(An exploration stage business)

MANAGEMENT'S DISCUSSION AND ANALYSIS
TIER ONE SILVER INC.
For the three and six months ended June 30, 2023

Dated: August 24, 2023

1. HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND THE PERIOD UP TO AUGUST 24, 2023

1.1 Operational highlights

- On June 12, 2023, Tier One Silver Inc. ("Tier One" or the "Company") announced that it had started exploration work at new targets at its 100% owned Curibaya project, located in southern Peru. The geological reconnaissance program was planned to cover three main zones of the project that had seen little exploration to date and represent the potential for additional porphyry targets that would complement the high-grade precious metals epithermal system.

- On June 7, 2023, the Company provided an update for its second phase of drilling at it's Curibaya project, reporting that 20 drill pad locations had been identified to test several new targets as well as expand on intercepts from the inaugural drill program in 2021, which included 1.5 metres (m) of 1,129 grams per tonne (g/t) silver (Ag) and 1.04 g/t gold (Au) in a larger interval of 7 m of 272 g/t Ag and 0.33 g/t Au and 1 m of 1,431 g/t Ag and 0.39 g/t Au within a broader interval of 1.5 m of 965 g/t Ag and 0.26 g/t Au. The Company reported that it would be resuming exploration work on additional adjacent potential porphyry targets within the project area and continuing its preparations for a second phase of drilling, expected to consist of 2,000 m of drilling from five of the 20 drill pads focusing on the preferred precious metal zonation at the Cambaya target area.

- On February 16, 2023, the Company reported 17 composite near surface chip sampling highlights (covering 1 square metre per sample distribution) of 1.59% copper (Cu), 0.24% nickel (Ni), 0.22 g/t palladium (Pd), 0.13 g/t platinum (Pt), 204 g/t cobalt (Co), 0.21 g/t Au; 1.43% Cu, 1.86% Ni, 0.16 g/t Pd, 0.18 g/t Pt, 1,110 g/t Co and 0.84% Cu, 2.26% Ni, 0.24 g/t Pd, 0.24 g/t Pt, 1,280 g/t Co from the new Rayanpata target area at the Hurricane project in southern Peru. Rayanpata is located 3 kilometres (km) north from the Magdalena high-grade silver vein target. The majority of the samples report high-grade values for copper, nickel and cobalt, and all of the results appear to be related to magmatic-style sulphide mineralization within a gabrodioritic sill. Of the 17 samples from Rayanpata, 65% report values above 0.1% Ni, 35% report values above 0.1% Cu and two samples report values above 1,000 g/t Co.

- On January 30, 2023, the Company announced that recent geophysical survey results, combined with existing exploration data sets, have led to the identification of a porphyry copper target underlying the silver-gold epithermal mineralization defined on surface at its Curibaya project in southern Peru. New data sets, from a 42.7-line km Controlled-Source-Audio-Frequency Magnetotelluric (CSAMT) geophysical survey over the central portion of the Curibaya project completed in late 2022, were integrated into the exploration model, building on previous geophysical, geochemical and geological data sets, to generate targets for the Company's next planned drill program at the project.

1.2 Corporate Highlights

- On June 5, 2023, the Company announced that it closed on a second and final tranche of a non-brokered private placement (the "2023 Private Placement"). The Company issued a total of 10,564,000 equity units at $0.25 per unit for total gross proceeds from the 2023 Private Placement of $2.6 million. Each unit consisted of one common share and one common share purchase warrant (exercisable for one common share at $0.35 for a two-year period from April 21, 2023). In connection with the offering, the Company paid certain securities dealers total cash finder's fees of $69,210 and issued 276,840 non-transferable finder's warrants, with the finder's warrants having the same terms as the unit warrants.

- On January 30, 2023, the Company announced that Michael Henrichsen had retired as Chief Geologist of Tier One Silver to focus his efforts as Chief Geological Officer of Torq Resources Inc. and that Christian Rios, SVP of Exploration, will be leading exploration operations at the Company going forward.

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 in assessing material changes in the condensed consolidated interim financial statements and results of operations of the Company as at June 30, 2023 and for the three and six months then ended (the "financial statements"). Subsequent events are as of the dates noted.

