should the Company utilize diamond drilling processes, the overall work expenditure requirement increases to US\$800,000.

## Tier One Silver Inc.

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### *Hurricane Silver*

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

Under the terms of the Pembroke Option, Tier One has the option to acquire 90% or 100% of the shares of Tororume by making certain payments to Pembroke and by incurring certain amounts of exploration work on the project within the five year period measured from a defined Access Date. The Access Date is the date by which the Company has secured the necessary surface rights and governmental permits (“Rights and Permits”) to commence diamond drilling. If after using reasonable efforts to obtain the Rights and Permits for at least 12 months (from April 28, 2021), the Company still has not secured the needed Rights and Permits, it may then terminate the option anytime during the next 6 months without obligation. If it does not terminate by the end of the 18th month, then the Company is thereupon obligated to incur the first year of Committed Expenditures in the table below (or pay them to Pembroke in lieu) even if it has not yet obtained the Rights and Permits.

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

<b>Due Dates</b>	<b>Status</b>	<b>Option Payments (in ‘000 US\$)</b>	<b>Work Expenditure (in ‘000 US\$)</b>
By April 28, 2021	Completed	84	-
1 <sup>st</sup> Anniversary of Access Date		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>

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 \$238,557 and \$490,995 of exploration and evaluation costs on its properties that are grouped as other during the three and six months ended June 30, 2021, respectively, (\$15,841 and \$31,682 for the three and six months ended June 30, 2020, respectively).

### *Mining Concession Fees*

As at June 30, 2021, the Company has accrued mining concession fees of \$201,109 relating to its exploration projects. Previously, the Company misstated this obligation by expensing these fees when paid because of the uncertainty regarding the timing and amounts of payment due. Accordingly, the Company has re-presented the prior period figures by recording an accrual of \$64,103 as at June 30, 2020, impacting exploration and evaluation costs on the condensed consolidated interim statement of loss and comprehensive loss, and the change in accounts payable and accrued liabilities on the condensed consolidated statement of cash flows.

## Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements  
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### 5. Share capital

#### (a) Authorized

Unlimited common shares without par value

#### (b) Common share issuances

On March 2, 2021, Tier One closed a non-brokered private placement for gross proceeds of \$13,454,463 which consisted of 13,454,463 common shares priced at CAD\$1.00 per share. Share issue costs related to the offering totaled \$331,016. A reconciliation of the impact of the offering on share capital is as follows:

	Number of common shares	Impact on share capital
Common shares issued at \$1.00 per share	13,454,463	\$ 13,454,463
Cash share issue costs	-	(331,016)
<b>Proceeds net of share issue costs</b>	<b>13,454,463</b>	<b>\$ 13,123,447</b>

There were no other share issuances during the six months ended June 30, 2021

#### (c) Loss per share

As Fury Gold was the parent company of Tier One prior to the Transaction, basic and diluted loss per share information for the three and six months ended June 30, 2020, is not applicable.

	Three months ended June 30, 2021	Six months ended June 30, 2021
Net loss	\$ 3,830,214	\$ 6,794,188
Weighted average number of shares outstanding	125,794,897	121,310,076
<b>Basic and diluted loss per share</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>

### 6. Share-based payments

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

During the three and six months ended June 30, 2021, the Company issued its first share options.

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

	Number of share options	Weighted average exercise price
Outstanding, January 1, 2021	-	\$ -
Granted	8,140,000	1.01
Forfeited	(39,375)	1.00
<b>Outstanding, June 30, 2021</b>	<b>8,100,625</b>	<b>\$ 1.01</b>

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As at June 30, 2021, 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	7,675,625	\$ 1.00	4.78	-	-	-
April 29, 2026	200,000	1.00	4.83	-	-	-
June 22, 2026	225,000	1.44	4.98	-	-	-
	8,100,625	\$ 1.01	4.78	-	-	-

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

	Three and six months ended June 30, 2021
Recognized in net loss:	
Included in exploration and evaluation costs	\$ 354,101
Included in fees, salaries and other employee benefits	875,175
Included in marketing and investor relations	63,773
Included in project investigation costs	7,971
	<b>\$ 1,301,020</b>

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

The fair value of the share-based options granted during the three and six months ended June 30, 2021, were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Three and six months ended June 30, 2021
Risk-free interest rate	0.85%
Expected dividend yield	Nil
Share price volatility	69%
Expected forfeiture rate	1.64%
Expected life in years	4.52

The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the share-based options. Due to the limited historical data for the Company, the expected volatility, expected forfeiture rate, and expected life assumptions took into consideration the historical data for the Company, Fury Gold and that of other peer exploration companies.

