



TIER ONE
SILVER

(An exploration stage business)

TIER ONE SILVER INC.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(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 months ended March 31, 2024, 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.

May 28, 2024

Tier One Silver Inc.

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

	As at March 31, 2024		As at December 31, 2023
Assets			
Current assets:			
Cash	\$ 516,618	\$	825,589
Amounts receivable	7,823		48,535
Prepaid expenses, deposits and other (Note 3)	255,386		393,021
	779,827		1,267,145
Non-current assets:			
Equity investments (Note 6)	120,893		121,991
Equipment	35,878		37,595
Mineral property interests (Note 4)	1,397,173		2,237,373
Total assets	\$ 2,333,771	\$	3,664,104
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities (Note 5)	\$ 611,808	\$	546,311
Provision for site reclamation and closure	333,239		483,983
	945,047		1,030,294
Non-current liabilities:			
Accrued liabilities (Note 5)	104,736		98,741
Provision for site reclamation and closure	156,649		150,284
Total liabilities	\$ 1,206,432	\$	1,279,319
Equity:			
Share capital (Note 7)	\$ 30,312,635	\$	30,312,635
Share option and warrant reserves (Note 8)	4,626,486		4,557,384
Accumulated other comprehensive loss	(117,685)		(138,087)
Deficit	(33,694,097)		(32,347,147)
Total equity	1,127,339		2,384,785
Total liabilities and equity	\$ 2,333,771	\$	3,664,104

Going concern (Note 1(c)); Commitment (Note 6); Subsequent events (Note 6 and 14)

Approved on behalf of the Board of Directors:

"Peter Dembicki"

President, CEO & Director

"Steve Cook"

Director

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

Tier One Silver Inc.

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

	Three months ended March 31,	
	2024	2023
Operating expenses:		
Exploration and evaluation	\$ 133,818	\$ 532,762
Fees, salaries, and other employee benefits	256,931	375,344
Legal and professional	20,413	114,736
Marketing and investor relations	96,510	305,861
Office and administration	57,634	102,634
Project investigation	34,850	8,178
Regulatory and transfer agent	30,948	35,880
Mineral property impairment (Note 4(iii))	881,622	-
Reversal of provision for option termination costs (Note 4(iii))	(162,473)	-
	1,350,253	1,475,395
Other expenses (income):		
Accretion of provision for site reclamation and closure	2,670	3,492
Foreign exchange loss, net	1,136	8,218
Interest income	(8,207)	(14,695)
Share of net loss from equity investments (Note 6)	1,098	26
Loss for the period	\$ 1,346,950	\$ 1,472,436
Other comprehensive (income) loss:		
Unrealized currency (gain) loss on translation	(20,402)	930
Comprehensive loss for the period	\$ 1,326,548	\$ 1,473,366
Basic and diluted loss per share	\$ 0.01	\$ 0.01
Basic and diluted weighted average number of shares outstanding	159,945,923	139,530,923

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

Tier One Silver Inc.

Condensed Consolidated Interim Statements of Change 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 Equity
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 8(a))	-	-	71,143	-	-	71,143
Other comprehensive loss	-	-	-	(930)	-	(930)
Loss for the period	-	-	-	-	(1,472,436)	(1,472,436)
Balance at March 31, 2023	139,530,923	\$ 27,001,612	\$ 4,212,341	\$ (118,573)	\$ (28,340,227)	\$ 2,755,153
Balance at December 31, 2023	159,945,923	\$ 30,312,635	\$ 4,557,384	\$ (138,087)	\$ (32,347,147)	\$ 2,384,785
Share-based payments (Note 8(a))	-	-	69,102	-	-	69,102
Other comprehensive income	-	-	-	20,402	-	20,402
Loss for the period	-	-	-	-	(1,346,950)	(1,346,950)
Balance at March 31, 2024	159,945,923	\$ 30,312,635	\$ 4,626,486	\$ (117,685)	\$ (33,694,097)	\$ 1,127,339