This MD&A should be read in conjunction with the financial statements of the Company. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all dollar amounts presented are Canadian dollars unless otherwise stated.

United States readers should be aware that the Company uses mineral terminology based on the Canadian Institute of Mining and Metallurgy ("CIM"). Applicable CIM standards may not be the same as those accepted by the US Securities Exchange Commission for US domestic mining company disclosure. Further details of these differences can be found in our Annual Information Form filings.

The effective date of this MD&A is August 24, 2023.

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 therefore 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 ability to execute on its exploration and financing plans, the likelihood of discovering resources; the potential for access to and exploration of the Company's projects, 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 Company's intention to grow its business and its operations; the Company's competitive position; and changes to government regulation, in particular Peruvian.

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; 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 accurately 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 differ materially and adversely from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors 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: risks in investigating, optioning or otherwise acquiring interests in mineral projects of merit followed by the high risk of exploration failure, risks in our ability to secure governmental permits and a social license to explore the projects, risks that the financial markets will lose their appetite to finance junior resources issuers; fluctuations in the current and projected prices for precious and base metals; technical risks and hazards associated with the mineral exploration including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding; the uncertainty in the process of estimation and valuation of any mineral resources that may be discovered, changes in tax, title and mining laws and regulations impacting exploration activities; the risk of the Company's mineral properties being subject to unknown prior unregistered agreements, transfers or claims and other defects in title; general opposition to mining activities and attendant 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, the continued involvement of our key management team and our ability to secure the specialized skill and knowledge necessary to operate in the mining industry; our ability to ultimately meet the listing criteria of an recognized stock exchange upon which may delay or negate any intention to application to list the Company's shares; relations with and potential demands and claims by local communities and non-governmental organizations, including indigenous populations and affected local communities with whom we are required to pursue local community surface access agreements in order to explore; the expenses and other requirements of being a public company; risks associated with the significant resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties; and public health crises such as the COVID-19 pandemic and other uninsurable risks. While we have sought to provide a list of the principal risks, these are the known risks and hence cannot be an exhaustive list of the risks and other factors that may affect any of the Company's forward-looking statements as there are likely also unknown risks. Additional information relating to the Company and its operations is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.tieronesilver.com. These documents, particularly including the Company's Annual Information Form filed March 20, 2023, are for supplemental information purposes only and not incorporated by reference in this MD&A.

The Company's management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

3. DESCRIPTION OF THE BUSINESS

The Company is a junior resource exploration issuer seeking to create significant value for shareholders through the exploration for silver, gold and base-metal deposits in Peru. The primary focus of the Company is on its 100% owned Curibaya project, which consists of approximately 17,000 hectares (ha) located approximately 48 km north-northeast of the provincial capital, Tacna, accessible by road. The Company's other material project, Hurricane, covers approximately 32,000 ha and is located approximately 65 km north of the city of Cusco.

In addition to its material projects discussed above, the Company also has the Corisur claims, that it does not consider to be material at this time. In June 2023, the Company made the decision to relinquish the Coastal Batholith concessions given the early stage nature of the claims and the Company's plans to focus its resources elsewhere. The Corisur claims cover 1,300 ha, located 52 km from Tacna, and consist of the Tacora, Tacora Sur and Andamarca concessions.

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

Beyond having title to its mineral properties, the Company must secure environmental permits and local community access agreements in order to conduct its exploration activities. Therefore, building and maintaining relationships with its key stakeholders, namely governmental bodies and local communities, among others, is crucial to the Company's continued success. In this regard, the Company believes that it conducts itself to the highest standards around environmental and social responsibility and corporate governance.

As a normal part of the exploration process, Tier One enters into access and use agreements with the local communities. The process requires achieving local community consensus though positive dialogue with the communities. As at the date hereof, the Company has agreements with communities covering portions of the Curibaya and Hurricane projects which provide surface access and are in place until December 2023 (San Cipriano and Ñañohuayco target areas - Hurricane) and May 2024 (Curibaya). Management believes that the community 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.

