



TIER ONE
SILVER

(An exploration stage business)

TIER ONE SILVER INC.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited)

Notice of no auditor review of condensed consolidated interim financial statements

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Tier One Silver Inc. for the three and nine months ended September 30, 2023, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 28, 2023

Tier One Silver Inc.

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

	As at September 30, 2023	As at December 31, 2022
Assets		
Current assets:		
Cash	\$ 556,571	\$ 1,553,349
Amounts receivable	13,156	18,100
Prepaid expenses, deposits and other (Note 3)	657,748	736,876
	1,227,475	2,308,325
Non-current assets:		
Prepaid expenses, deposits and other (Note 3)	-	30,988
Equity investments (Note 5)	117,346	130,966
Equipment	41,062	49,045
Mineral property interests (Note 4)	2,281,260	2,712,593
Total assets	\$ 3,667,143	\$ 5,231,917
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 594,984	\$ 539,806
Provision for site reclamation and closure	494,741	268,847
	1,089,725	808,653
Non-current liabilities:		
Provision for site reclamation and closure	156,544	265,888
Total liabilities	\$ 1,246,269	\$ 1,074,541
Equity:		
Share capital (Note 6)	\$ 29,446,635	\$ 27,001,612
Share option and warrant reserves (Note 7)	4,395,594	4,141,198
Accumulated other comprehensive loss	(115,970)	(117,643)
Deficit	(31,305,385)	(26,867,791)
Total equity	2,420,874	4,157,376
Total liabilities and equity	\$ 3,667,143	\$ 5,231,917

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 Changes in Equity
Unaudited (Expressed in Canadian dollars, except share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating expenses:				
Exploration and evaluation	\$ 475,493	\$ 1,131,953	\$ 1,478,937	\$ 2,584,951
Fees, salaries, and other employee benefits	469,648	430,097	1,144,493	1,662,530
Legal and professional	32,467	58,917	196,783	281,359
Marketing and investor relations	37,741	410,023	650,259	1,026,734
Office and administration	83,948	117,338	285,658	352,764
Project investigation	91,540	11,683	134,791	37,922
Regulatory and transfer agent	18,181	16,950	83,465	75,992
Mineral property impairment (Note 4)	368,643	-	430,747	102,352
Costs related to option termination	31,070	-	31,070	-
	1,608,731	2,176,961	4,436,203	6,124,604
Other expenses (income):				
Accretion of provision for site reclamation and closure	2,689	-	8,798	-
Foreign exchange (gain) loss	(1,011)	6,567	16,177	(5,274)
Interest income	(11,238)	(15,822)	(37,204)	(15,826)
Net loss from equity investments (Note 5)	1,859	7,440	13,620	43,152
Loss for the period	\$ 1,601,030	\$ 2,175,146	\$ 4,437,594	\$ 6,146,656
Other comprehensive loss:				
Unrealized currency gain on translation	(2,603)	(80,786)	(1,673)	(93,688)
Comprehensive loss for the period	\$ 1,598,427	\$ 2,094,360	\$ 4,435,921	\$ 6,052,968
Basic and diluted loss per share	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.05
Basic and diluted weighted-average number of shares outstanding	150,094,923	139,530,923	144,985,055	131,565,788

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 and warrant reserves	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	-	-	865,495	-	-	865,495
Units issued pursuant to offering, net of share issue costs	13,736,026	5,928,011	106,004	-	-	6,034,015
Other comprehensive income	-	-	-	93,688	-	93,688
Loss for the period	-	-	-	-	(6,146,656)	(6,146,656)
Balance at September 30, 2022	139,530,923	\$ 27,031,612	\$ 3,991,958	\$ (99,959)	\$ (25,275,061)	\$ 5,648,550
Balance at December 31, 2022	139,530,923	\$ 27,001,612	\$ 4,141,198	\$ (117,643)	\$ (26,867,791)	\$ 4,157,376
Share-based payments (Note 7)	-	-	171,386	-	-	171,386
Units issued pursuant to offering, net of share issue costs (Note 6)	10,564,000	2,471,813	56,220	-	-	2,528,033
Warrants issued for finders' fees (Note 6)	-	(26,790)	26,790	-	-	-
Other comprehensive income	-	-	-	1,673	-	1,673
Loss for the period	-	-	-	-	(4,437,594)	(4,437,594)
Balance at September 30, 2023	150,094,923	\$ 29,446,635	\$ 4,395,594	\$ (115,970)	\$ (31,305,385)	\$ 2,420,874