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 March 31,	
	2024	2023
Operating activities:		
Loss for the period	\$ (1,346,950)	\$ (1,472,436)
Adjusted for:		
Interest income	(8,207)	(14,695)
Non-cash transactions:		
Mineral property impairment	881,622	-
Reversal of provision for option termination costs	(162,473)	-
Share-based payments	69,102	71,143
Depreciation	2,626	2,633
Accretion of provision for site reclamation and closure	2,670	3,492
Unrealized foreign exchange loss	467	193
Share of net loss from equity investments	1,098	26
Changes in non-cash working capital:		
Amounts receivable	40,712	4,657
Prepaid expenses, deposits, and other	139,048	151,308
Accounts payable and accrued liabilities	62,363	295,914
Cash used in operating activities	(317,922)	(957,765)
Investing activities:		
Interest income received	8,207	14,695
Cash provided by investing activities	8,207	14,695
Effect of foreign exchange rate changes on cash	744	(164)
Change in cash	(308,971)	(943,234)
Cash, beginning of the period	825,589	1,553,349
Cash, end of the period	\$ 516,618	\$ 610,115

Supplemental cash flow information (Note 10)

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

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three months ended March 31, 2024 and 2023

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 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.

(c) Going concern

As at March 31, 2024, the Company had a net working capital deficit of \$165,220 (December 31, 2023 - \$236,851 net working capital surplus) and incurred a loss of \$1,346,950 for the three months then ended (\$1,472,436 for three months ended March 31, 2023). 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 closed a non-brokered private placement on April 30, 2024, the ability to continue as a going concern remains dependent upon its continued ability to obtain the financing necessary to fund its mineral properties and exploration programs, 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 months ended March 31, 2024 and 2023

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 IFRS accounting standards 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, 2023. These financial statements were approved and authorized for issuance on May 28, 2024, by the Board of Directors.

(b) Basis of presentation

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

(c) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company. A summary of the Company’s subsidiaries included in these financial statements as at March 31, 2024 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 6).

(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 accounting standards require 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 December 31, 2023, and have been consistently applied in the preparation of these financial statements. No new estimates and judgments were applied for the period ended March 31, 2024.

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements
Unaudited (Expressed in Canadian dollars)
Three months ended March 31, 2024 and 2023

(f) Application of new and revised accounting standards

On January 23, 2020 and October 31, 2022, the IASB issued amendments to IAS 1 to clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. For liabilities with covenants, the amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification as current or non-current. The adoption of the amended standard, effective January 1, 2024, did not impact the financial statements of the Company.

On September 22, 2022, the IASB issued amendments to IFRS 16 to add subsequent measurement requirements for sale and leaseback transactions, particularly those with variable lease payments. The amendments require the seller-lessee to subsequently measure lease liabilities in a way such that it does not recognize any gain or loss relating to the right of use it retains. The adoption of the amended standard, effective January 1, 2024, did not impact the financial statements of the Company.

On May 25, 2023, the IASB issued amendments to IAS 7 requiring entities to provide qualitative and quantitative information about their supplier finance arrangements. In connection with the amendments to IAS 7, the IASB also issued amendments to IFRS 7 requiring entities to disclose whether they have accessed, or have access to, supplier finance arrangements that would provide the entity with extended payment terms or the suppliers with early payment terms. The adoption of the amended standard, effective January 1, 2024, 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:

	March 31, 2024	December 31, 2023
Community and surface agreements	\$ 13,909	\$ 64,839
Exploration and evaluation	14,036	23,375
General, administration and marketing	171,789	244,321
UMS Canada (Note 9(a))	55,652	60,486
Total prepaid expenses, deposits and other	\$ 255,386	\$ 393,021

The Company makes short term advances to third parties in the normal course of business and to UMS Canada and UMS Peru in accordance with the respective service agreements (Note 6). Typically, such prepayments are made in relation to annual insurance policies, software renewals and marketing activities, such as conference fees. Also included is the working capital deposit held by UMS Canada (Note 9(a)).

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 March 31, 2024, the Company had a surface rights agreement with the local community at the Curibaya project which expired in May 2024 and is in the process of being renewed.

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements
Unaudited (Expressed in Canadian dollars)
Three months ended March 31, 2024 and 2023

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, 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	(3,453)	-	-	(3,453)
Currency translation adjustment	(20,746)	(40)	(21,905)	(42,691)
Balance as at December 31, 2023	\$ 1,376,162	\$ -	\$ 861,211	\$ 2,237,373
Mineral property impairment	-	-	(881,622)	(881,622)
Currency translation adjustment	21,011	-	20,411	41,422
Balance as at March 31, 2024	\$ 1,397,173	\$ -	\$ -	\$ 1,397,173

The Company's projects, located in southern Peru, are outlined below:

i) Curibaya

Curibaya is a wholly-owned project that covers approximately 17,000 hectares ("ha") in southern Peru located 48 kilometres ("km") from the provincial capital, Tacna. Within the Curibaya project, the Sambalay and Salvador concessions are subject to a 1.5% and 2.0% net smelter return royalty, respectively. In addition, the Salvador concessions are subject to a US\$2.0 million production payment, payable at the time a production decision is made.