3.1 Peruvian projects

3.1.1 Curibaya Project

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, mostly by the Company's corporate predecessor, 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.

2023 Activity and Plans

During Q2 2023, the Company commenced reconnaissance regional exploration in areas of the project that had not yet been sampled in detail. As of the date of this MD&A, two phases of the work have been completed with a total of 97 channel samples and 45 rock samples being collected. Full assay results from this sampling program are pending and expected in the coming weeks.

The Company continues to analyze the data it has accumulated at the Curibaya project to date in order to be drill ready and lay the groundwork for a second phase of drilling. The Company has identified 20 drill pad locations and anticipates that the next phase of drilling will comprise of between 2,000 – 5,000 metres, from 5 of the identified drill pads, to follow-up on the high-grade silver-gold epithermal mineralization defined at surface. Despite the ongoing efforts and preparations, the Company will not be in a position to execute this program until it raises sufficient capital at which point it will commence work to implement the required infrastructure and mobilize equipment to site, before resuming drilling activities.

On June 11, 2023, the Company renewed its surface rights access agreement with the local community at the Curibaya project for a one-year term. As previously disclosed, the community provided their formal support in the Company's successful bid to keep open the majority of the access roads and platforms that were built for the 2021 drill program under its original Ficha Técnica Ambiental ("FTA") permit. Having been granted this permit exception, which significantly reduces the related reclamation costs, the Company has committed to help fund the construction of certain community roads, a portion of which will be constructed in 2023. The Company plans to use the equipment that would be onsite for the construction of access roads, once financing permits, and the estimated costs of the community roads have been accrued for as part of provision for reclamation and closure at Curibaya.

During the three and six months ended June 30, 2023, the Company incurred $398,174 and $785,590 of exploration and evaluation costs on Curibaya ($576,822 and $1,204,016 for the three and six months ended June 30, 2022).

3.1.2 Hurricane Project

The Company's rights to the Hurricane project, which covers approximately 32,000 ha and is located 66 km north of the city of Cusco, were acquired by way of a share purchase option agreement (the "Pembrook Option") over Compañia Minera Tororume S.A.C. ("Tororume"), the Peruvian subsidiary of Pembrook Copper Corp. ("Pembrook"), that owns the Hurricane concessions. 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 Hurricane 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. 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).

The following table outlines the required option payments, which the Company can choose to make in cash or Tier One shares (subject to TSX Venture approval), 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	Partially complete(1)	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**

(1) US$75,000 of the option payment has been advanced and approximately US$710,985 of eligible work expenditures have been incurred in relation to the 1st anniversary requirements.

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

As of the date of this MD&A, the Company has a two-year surface access agreement with one of the five local communities surrounding the Hurricane project, which provides surface access to the Ñañohuayco, San Cipriano and Morro Culispata copper-nickel-platinum-palladium-silver prospects. The current agreement will allow for drilling once a drill permit has been obtained and will need to be renewed in December of 2023. While the Company has worked to build strong relationships with the communities in the region, and currently has access to some of the highest priority targets where surface exploration has been conducted, additional community agreements would be needed to gain access to other areas of the project including areas where mineralization is found to extend beyond community agreement boundaries. As of the date of this MD&A, the agreement with the community that covers the Magdalena silver prospect, and half of the Pampayeoc silver prospect, has expired and in order to conserve the treasury, the Company will hold off on pursuing or renewing agreements until it has the funds to recommence exploration at the Hurricane project.

<u>2023 Plans</u>

The Company has placed its exploration efforts at Hurricane on hold at this time as it is currently allocating all available funds to Curibaya. If sufficient capital is raised, the Company would look to reinitiate its community relations activities and field work including mapping, sampling and geophysics.

During the three and six months ended June 30, 2023, the Company incurred $111,964 and $225,825 of exploration and evaluation costs on the Hurricane project, respectively ($177,221 and $284,837 for the three and six months ended June 30, 2022, respectively).