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### 7. Related party transactions and balances

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

#### (a) Related party transactions

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Universal Mineral Services Ltd				
Exploration and evaluation costs	\$ 195,924	\$ 27,579	\$ 250,302	\$ 99,112
Fees, salaries and other employee benefits	122,036	-	208,338	-
Legal and professional fees	18,424	-	24,869	-
Marketing and investor relations	26,787	-	46,915	-
Office and administration	59,609	-	139,785	-
Project investigation costs	9,316	-	9,675	-
<b>Total transactions for the periods</b>	<b>\$ 432,096</b>	<b>\$ 27,579</b>	<b>\$ 679,884</b>	<b>\$ 99,112</b>

Universal Mineral Services Ltd., (“UMS Canada”) is a private company with two directors and two officers in common with Tier One. UMS Canada provides geological, financial and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS Canada, on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice.

On April 1, 2021, Universal Mineral Services Peru S.A.C (“UMS Peru”), a company incorporated by UMS Canada under Peruvian law, commenced providing similar administrative and geological services to the Peruvian Subsidiaries. In order to comply with Peruvian transfer pricing rules, UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services.

During the three and six months ended June 30, 2021, \$nil (three and six months ended June 30, 2020 – \$20,637 and \$61,085 respectively) of share-based compensation from Fury Gold were allocated to the Company.

Fury Gold uses the fair value method of accounting for all share-based payments. The fair value of the share-based options granted up to the date of the Transaction were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

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

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The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the share-based options. The expected volatility assumption is based on the historical and implied volatility of Fury Gold's common shares. The expected forfeiture rate and the expected life in years are based on historical trends.

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

### (b) Related party balances

As at June 30, 2021, \$202,887 (December 31, 2020 - \$96,293) was included in accounts payable and \$470,008 (December 31, 2020 - \$50,000) was in prepaid expenses and deposits relating to transactions with UMS Canada.

As at June 30, 2021, \$57,648 (December 31, 2020 - \$nil) was included in accounts payable and \$167,261 (December 31, 2020 - \$nil) was in prepaid expenses and deposits relating to transactions with UMS Peru.

There was \$nil (December 31, 2020 - \$84,000) included in accounts payable and accrued liabilities owed to Fury Gold related to the closing cash pursuant to the Transaction.

### (c) Key management compensation

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

	<b>Three months ended June 30, 2021</b>	<b>Six months ended June 30, 2021</b>
Salary and benefits provided to executives	\$ 186,599	\$ 347,353
Director fees paid to non-executive directors	47,433	100,739
Share-based compensation	980,593	980,593
	<b>\$ 1,214,625</b>	<b>\$ 1,428,685</b>

## 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;

**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, 2021 and December 31, 2020, there were no financial instruments measured at fair value.

The Company's financial instruments are exposed to credit risk and liquidity risk. As at June 30, 2021, the primary risks were as follows:

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### Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at June 30, 2021, the Company has working capital of \$11,123,889 (December 31, 2020 - \$2,407,358). The Company held cash of \$11,255,456 at June 30, 2021 (December 31, 2020 - \$2,729,338), which is entirely unrestricted.

### Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risk to which the Company is exposed is as follows:

### Currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the functional currency of each of Corisur and Magma is the US dollar). As at June 30, 2021, and December 31, 2020, the Company's foreign currency exposure relates primarily to cash, and accounts payable and accrued liabilities that are in either US dollars or Peruvian soles.

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

	<b>June 30, 2021</b>		December 31, 2020
Financial assets	\$ 32,968	\$	58,774
Financial liabilities	(51,583)		(71,173)
<b>Net exposure</b>	<b>\$ (18,615)</b>	\$	<b>(12,399)</b>

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

## 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, 2021, and December 31, 2020.



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### 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:

	<b>June 30, 2021</b>	December 31, 2020
Equity	<b>\$ 13,762,927</b>	\$ 6,212,535
Less cash	<b>(11,255,456)</b>	(2,729,338)
	<b>\$ 2,507,471</b>	\$ 3,483,197

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to maximize ongoing development efforts, the Company does not pay out dividends, does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company currently has sufficient working capital and is able to meet its ongoing current obligations as they become due. However, the Company will likely require additional capital in the future to meet its company objectives, being the acquisition and exploration of mineral properties. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.