During the three months ended March 31, 2024, the Company incurred \$133,913 of exploration and evaluation expenses on Curibaya (\$387,416 for the three months ended March 31, 2023).

ii) Hurricane

On October 20, 2023, the Company gave notice to Pembroke Copper Corp. ("Pembroke") that it was terminating the share purchase option agreement (the "Hurricane Option") which gave the Company the option 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. As a result, during the year ended December 31, 2023, the Company impaired all previously capitalized costs and as of March 31, 2024, there are no costs capitalized in relation to this project.

The Company incurred \$nil of exploration and evaluation expenses on the Hurricane project during the three months ended March 31, 2024 (\$113,831 during the three months ended March 31, 2023).

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. During the three months ended March 31, 2024, the Company made the decision to relinquish the non-core Corisur project and has recorded an impairment charge of \$881,622 to write off all capitalized costs associated with these claims.

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Unaudited (Expressed in Canadian dollars)

Three months ended March 31, 2024 and 2023

During the three months ended March 31, 2024, the Company reversed a provision and recorded an expense recovery in the amount of \$162,473 (US\$120,000). The provision had been recorded in 2021 in relation to anticipated final costs for the orderly closure of the Huilacollo option and permit all of which have been completed. No further costs are anticipated.

Coastal Batholith

Coastal Batholith is a wholly-owned project on the coast of Peru acquired through staking and covers approximately 3,500 ha after relinquishing many of the concessions in each of 2022 and 2023 to keep only what the Company considers the most prospective areas. All costs related to the staking of the Coastal Batholith project were written off in 2023 as the plan for the early stage, non-core asset was uncertain and at March 31, 2024 the balance remains \$nil.

Exploration and evaluation costs

On its properties that are grouped as other, which include the Coastal Batholith and Corisur claims, the Company recorded an exploration and evaluation cost recovery of \$95 during the three months ended March 31, 2024 resulting from the reversal of the prior year's validity fees that were accrued in relation to the Corisur claims now that the Company has made the decision to relinquish these claims (exploration and evaluation cost of \$31,485 during three months ended March 31, 2023).

5. Accounts payable and accrued liabilities

The Company records accounts payable and accrued liabilities that arise in the normal course of business, in relation to its exploration and evaluation, and other activities. More specifically, the Company makes accruals for annual concession and penalty fees in the period to which they relate. Despite Peruvian rules allowing companies to defer payment of these fees, the Company does not have a practical ability to avoid such payments as such avoidance would result in the loss of its mineral properties.

As at March 31, 2024, the Company has accrued a provision for 2023 and Q1 2024 concession fees as well as production penalty fees for not completing sufficient work in each of 2022 and 2023. The provision totals \$298,448 (\$304,950 at December 31, 2023) of which a portion is payable by June 30, 2024, and June 30, 2025.

6. Equity investments

Investment in Associate - UMS Canada

UMS Canada is located in Vancouver, BC, and provides head office premises, administrative, geological, accounting and other advisory services to the Company and three other companies on a cost recovery basis. In 2022, the Company acquired a 25% share interest in UMS Canada and accounts for this investment as an associate. UMS Canada is party to an office lease agreement with a total term of ten years, for which certain rent expenses will be payable by the Company. As at March 31, 2024, the Company expected to incur approximately \$0.6 million in respect of future lease payments for the remaining 7.25 years. Subsequent to March 31, 2024, UMS Canada entered a sublease agreement which reduces the Company's future lease payments to approximately \$0.1 million.

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 months ended March 31, 2024 and 2023

During Q4 2023, UMS Peru stopped providing services to the Company and is now in the process of being wound up. As a result, the Company recorded a total impairment of \$104,402 through the statement of loss for the year ended December 31, 2023, in relation to its investment in UMS Peru, being \$41,976, and the \$62,426 (US\$47,200) deposit held by UMS Peru, which is not expected to be recovered.