3.1.3 Other Non-Material Projects

<u>Corisur Claims</u>

In 2017, the Company acquired the rights, subject to certain NSR royalties, to the Tacora, Tacora Sur and Andamarca concessions covering 1,300 ha through two acquisition agreements. This group of concessions makes up the Corisur claims, which are located in the border zone and therefore unconditional ownership can only be achieved by any non-Peruvian controlled entity by obtaining a Supreme Decree from the government, although the concessions can be sold to a Peruvian national at any time. No Supreme Decree is currently being sought by the Company. The Company maintains surface rights, expiring in 2024, over a portion of the claims still held.

<u>Coastal Batholith</u>

The Coastal Batholith project was staked primarily during the last quarter of 2020. Tier One originally screened 11,000 square km using a stream sediment survey which identified five target areas, located within the northern half of the Cretaceous porphyry and IOCG belt. Given the early stage of the project and the Company's plans to focus resources on its other projects, all remaining Coastal Batholith claims were relinquished in June 2023 thereby eliminating any further costs related to holding the concessions. The Company wrote off all previously capitalized costs related to the project and recognized an impairment charge of $62,104 for the three and six months ended June 30, 2023.

Exploration and Evaluation Costs

On its properties that were grouped as other, namely the Coastal Batholith and Corisur claims, the Company recorded a net exploration and evaluation cost recovery of $39,456 and $7,971 for the three and six months ended June 30, 2023, respectively (net exploration and evaluation cost recovery of $112,577 and $35,855 for the three and six months ended June 30, 2022, respectively). The reversal of accrued concession fees for claims that were dropped in June 2023 and 2022 resulted in cost recoveries for all periods.

3.2 Qualified persons and technical disclosures

Christian Rios, P.Geo., SVP of Exploration of the Company, is the Qualified Person with respect to the technical disclosures in this MD&A.

2023 Curibaya Sampling

Approximately 2-3 kg of rock 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 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 assay was 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 2023 samples using company and lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

2022 Composite Chip Sampling:

Approximately 2-3 kg of rock material was collected per 1 square metre for analysis and sent to ALS Lab in Arequipa, Peru for preparation and then to Lima, Peru for analysis. All samples are assayed for gold, platinum and palladium using 30 g nominal weight fire assay with ICP-AES finish method (PGM-ICP23) and for multi-element using four acid digest ICP-AES/ICP-MS method (ME-MS61). Where MS61 results were greater or near 10,000 ppm Cu, 10,000 ppm Pb, 10,000 ppm Zn or 100 ppm Ag, the assays were repeated with ore grade four acid digest method (Cu, Pb, Zn, Ag-OG62). 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 2022 rock samples at Hurricane using internal and lab standard and blank samples, and lab duplicates, indicate good overall accuracy and precision.

2021 Curibaya Drilling

Analytical samples were taken by sawing HQ or NQ diameter core into equal halves on site and sent 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 assay 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.

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.

4. DISCUSSION OF OPERATIONS

4.1 Three months ended June 30, 2023 and 2022 (Q2 2023 vs. Q2 2022)

During the three months ended June 30, 2023, the Company reported a loss of $1,364,128 compared to a loss of $1,891,955 for the comparable period in 2022. Significant variances within operating expenses and other expenses, which in combination resulted in the $527,827 decrease in the current period's loss, are discussed as follows:

- Exploration and evaluation costs in Q2 2023 decreased to $470,682 from $641,466 in Q2 2022. Exploration activities in both Q2 2023 and Q2 2022 were primarily limited to desktop work and preparations for future programs while the Company worked to complete financings. Higher costs in Q2 2022 were driven by permitting work to obtain the Company's extended Declaración de Impacto Ambiental ("DIA") drill permit, which was received in August 2022. Furthermore, share-based payment expense included in exploration and evaluation costs for the current quarter was only $2,003 compared to $68,671 in the comparable period, as the expense recognized in relation to the 2021 share option grants, being the only grants to date, decreases each quarter.
- Fees, salaries, and other employee benefits decreased to $299,501 in Q2 2023 from $569,053 in Q2 2022. The decrease is primarily driven by the reduction in share-based payments from $238,115 in Q2 2022 to $13,272 in the current period, due to the timing of the option grants which happened in 2021.
- Legal and professional fees decreased to $49,580 in Q2 2023 from $164,536 in Q2 2022 when costs were particularly high due to the terminated prospectus offering.
- Marketing and investor relations cost in Q2 2023 increased to $306,657 from $204,166 in Q2 2022. The higher costs in the current period primarily related to the Company's social media investor outreach and communication programs.
- Mineral property impairments decreased from $102,352 in Q2 2022 to $62,104 in Q2 2023.