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

Tier One Silver Inc.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating activities:				
Loss for the period	\$ (1,601,030)	\$ (2,175,146)	\$ (4,437,594)	\$ (6,146,656)
Adjusted for:				
Interest income	(11,238)	(15,822)	(37,204)	(15,826)
Non-cash transactions:				
Impairment of mineral properties	368,643	-	430,747	102,352
Share-based payments	84,442	233,636	171,386	865,495
Depreciation	2,612	2,593	7,860	9,105
Accretion of provision for site reclamation and closure	2,689	-	8,798	-
Unrealized foreign exchange (gain) loss	(7,505)	(11,942)	4,549	(24,404)
Net loss from equity investments	1,859	7,440	13,620	43,152
Costs related to option termination	31,070	-	31,070	-
Changes in non-cash working capital:				
Amounts receivable	13,329	12,542	4,944	(11,167)
Prepaid expenses, deposits and other	108,615	(83,476)	110,173	(274,680)
Accounts payable and accrued liabilities	295,994	(44,382)	131,731	(145,480)
Cash used in operating activities	(710,520)	(2,074,557)	(3,559,920)	(5,598,109)
Investing activities:				
Mineral property additions	-	-	(1,671)	(27,297)
Equity investments	-	(168)	-	(1,168)
Interest income received	11,238	15,822	37,204	15,826
Cash provided by (used in) investing activities	11,238	15,654	35,533	(12,639)
Financing activities:				
Proceeds from issuance of units, net of share issue costs	(583)	-	2,528,033	6,034,015
Cash (used in) provided by financing activities	(583)	-	2,528,033	6,034,015
Effect of foreign exchange rate changes on cash	8,143	17,833	(424)	28,571
Change in cash	(691,722)	(2,041,070)	(996,778)	451,838
Cash, beginning of the period	1,248,293	5,082,766	1,553,349	2,589,858
Cash, end of the period	\$ 556,571	\$ 3,041,696	\$ 556,571	\$ 3,041,696

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 and nine months ended September 30, 2023, and 2022

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 asset is 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. The Company also holds the non-core Corisur claims.

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 Corisur projects.

(c) Going concern

As at September 30, 2023, the Company had net working capital of \$137,750 (December 31, 2022 - \$1,499,672) and incurred a loss of \$4,437,594 for the nine months then ended (\$6,146,656 for nine months ended September 30, 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 during the nine months ended September 30, 2023, closed a non-brokered private placement for gross proceeds of \$2.6 million (the “2023 Private Placement” see Note 6) and subsequent to September 30, 2023 announced plans to raise up to \$1.5 million through a second private placement, 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 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)

Three and nine months ended September 30, 2023, and 2022

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 November 28, 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 September 30, 2023 is as follows:

Subsidiary	Place of incorporation	Functional Currency	Beneficial Interest
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) 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 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 significant accounting judgments and estimates were presented in Note 3 of the annual audited consolidated financial statements for the year ended

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements
Unaudited (Expressed in Canadian dollars)
Three and nine months ended September 30, 2023, and 2022

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 September 30, 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, help 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 require the disclosure of material accounting policy information rather than disclosing significant accounting policies and 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, deposits and other

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

	September 30, 2023	December 31, 2022
Community and surface agreements	\$ 99,403	\$ 106,719
Exploration and evaluation	34,484	24,182
General, administration and marketing	290,047	416,963
UMS Canada and UMS Peru	233,814	220,000
Total prepaid expenses, deposits and other	\$ 657,748	\$ 767,864
Current portion	657,748	736,876
Non-current portion	\$ -	\$ 30,988

As a normal part of the exploration process, the Company enters into access and use agreements with the local communities which provide the Company with surface rights to the respective areas over the term of the agreement. As of September 30, 2023, the Company has surface rights agreements with the local communities at the Curibaya and Corisur projects which are in place until May 2024 (Curibaya) and September 2024 (Corisur).