Summarized financial information of UMS Canada and UMS Peru

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

	UMS Canada		UMS Peru	
For the three months ended March 31, 2024				
Cost recoveries	\$	(952,104)	\$	-
Geological services		330,717		-
Administrative services		625,778		-
Net loss for the period		4,391		-
Company's share of net loss	\$	1,098	\$	-

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

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at March 31, 2024, were as follows:

	UMS Canada		UMS Peru		Total
Carrying amount as at December 31, 2022	\$	127,024	\$	3,942	\$ 130,966
Company's share of net (loss) income		(5,033)		38,034	33,001
Impairment of investment		-		(41,976)	(41,976)
Carrying amount as at December 31, 2023	\$	121,991	\$	-	\$ 121,991
Company's share of net loss for the period		(1,098)		-	(1,098)
Carrying amount as at March 31, 2024	\$	120,893	\$	-	\$ 120,893

The Company's equity interest in net assets and liabilities of UMS Canada and UMS Peru as at March 31, 2024, were as follows:

	UMS Canada		UMS Peru	
Current assets	\$	825,108	\$	47,373
Non-current assets		2,391,026		104,318
Current liabilities		(1,428,545)		(67,739)
Non-current liabilities		(1,304,018)		-
Net assets - 100%		483,571		83,952
Company's equity interest in net assets		120,893		41,976
Accumulated impairment of Company's equity interest		-		(41,976)
Company's carrying amount as at March 31, 2024	\$	120,893	\$	-

Tier One Silver Inc.

Notes to the Condensed Consolidated Interim Financial Statements
Unaudited (Expressed in Canadian dollars)
Three months ended March 31, 2024 and 2023

7. Share capital

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

There were no common share issuances during the three-month periods ended March 31, 2024 and 2023.

8. 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, 2022	7,195,000	\$ 1.01
Granted	3,350,000	0.30
Expired	(165,625)	1.00
Forfeited	(35,625)	0.48
Outstanding, December 31, 2023	10,343,750	\$ 0.78
Granted	1,000,000	0.10
Expired	(183,750)	0.97
Forfeited	(12,500)	0.30
Outstanding, March 31, 2024	11,147,500	\$ 0.72

As at March 31, 2024, 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	6,520,000	\$ 1.00	2.02	6,520,000	\$ 1.00	2.02
April 29, 2026	200,000	1.00	2.08	200,000	1.00	2.08
June 22, 2026	125,000	1.44	2.23	125,000	1.44	2.23
September 15, 2028	3,007,500	0.30	4.46	1,490,000	0.30	4.46
December 28, 2028	295,000	0.30	4.75	110,625	0.30	4.75
January 23, 2029	1,000,000	0.10	4.82	-	0.10	4.82
	11,147,500	\$ 0.72	3.01	8,445,625	\$ 0.87	2.49

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 months ended March 31, 2024, the Company granted 1,000,000 share options to a marketing service provider (nil options granted for the three months ended March 31, 2023). The weighted average fair value per option of these share options

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was calculated as \$0.07, using the Black-Scholes option valuation model at the grant date with the following weighted average assumptions:

	Three months ended March 31, 2024
Risk-free interest rate	4.06%
Expected dividend yield	Nil
Share price volatility	87.91%
Expected forfeiture rate	0%
Expected life in years	1.00

During the three months ended March 31, 2024, and 2023, the Company recognized share-based payments expense net of forfeiture recovery as follows.

	Three months ended March 31,	
	2024	2023
Exploration and evaluation	\$ 6,962	\$ 15,414
Fees, salaries, and other employee benefits	37,500	51,219
Marketing and investor relations	19,819	3,648
Project investigation	4,821	862
	\$ 69,102	\$ 71,143

(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, 2022	13,736,026	\$ 0.75
Issued	20,890,080	0.30
Outstanding, December 31, 2023 and March 31, 2024	34,626,106	\$ 0.48

A summary of the Company's warrants issued and outstanding as at March 31, 2024, is as follows:

Expiry date	Warrants outstanding	Exercise price
April 21, 2025	10,840,840	\$ 0.35
May 31, 2025	13,736,026	0.75
December 8, 2025	5,092,240	0.25
December 15, 2025	4,957,000	0.25
	34,626,106	\$ 0.48

9. Related party transactions

Related party transactions are those with entities over which the Company has control or significant influence, or with key management personnel, being those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions for the three months ended March 31, 2024, and 2023, is as follows:

Tier One Silver Inc.

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Unaudited (Expressed in Canadian dollars)
Three months ended March 31, 2024 and 2023

(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 March 31,	
	2024	2023
Exploration and evaluation (recovery) costs	\$ (670)	\$ 151,701
General and administration	97,699	280,452
Marketing and investor relations	-	21,672
Project investigation	1,033	5,990
Total transactions for the period	\$ 98,062	\$ 459,815

As at March 31, 2024, \$65,697 (December 31, 2023 - \$86,215) was included in accounts payable and accrued liabilities and \$55,652 (December 31, 2023 - \$60,486) in prepaid expenses, deposits and other relating to transactions with UMS Canada. Including the original deposit of \$150,000 advanced to UMS Canada for working capital purposes, the Company had a net deposit balance of \$139,955 with UMS Canada as at March 31, 2024.