4.2 Six months ended June 30, 2023 and 2022 (YTD 2023 vs. YTD 2022)

During the six months ended June 30, 2023, the Company reported a loss of $2,836,564 compared to a loss of $3,971,510 for the comparable period in 2022, reflecting a decrease of $1,134,946. Significant variances for the comparable six-month period are generally driven by the same factors discussed above for the three-month period with the exception of the marketing and investor relations, which has remained relatively consistent in the two periods. Generally, costs were lower in the current period compared to the 2022 period with the two primary reasons being:

1) While exploration activities remained relatively consistent in each of the comparative periods and primarily consisted of desktop work while the Company sought financing, the exploration and evaluation costs in YTD 2022 were $1,452,998 compared to $1,003,444 in the current year to date period. Additional costs were incurred in the YTD 2022 period in relation to the analysis of the 2021 drill results that were received during the period and permitting work to apply for the extended DIA permit. Further to this, a larger camp was kept on care and maintenance during the 2022 period because the Company anticipated pausing its activities for only Q1 2022 with the expectation that a phase two of drilling would commence in Q2 2022. Due to the decline in the capital markets and challenges accessing capital, the Company instead pivoted to a surface exploration program in 2022 at which point the camp size was reduced.

2) The total share-based payment expense included in the YTD 2023 operating loss was $86,944, split between exploration and evaluation costs, fees, salaries, and other employee benefits, marketing and investor relations, and project investigation, which had declined from $631,859 of share-based payment expense included in the YTD 2022 operating loss.

For the three and six months ended June 30, 2023 (In Canadian dollars, unless otherwise noted)

4.3 Summary of Quarterly Results

Quarter ended	Interest income	Net loss	Comprehensive loss	Net loss per share
June 30, 2023	**$11,271**	**$1,364,128**	**$1,389,882**	**$0.01**
March 31, 2023	14,695	1,472,436	1,473,366	0.01
December 31, 2022	23,465	1,592,730	1,610,414	0.01
September 30, 2022	15,822	2,175,146	2,094,360	0.02
June 30, 2022	4	1,891,955	1,859,790	0.01
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	5,665,023	0.05

During the last eight quarters, the Company's net loss has ranged between $1,364,128 and $5,698,335. Quarterly losses are closely correlated to the level of exploration activity in any given quarter, which can fluctuate significantly since the Company substantially reduces activities during the rainy season and pending financings. Additionally, the Company incurs expenditure on administrative activities, professional fees, corporate outreach and communications, and regulatory compliance, to support its public listings and to promote the Company's activities in the market. These expenses fluctuate to a significant degree depending on the funding opportunities available to the Company to pursue exploration.

Losses in the second half of 2021 were particularly high in relation to the Curibaya drill program, which commenced late in Q2 2021, and was completed in Q4 2021 with final results analysis being performed in Q1 2022. In Q2 2022, activities were limited while the Company worked to complete the 2022 Private Placement, and once programs were funded and undertaken in Q3 2022, losses again rose due to the increased activity levels. Once programs were complete the projects were put into care and maintenance and the work shifted to desktop data analysis and again costs, and the resulting loss, decreased in Q4 2022 and further in Q1 and Q2 2023, again while the Company worked to complete its 2023 Private Placement.

In addition to the trends discussed above in relation to the quarterly losses, the Company also recognized impairment charges in Q4 2021 related to the Emilia project, in Q2 2022 upon relinquishing a portion of the Coastal Batholith and Corisur projects and again in Q2 2023 upon dropping the remaining Coastal Batholith claims. The impairment charges resulted in increased losses during those periods.