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.

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 2022

4. Mineral property interests

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

Mineral property interests	Curibaya	Hurricane	Other	Total
Balance as at December 31, 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 impairments	-	(368,643)	(62,104)	(430,747)
Recognition of provision for site reclamation and closure	2,101	-	-	2,101
Currency translation adjustment	(1,557)	(40)	(2,761)	(4,358)
Balance as at September 30, 2023	\$ 1,400,905	\$ -	\$ 880,355	\$ 2,281,260

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 and nine months ended September 30, 2023, the Company incurred \$427,259 and \$1,212,849, respectively, of exploration and evaluation expenses on Curibaya (\$876,662 and \$2,080,678 for the three and nine months ended September 30, 2022, respectively).

ii) Hurricane

On April 28, 2021, the Company entered into a share purchase option agreement (the "Hurricane Option") with Pembroke Copper Corp. ("Pembroke") to acquire Pembroke'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 Hurricane Option, the Company staked additional concessions expanding the Hurricane project area to approximately 32,000 ha.

On October 20, 2023, the Company gave notice to Pembroke that it was terminating the Hurricane Option prior to achieving the access date, which was defined to be the earlier of October 31, 2023, and the date by which the Company secured the necessary surface rights and governmental permits to commence diamond drilling. As a result, the Company wrote off all previously capitalized costs related to the project and recognized an impairment charge of \$368,643 for the three and nine months ended September 30, 2023.

The Company incurred \$36,698 and \$262,523 of exploration and evaluation expenses on the Hurricane project during the three and nine months ended September 30, 2023, respectively (\$226,512 and \$511,349 during the three and nine months ended September 30, 2022, respectively).

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 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 \$162,240 (US\$120,000) for final costs relating to the 2021 termination of the Huilacollo option agreement remains on the condensed consolidated interim statement of financial position as at September 30, 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

During the nine months ended September 30, 2023, the Company made the decision to abandon the wholly-owned Coastal Batholith project which covered approximately 15,000 ha on the coast of Peru. As a result, the Company wrote off all previously capitalized costs related to the project and recognized an impairment charge of \$62,104 for the nine months ended September 30, 2023 (\$98,166 for the nine months ended September 30, 2022).

Exploration and evaluation costs

On its properties that are grouped as other, which through Q2 2023 reporting previously included the Coastal Batholith claims but now is made up of only the Corisur claims, the Company recorded exploration and evaluation cost of \$11,536 and \$3,565 during the three and nine months ended September 30, 2023, respectively (exploration and evaluation cost of \$28,779 and net exploration and evaluation cost recovery of \$7,076 during the three and nine months ended September 30, 2022, respectively). In both the nine-month periods ended September 30, 2023 and 2022, the Company recorded a reversal of the prior year's validity fees that had been accrued for the claims that were relinquished in the respective period.

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 September 30, 2023, the Company expects to incur approximately \$0.7 million in respect of future lease rent for the remaining 7.75 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.

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements
Unaudited (Expressed in Canadian dollars)
Three and nine months ended September 30, 2023, and 2022

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:

	UMS Canada		UMS Peru	
For the three months ended September 30, 2023				
Cost recoveries	\$	(1,056,280)	\$	(306,632)
Geological services		361,807		186,600
Administrative services		702,540		119,717
Net loss (income) for the period		8,067		(315)
Company's share of net loss (income)	\$	2,017	\$	(158)
For the nine months ended September 30, 2023				
Cost recoveries	\$	(4,276,612)	\$	(960,764)
Geological services		1,528,706		608,736
Administrative services		2,826,814		339,814
Net loss (income) for the period		78,908		(12,214)
Company's share of net loss (income)	\$	19,727	\$	(6,107)

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at September 30, 2023, were as follows:

	UMS Canada		UMS Peru		Total
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
Company's share of net (loss) income for the period		(19,727)		6,107	(13,620)
Carrying amount as at September 30, 2023	\$	107,297	\$	10,049	\$ 117,346

The Company's equity interest in net assets and liabilities of UMS Canada and UMS Peru as at September 30, 2023, were as follows:

	UMS Canada		UMS Peru	
Current assets	\$	817,118	\$	163,363
Non-current assets		2,538,897		134,783
Current liabilities		(1,552,218)		(278,048)
Non-current liabilities		(1,374,608)		-
Net assets - 100%		429,189		20,098
Company's equity interest in net assets	\$	107,297	\$	10,049

6. Share capital

(a) Authorized

Unlimited common shares without par value.

