(An exploration stage business)

TIER ONE SILVER INC.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 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 and nine months ended September 30, 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.

November 28, 2024

Tier One Silver Inc.

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

		As at September 30, 2024		As at December 31, 2023
Assets				
Current assets:				
Cash	$	**314,881**	$	825,589
Amounts receivable		**9,005**		48,535
Prepaid expenses, deposits and other (Note 3)		**275,220**		393,021
		599,106		1,267,145
Non-current assets:				
Equity investments (Note 5)		**90,165**		121,991
Equipment		**30,487**		37,595
Mineral property interests (Note 4)		**1,393,866**		2,237,373
Total assets	$	**2,113,624**	$	3,664,104
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities (Note 6)	$	**612,132**	$	546,311
Provision for site reclamation and closure		**208,038**		483,983
		820,170		1,030,294
Non-current liabilities:				
Accrued liabilities (Note 6)		**-**		98,741
Provision for site reclamation and closure		**161,576**		150,284
Total liabilities	$	**981,746**	$	1,279,319
Equity:				
Share capital (Note 7)	$	**31,575,075**	$	30,312,635
Equity reserves (Note 8)		**4,880,397**		4,557,384
Accumulated other comprehensive loss		**(125,061)**		(138,087)
Deficit		**(35,198,533)**		(32,347,147)
Total equity		**1,131,878**		2,384,785
Total liabilities and equity	$	**2,113,624**	$	3,664,104

Going concern (Note 1(c)); Commitment (Note 5)

Approved on behalf of the Board of Directors:

"Peter Dembicki"	*"Christy Strashek"*
President, CEO & Director	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 September 30, 2024		2023		Nine months ended September 30, 2024		2023
Operating expenses:								
Exploration and evaluation	**$**	**347,982**	$	475,493	**$**	**603,467**	$	1,478,937
Fees, salaries, and other employee benefits		**225,105**		469,648		**731,383**		1,144,493
Legal and professional		**22,260**		32,467		**199,873**		196,783
Marketing and investor relations		**107,383**		37,741		**314,186**		650,259
Office and administration		**67,377**		83,948		**194,598**		285,658
Project investigation		**27,303**		91,540		**81,880**		134,791
Regulatory and transfer agent		**32,063**		18,181		**111,955**		83,465
Mineral property impairments (Note 4(iii))		**-**		368,643		**881,622**		430,747
Costs (reversal of provisions) related to option terminations Note 4(ii and iii)		**-**		31,070		**(286,327)**		31,070
	$	**829,473**	$	1,608,731	$	**2,832,637**	$	4,436,203
Other expenses (income):								
Accretion of provision for site reclamation and closure		**2,827**		2,689		**8,254**		8,798
Foreign exchange loss (gain), net		**7,762**		(1,011)		**9,022**		16,177
Interest income		**(10,527)**		(11,238)		**(30,353)**		(37,204)
Share of net loss from equity investments (Note 5)		**10,788**		1,859		**31,826**		13,620
Loss for the period	**$**	**840,323**	$	1,601,030	**$**	**2,851,386**	$	4,437,594
Other comprehensive loss:								
Unrealized currency gain (loss) on translation		**4,914**		(2,603)		**(13,026)**		(1,673)
Comprehensive loss for the period	**$**	**845,237**	$	1,598,427	**$**	**2,838,360**	$	4,435,921
Basic and diluted loss per share	**$**	**0.00**	$	0.01	**$**	**0.02**	$	0.03
Basic and diluted weighted-average number of shares outstanding		**170,948,980**		150,094,923		**166,148,659**		144,985,055

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		Equity reserves		Accumulated other comprehensive income (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	-		-		171,386		-		-		171,386
Units issued pursuant to offering, net of issue costs	10,564,000		2,471,813		56,220		-		-		2,528,033
Warrants issued for finders' fees	-		(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
Balance at December 31, 2023	**159,945,923**	**$**	**30,312,635**	**$**	**4,557,384**	**$**	**(138,087)**	**$**	**(32,347,147)**	**$**	**2,384,785**
Share-based payments (Note 8(a))	**-**		**-**		**144,819**		**-**		**-**		**144,819**
Units issued pursuant to offering, net of issue costs (Note 7(b))	**10,603,600**		**1,204,100**		**186,534**		**-**		**-**		**1,390,634**
Warrants issued for finders' fees	**-**		**(7,630)**		**7,630**		**-**		**-**		**-**
Share options exercised (Note 7(b))	**500,000**		**65,970**		**(15,970)**		**-**		**-**		**50,000**
Other comprehensive income	**-**		**-**		**-**		**13,026**		**-**		**13,026**
Loss for the period	**-**		**-**		**-**		**-**		**(2,851,386)**		**(2,851,386)**
Balance at September 30, 2024	**171,049,523**	**$**	**31,575,075**	**$**	**4,880,397**	**$**	**(125,061)**	**$**	**(35,198,533)**	**$**	**1,131,878**