4.4 Summary of Project Costs

During the six months ended June 30, 2023, the Company incurred $1,671 of mineral property additions, $1,003,444 in exploration and evaluation costs on its projects, and recorded an impairment charge of $62,104 in relation to the decision to relinquish the Coastal Batholith concessions.

Mineral property interests	Curibaya	Hurricane	Other	Total
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
Mineral property addition	1,671	-	-	1,671
Mineral property impairment	-	-	(62,104)	(62,104)
Recognition of provision for site reclamation and closure	2,101	-	-	2,101
Currency translation adjustment	(19,833)	(1,343)	(20,992)	(42,168)
Balance as at June 30, 2023	**$ 1,382,629**	**$ 367,340**	**$ 862,124**	**$ 2,612,093**

For the three and six months ended June 30, 2023 (In Canadian dollars, unless otherwise noted)

Exploration and evaluation expenditures	**Curibaya**	**Hurricane**	**Other**	**Total**
Surface exploration	$ 241,647	$ 50,627	$ 11,365	$ 303,639
Camp and project support	295,946	2,745	-	298,691
Concession holding	52,628	69,347	(40,289)	81,686
Permitting, environmental and community	183,802	97,544	20,665	302,011
Share-based payments	11,567	5,562	288	17,417
Total for the six months ended June 30, 2023	**$ 785,590**	**$ 225,825**	**$ (7,971)**	**$ 1,003,444**

4.5 Future operations

The Company expects to allocate the majority of its resources for the near future at further progressing exploration at Curibaya. With the funds from the 2023 Private Placement, the Company has completed, as of the date of this MD&A, two phases of regional surface work covering unexplored areas of the Curibaya property. The project is drill ready with the exception of the construction of access roads and platforms which will be commenced once sufficient capital has been raised to initiate drilling activity. The Company's second drill program is expected to consist of between 2,000 - 5,000 m to test the Cambaya target area. The Company estimates that this work would cost between $2.5 million and $5.0 million. In the meantime, work at Hurricane has been suspended in order to prioritize the progression at Curibaya.

The ability of the Company to fund Curibaya drilling and other work programs will be subject to raising additional funds through the sale of common shares. While the Company has been successful at raising capital in the past, there can be no assurance that the Company will be able to raise sufficient funds to finance its planned programs and make its required option payments under the Hurricane Option Agreement.

5. FINANCIAL POSITION, LIQUIDITY, AND CAPITAL RESOURCES

5.1 Financial position and liquidity

	June 30, 2023	December 31, 2022
Cash	**$ 1,248,293**	$ 1,553,349
Amounts receivable	**26,485**	18,100
Mineral property interests	**2,612,093**	2,712,593
Other assets	**923,994**	947,875
Current liabilities	**(750,530)**	(808,653)
Non-current liabilities	**(150,647)**	(265,888)

As at June 30, 2023, the Company had cash of $1,248,293 and working capital of $1,276,149 ($1,553,349 and $1,499,672, respectively, as at December 31, 2022). None of the Company's cash is restricted. Contractual obligations as at June 30, 2023, relate to accounts payable and accrued liabilities totalling $387,603 (December 31, 2022 - $539,806) and the Company has a current provision of $362,927 (December 31, 2022 - $268,847) recorded in relation to constructive obligations it has at its projects for reclamation and closure activities. Additionally, the Company has certain commitments related to the premises it occupies on a shared basis under the UMS Canada lease obligation disclosed in Note 5 of the financial statements.

During the six months ended June 30, 2023, the Company used cash of $2,849,400 in operating activities compared to $3,522,310 during the comparative period in 2022. The lower cash outflow during the first half of 2023 was primarily the result of the lower activity level, specifically exploration, as discussed above.

During the six months ended June 30, 2023, the Company generated cash from investing activities of $24,295 compared to using $28,297 during the comparative period in 2022. The cash inflow in the current period was a result of earning interest on funds held in a new bank account set up in Q3 2022.

During the six months ended June 30, 2023, and 2022, cash provided by financing activities was $2,528,616 and $6,032,777. The decrease was a result of the smaller size of the 2023 Private Placement compared to the 2022 Private Placement as access to capital remained limited.