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 2022

(b) Common share issuances

For the nine months ended September 30, 2023:

On June 5, 2023, the Company closed the 2023 Private Placement by issuing 10,564,000 units at a price of \$0.25 per unit for gross proceeds of \$2,641,000. Each unit consisted of a common share and a share purchase warrant, exercisable at \$0.35 and with an expiry date of April 21, 2025. Share issuance costs, including customary referral fees, amounted to \$112,967.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares and warrants). Using this approach, the Company attributed a residual value of \$56,220 to the warrants issued, which is recorded within the warrant reserve.

In relation to the 2023 Private Placement, the Company issued 276,840 warrants ("Finders' Warrants") to the agents with a fair value of \$26,790, and these were treated as a cost of share issuance. Each Finders' Warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price of \$0.35 until April 21, 2025. The Company used the Black-Scholes option valuation model to determine the fair value of the Finders Warrants, applying an expected volatility of 86.37% and a risk-free rate of 3.95%.

A reconciliation of the impact of the 2023 Private Placement on share capital is as follows:

	Number of common shares	Impact on share capital
Units issued at \$0.25 per unit	10,564,000	\$ 2,641,000
Cash share issuance costs		(112,967)
Net proceeds		2,528,033
Finders' warrant value		(26,790)
Residual value of warrants		(56,220)
Impact on share capital	10,564,000	\$ 2,445,023

For the nine months ended September 30, 2022:

On June 16, 2022, the Company closed a private placement for gross proceeds of \$6,181,212 by issuing 13,736,026 units at a price of \$0.45 per unit (the "2022 Private Placement"). Each unit consisted of a common share and a share purchase warrant, exercisable at \$0.75 and with an expiry date of May 31, 2025. Share issuance costs including customary referral fees amounted to \$147,197.

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

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

	Number of common shares	Impact on share capital
Units issued at \$0.45 per unit	13,736,026	\$ 6,181,212
Cash share issuance costs		(147,197)
Net proceeds		6,034,015
Residual value of warrants		(106,004)
Impact on share capital	13,736,026	\$ 5,928,011

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 2022

7. Share option and warrant reserves

(a) Share 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 25% on the date of grant and 12½% every three months thereafter, for a total vesting period between 18 to 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
Granted	3,055,000	0.30
Expired	(165,625)	1.00
Forfeited	(9,375)	1.00
Outstanding, September 30, 2023	10,075,000	\$ 0.79

As at September 30, 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	6,695,000	\$ 1.00	2.52	6,695,000	\$ 1.00	2.52
April 29, 2026	200,000	1.00	2.58	200,000	1.00	2.58
June 22, 2026	125,000	1.44	2.73	125,000	1.44	2.73
September 15, 2028	3,055,000	0.30	4.96	763,750	0.30	4.96
	10,075,000	\$ 0.79	3.27	7,783,750	\$ 0.94	2.77

The Company uses the Black-Scholes option valuation model to determine the fair value for all share-based payments to directors, officers, employees, and other service providers. During the three and nine months ended September 30, 2023, the Company granted 3,055,000 share options to directors, officers, employees and other service providers (nil for the three and nine months ended September 30, 2022). The weighted average fair value per option of these share options was calculated as \$0.09, using the Black-Scholes option valuation model at the grant date with the following weighted average assumptions:

	Three and nine months ended September 30, 2023
Risk-free interest rate	4.07%
Expected dividend yield	Nil
Share price volatility	86.34%
Expected forfeiture rate	7.68%
Expected life in years	4.77