As at March 31, 2024, the Company had a working capital deposit with UMS Peru in the amount of \$63,956 (US\$47,200 which hasn't changed since December 31, 2023), however the amount was written down to \$nil as at December 31, 2023 as it is not expected to be recovered and there has been no change as of March 31, 2024.

(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 March 31,	
	2024	2023
Salary and benefits provided to executives	\$ 152,535	\$ 131,494
Non-executive directors' fees	48,238	34,841
Share-based payments	37,964	37,934
	\$ 238,737	\$ 204,269

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 March 31, 2024, the Company had an accounts payable balance with key management personnel of \$126,127 (\$122,058 as at December 31, 2023) which primarily related to deferred 2022 management compensation 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 \$14,290 for the three months ended March 31, 2024 (\$25,090 for the three months ended March 31, 2023).

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10. Supplemental cash flow information

Cash flows were impacted by the following non-cash transactions:

	Three months ended March 31,	
	2024	2023
Payment of share issuance costs previously recorded in accounts payable as related to prior period private placement	(12,968)	-

There were no income taxes or interest paid during the three months ended March 31, 2024, and 2023.

11. Financial instruments

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

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

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

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

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

As at March 31, 2024 and December 31, 2023 there were no financial instruments measured at fair value.

The Company's financial instruments are exposed to liquidity risk, credit risk and market risk, which includes currency risk. As at March 31, 2024, the primary risks were as follows:

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. As at March 31, 2024, the Company did not have sufficient cash on hand to discharge its financial liabilities as they become due. On April 30, 2024, the Company closed a \$1.48 million private placement financing (Note 14) but will require additional funding to continue operations for the upcoming year.

(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, the amounts receivable consist of sales taxes receivable from the Government of Canada, and the deposit is held by UMS 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.

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The Canadian parent company is exposed to U.S. dollar (US\$) foreign currency risk with the Canadian dollar ("C\$") functional currency, and the Peruvian subsidiary is exposed to Peruvian Soles (PEN) foreign currency risk with the US\$ functional currency. As at March 31, 2024, the Company's foreign currency exposure related to its financial assets and liabilities held in US\$ and PEN is as follows:

	March 31, 2024	December 31, 2023
Peruvian soles expressed in C\$		
Period end exchange rate C\$ per Peruvian sol	0.3645	0.3569
Financial assets	\$ 16,826	\$ 39,570
Financial liabilities	(276,267)	(295,302)
Net exposure	\$ (259,441)	\$ (255,732)
US\$ expressed in C\$		
Period end exchange rate C\$ per US\$	1.3550	1.3226
Financial assets	\$ 17,381	\$ 511
Financial liabilities	(6,727)	-
Net exposure	\$ 10,654	\$ 511

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.

12. Segmented information

The Company operates in one reportable segment, being the exploration and evaluation of unproven exploration and evaluation assets. The Company's non-current assets primarily consist of its mineral property interests which are located in Peru, and the balance relates to its equity investment located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results. All corporate expenses are incurred in Canada.

13. 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.

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14. Subsequent events

On April 30, 2024, the Company closed a non-brokered private placement for total gross proceeds of \$1,484,504 in which 10,603,600 units (each, a "Unit") were issued at a price of \$0.14 per Unit (the "Offering"). Each offered Unit consists of one common share of the Company and one full common share purchase warrant of the Company (each, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.25 at any time on or before the date which is 12 months after the closing date of the Offering (the "Closing Date"). The Warrants are subject to an accelerated expiry if, anytime following the date that is four months after the Closing Date, the closing price of the shares on the TSX Venture Exchange, or such other market as the shares may trade from time to time, is or exceeds \$0.375 for any ten (10) consecutive trading days, in which event the holder of the Warrant may, at the Company's election, be given notice and the Company will issue a press release announcing that the Warrants will expire 30 days following the date of such press release. The Warrants may be exercised by the holder of the Warrant during the 30-day period between the date of the press release announcing the accelerated expiry date and the expiration of the Warrants.

The Company paid aggregate cash finders' fees of \$45,037 and issued 321,691 finders' warrants, with each finder's warrant exercisable on the same terms as the Warrants.