The limited cash reserve at Q2 2023 is a reflection of the difficult capital markets for junior exploration companies. The Company requires approximately $3.3 million annually to cover corporate overhead costs in addition to funds required to undertake exploration activities, the amount of which is dependent on the size and extent of the planned program. In the two and a half years that the Company has operated, spending has fluctuated substantially based on levels of activity and as previously mentioned, the Company has the ability to reduce its overhead costs in periods of lower activity by reducing its use of UMS Canada services. The Company continues to consider ways to reduce expenditures while still moving its projects forward.

For the three and six months ended June 30, 2023 (In Canadian dollars, unless otherwise noted)

Despite having some ability to limit its expenditures, 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 can be 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 the Company'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 and expose the Company to liquidity risk being the risk that it will have difficulty in meeting obligations associated with its financial liabilities. While the Company was successful in completing the 2023 Private Placement and has sufficient cash on hand to discharge its current financial liabilities as they become due over the near term, it will require additional funding to continue operations for the coming year.

5.2 Capital Resources

On June 5, 2023, the Company announced the closing of the second and final tranche of the 2023 Private Placement for total gross proceeds from the offering of $2.6 million through the issuance of 10,654,000 equity units (each unit consisting of a common share and a share purchase warrant exercisable at $0.35 and expiring on April 21, 2025). The Company intends to use the net proceeds from the offering to resume exploration and prepare for drilling at the Curibaya project and for general working capital purposes. A reconciliation of the net proceeds and a summary of how the funds have been used as of June 30, 2023, is as follows:

	Number of common shares		Proceeds
Units issued at $0.25 per unit	10,564,000	$	2,641,000
Share issuance costs			(112,384)
Net proceeds		$	2,528,616
Actual use of proceeds			
Surface exploration at the Curibaya project			(268,471)
General working capital			(934,350)
Expenditures on other projects and project investigation			(77,502)
Funds remaining at June 30, 2023		$	1,248,293

On August 26, 2022, the Company announced that it had obtained the receipt for its final shelf prospectus (the "Shelf Prospectus") filed with the securities commissions in each of the provinces and territories of Canada. The Shelf Prospectus is intended to provide the Company with financing flexibility as it allows the Company to qualify the distribution of up to $100,000,000 of common shares, warrants, subscription receipts, units, debt securities, or any combination thereof, from time to time over the 25-month period that the Shelf Prospectus remains effective. The specific terms of any future prospectus offerings of securities will be set forth in one or more shelf prospectus supplements, each of which will be filed with the applicable Canadian securities regulatory authorities in connection with any such offering. The Shelf Prospectus can be found under the Company's SEDAR+ profile at www.sedarplus.ca.

On June 16, 2022, the Company closed a non-brokered private placement (the "2022 Private Placement") for gross proceeds of $6.2 million through the issuance of 13,736,026 units (each a share and a share purchase warrant). The Company's intended use of the net proceeds from the 2022 Private Placement was to fund continued exploration at the Company's portfolio of mineral projects in Peru, primarily Curibaya, and for general working capital.

For the three and six months ended June 30, 2023 (In Canadian dollars, unless otherwise noted)

A reconciliation of the net proceeds and a summary of how the funds were used is as follows:

	Number of common shares		Proceeds
Units issued at $0.45 per unit	13,736,026	$	6,181,212
Share issuance costs			(177,197)
Net proceeds		$	6,004,015
Actual use of proceeds in 2022			
Surface exploration at the Curibaya project			(1,949,015)
Exploration activities at other projects			(564,810)
Project investigation			(45,850)
General working capital			(1,890,991)
Funds remaining at December 31, 2022		$	1,553,349
Actual use of proceeds in 2023			
Surface exploration at the Curibaya project			(505,552)
Exploration activities at other projects			(163,056)
Project investigation			(13,607)
General working capital			(871,134)
Funds remaining at June 30, 2023		$	-

6. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements. Earn-in arrangements are not viewed as off-balance sheet arrangements, and there are no other commitments held by the Company at the balance sheet date other than as disclosed in Note 5 to the financial statements.