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 2022

During the three and nine months ended September 30, 2023, and 2022, the Company recognized share-based payments expense net of forfeiture recovery as follows.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Exploration and evaluation	\$ 11,771	\$ 48,956	\$ 29,188	\$ 72,359
Fees, salaries, and other employee benefits	65,612	168,037	130,103	730,788
Marketing and investor relations	874	12,436	4,820	47,756
Project investigation	6,185	4,207	7,275	14,592
	\$ 84,442	\$ 233,636	\$ 171,386	\$ 865,495

(b) Share purchase warrants

The continuity of the share purchase warrants issued and outstanding is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2021	-	-
Issued	13,736,026	\$ 0.75
Outstanding, December 31, 2022	13,736,026	0.75
Issued	10,840,840	0.35
Outstanding, September 30, 2023	24,576,866	\$ 0.57

A summary of the Company's warrants issued and outstanding as at September 30, 2023, is as follows:

Expiry date	Warrants outstanding	Exercise price
May 31, 2025	13,736,026	\$ 0.75
April 21, 2025	10,840,840	0.35
	24,576,866	\$ 0.57

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 and nine months ended September 30, 2023, and 2022, is as follows:

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 2022

(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.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Exploration and evaluation	\$ 117,217	\$ 235,963	\$ 465,996	\$ 766,720
General and administration	195,918	248,299	768,722	822,945
Marketing and investor relations	11,435	25,377	45,834	50,295
Project investigation	51,027	7,451	80,793	21,002
Total transactions for the period	\$ 375,597	\$ 517,090	\$ 1,361,345	\$ 1,660,962

As at September 30, 2023, \$103,839 (December 31, 2022 - \$58,068) was included in accounts payable and accrued liabilities and \$170,000 (December 31, 2022 - \$220,000) in prepaid expenses, deposits and other relating to transactions with UMS Canada.

As at September 30, 2023, \$3,429 (December 31, 2022 - \$nil) was included in accounts payable and accrued liabilities and \$63,814 (December 31, 2022 - \$nil) was included in prepaid expenses, deposits and other relating to transactions with UMS Peru.

(b) Key management compensation

In addition to the transactions disclosed above, the Company provided or accrued 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		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Salary and benefits provided to executives	\$ 296,205	\$ 164,067	\$ 610,160	\$ 563,546
Non-executive directors' fees	51,564	42,477	136,682	164,886
Share-based payments	67,189	92,932	108,113	495,195
	\$ 414,958	\$ 299,476	\$ 854,955	\$ 1,223,627

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. As at September 30, 2023, the Company had an accounts payable balance with key management personnel of \$203,091 (\$nil as at December 31, 2022) which related to deferred executive salaries and directors' fees, as well as 2022 bonuses approved by the Company's Board of Directors.

The Company issues options to certain UMS employees, including key management personnel of the Company. The Company recognized share-based payments of \$42,747 and \$71,366 for the three and nine months ended September 30, 2023, respectively, in respect of share options issued to UMS employees (\$94,420 and \$413,482 for the three and nine months ended September 30, 2022).

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 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 September 30, 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 September 30, 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 September 30, 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. On October 26, 2023, the Company announced its plan to raise up to \$1.5 million through a non-brokered private placement financing (Note 12).

(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:

	September 30, 2023	December 31, 2022
Peruvian soles expressed in C\$		
Period end exchange rate C\$ per Peruvian sol	0.3564	0.3557
Financial assets	\$ 92,248	\$ 8,293
Financial liabilities	(102,138)	(109,500)
Net exposure	\$ (9,890)	\$ (101,207)

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2023, and 2022

	September 30, 2023	December 31, 2022
US\$ expressed in C\$		
Period end exchange rate \$ per US\$	1.3520	1.3544
Financial assets	\$ 294	\$ 801
Net exposure	\$ 294	\$ 801

A 10% increase or decrease in either the US dollar or Peruvian sol 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.

12. Subsequent event

On October 26, 2023, the Company announced a non-brokered private placement for up to \$1,500,000 from the sale of 15,000,000 units at a price of \$0.10 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.25 until the date that is two years from the closing date of the placement. The warrants are subject to accelerated expiry to the date that is 30 days following the date of a news release issued by the Company announcing the accelerated expiry date in the event that the closing price of the common shares of the Company is greater than C\$0.50 for 10 consecutive trading days on the TSXV any time after the first 12 months from the closing date.