7. RELATED PARTY TRANSACTIONS

7.1 Universal Mineral Services Canada and Universal Mineral Services Peru

Universal Mineral Services Ltd. ("UMS Canada") is a shared service provider company in which the Company holds a 25% equity interest which it acquired for nominal consideration, with the remaining 75% balance being shared equally by three other junior resource explorers certain of which have some directors in common. UMS Canada provides head office premises, administrative, geological, accounting and other advisory services to the Company on a cost recovery basis.

Universal Mineral Services Peru S.A.C. ("UMS Peru") is a company incorporated under Peruvian law, which provides administrative and geological services to Corisur S.A.C and Magma Minerals S.A.C. and to the Peruvian subsidiary of Coppernico Metals Inc, which is one of the three other companies that shares the services of UMS Canada. 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.

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.

				Three months ended June 30,				**Six months ended June 30,**
		2023		2022		**2023**		2022
Exploration and evaluation	**$**	**194,626**	$	238,356	**$**	**348,779**	$	530,757
General and administration		**292,302**		344,447		**572,804**		574,646
Marketing and investor relations		**12,727**		24,535		**34,399**		24,918
Project investigation		**23,427**		8,008		**29,766**		13,551
Total transactions for the period	**$**	**523,082**	$	615,346	**$**	**985,748**	$	1,143,872

For the three and six months ended June 30, 2023 (In Canadian dollars, unless otherwise noted)

As at June 30, 2023, $70,841 (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 June 30, 2023, $1,768 (December 31, 2022 - $nil) was included in accounts payable and accrued liabilities and $62,493 (December 31, 2022 - $nil) was included in prepaid expenses and deposits relating to transactions with UMS Peru.

7.2 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 June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Salary and benefits provided to executives	**$ 172,341**	$ 177,224	**$ 313,955**	$ 399,479
Fees paid to non-executive directors	**50,277**	63,466	**85,118**	122,409
Share-based payments	**2,990**	215,384	**40,924**	402,263
	$ 225,608	$ 456,074	**$ 439,997**	$ 924,151

The Company's Chief Financial Officer provides services, on a less than full-time basis, under a secondment employment arrangement between the Company and UMS Canada.

The Company issues options to certain UMS employees, including key management personnel of the Company. The Company recognized share-based payments of $3,529 and $28,619 for the three and six months ended June 30, 2023, respectively, in respect of share options issued to UMS employees ($192,812 and $141,164 for the three and six months ended June 30, 2022).

8. SIGNIFICANT 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 financial statements, the Company applied the significant accounting estimates and judgements disclosed in Note 3 of its annual audited consolidated financial statements for the year ended December 31, 2022.

9. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

As disclosed in Note 2(f) of the financial statements, the Company has reviewed new and revised accounting pronouncements that are effective for periods after December 31, 2022, and noted that these do not have an impact the financial statements of the Company.

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.

10. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at June 30, 2023, the Company's financial instruments consist of cash, amounts receivable, deposits, as well as accounts payable and accrued liabilities, which are classified as and measured at amortized cost. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and currency risk. Details of the primary risks that the Company is exposed to are laid out in Note 9 to the Company's financial statements.

For the three and six months ended June 30, 2023 (In Canadian dollars, unless otherwise noted)

11. OTHER REQUIRED DISCLOSURES

11.1 Proposed transactions

As at June 30, 2023 and as at the date of this MD&A, the Company had no proposed and pending transactions.

11.2 Capital structure

The capital structure of the Company is as follows:

Authorized: Unlimited number of common shares

The following common shares, share options and share purchase warrants were outstanding as at June 30, 2023 and August 24, 2023:

	As at August 24, 2023	As at June 30, 2023
Common shares	150,094,923	150,094,923
Share options	7,120,000	7,120,000
Share purchase warrants	24,576,866	24,576,866

11.3 Disclosure controls and procedures

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

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

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

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

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

On behalf of the Board of Directors,

"Peter Dembicki"
Peter Dembicki
President, Chief Executive Officer and Director
August 24, 2023