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, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Operating activities:				
Loss for the period	**$ (840,323)**	$ (1,601,030)	**$ (2,851,386)**	$ (4,437,594)
Adjusted for:				
Interest income	**(10,527)**	(11,238)	**(30,353)**	(37,204)
Non-cash transactions:				
Mineral property impairments	**-**	368,643	**881,622**	430,747
Share-based payments	**41,878**	84,442	**144,819**	171,386
Depreciation	**2,656**	2,612	**7,946**	7,860
Accretion of provision for site reclamation and closure	**2,827**	2,689	**8,254**	8,798
Unrealized foreign exchange loss (gain)	**260**	(7,505)	**(3,217)**	4,549
Share of net loss from equity investments	**10,788**	1,859	**31,826**	13,620
Costs (reversal of provisions) related to option terminations	**-**	31,070	**(286,327)**	31,070
Changes in non-cash working capital:				
Amounts receivable	**3,050**	13,329	**37,528**	4,944
Prepaid expenses, deposits and other	**(42,459)**	108,615	**119,219**	110,173
Accounts payable and accrued liabilities	**134,121**	295,994	**(41,301)**	131,731
Cash used in operating activities	**(697,729)**	(710,520)	**(1,981,370)**	(3,559,920)
Investing activities:				
Mineral property additions	**-**	-	**-**	(1,671)
Interest income received	**10,527**	11,238	**30,353**	37,204
Cash provided by investing activities	**10,527**	11,238	**30,353**	35,533
Financing activities:				
Proceeds from issuance of units, net of share issue costs	**-**	(583)	**1,390,634**	2,528,033
Proceeds from share options exercised	**25,000**	-	**50,000**	-
Cash provided by (used in) financing activities	**25,000**	(583)	**1,440,634**	2,528,033
Effect of foreign exchange rate changes on cash	**(1,239)**	8,143	**(325)**	(424)
Change in cash	**(663,441)**	(691,722)	**(510,708)**	(996,778)
Cash, beginning of the period	**978,322**	1,248,293	**825,589**	1,553,349
Cash, end of the period	**$ 314,881**	$ 556,571	**$ 314,881**	556,571

There were no income taxes or interest paid during the three and nine months ended September 30, 2024, and 2023.

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

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 registered and records office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

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 September 30, 2024, the Company had a net working capital deficit of $221,064 (December 31, 2023 – surplus of $236,851) and incurred a loss of $2,851,386 for the nine months ended September 30, 2024 ($4,437,594 for the nine months ended September 30, 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.

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 November 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 September 30, 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 5). Having recently relinquished the Corisur claims, the Corisur entity is now dormant and is in the process of being dissolved.

(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 September 30, 2024.

Unaudited (Expressed in Canadian dollars)

(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:

		September 30, 2024		December 31, 2023
Community and surface agreements	**$**	**62,773**	$	64,839
Exploration and evaluation		**46,129**		23,375
General, administration and marketing		**123,962**		244,321
UMS Canada (Note 9(a))		**42,356**		60,486
Total prepaid expenses, deposits and other	**$**	**275,220**	**$**	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 5). 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. On June 12, 2024, the Company renewed its surface rights agreement with the local community at the Curibaya project for a one-year period.

Unaudited (Expressed in Canadian dollars)

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	**17,704**	**-**	**20,411**	**38,115**
Balance as at September 30, 2024	**$ 1,393,866**	**$ -**	**$ -**	**$ 1,393,866**

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, 2024, the Company incurred $344,120 and $593,766, respectively, of exploration and evaluation expenses on Curibaya ($427,259 and $1,212,849 for the three and nine months ended September 30, 2023, respectively).

ii) Hurricane

On October 20, 2023, the Company gave notice to Pembrook Copper Corp. ("Pembrook") that it was terminating the share purchase option agreement (the "Hurricane Option") which gave the Company the option to acquire Pembrook's Peruvian subsidiary, Compañia 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 September 30, 2024, there are no costs capitalized in relation to this project.

During the nine months ended September 30, 2024, the Company recorded an expense recovery in the amount of $123,854 related to the reversal of a provision that had been recorded for estimated final costs to complete the termination of the Hurricane option which is now complete. No further material costs are anticipated.

The Company incurred $nil of exploration and evaluation expenses on the Hurricane project during the three and nine months ended September 30, 2024 ($36,698 and $262,523 for the three and nine months ended September 30, 2023, respectively).

iii) Other

Corisur claims

The Corisur claims, covering 1,300 ha, consisted of the Tacora, Tacora Sur and Andamarca concessions which are located in the Peru border zone, and as a result unconditional ownership could only be achieved in the future by obtaining a Supreme Decree. During the nine months ended September 30, 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.

During the nine months ended September 30, 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 impaired in 2023 as the plan for this early stage, non-core asset was uncertain then, and still is, and therefore, as at September 30, 2024, the balance remains $nil.

Exploration and evaluation costs incurred on other properties

On the Company’s properties that are grouped as other, which included the Coastal Batholith and Corisur claims, the Company recorded exploration and evaluation expenses of $3,862 and $9,701 during the three and nine months ended September 30, 2024, respectively, (net exploration and evaluation expenses of $11,536 and $3,565 for the three and nine months ended September 30, 2023, respectively). The amounts reported in both the 2024 and 2023 nine-month periods, included the reversal of the prior year’s validity fees that were accrued for the concessions that were subsequently relinquished.

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 non-related 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 an initial term of ten years, for which certain rent expenses will be payable by the Company. During the nine months ended September 30, 2024, UMS Canada entered into a 3rd party sublease agreement, which reduces the Company’s share of future lease payments to approximately $0.1 million in total for the remaining 6.75 year term of the lease.

Investment in Joint Venture - UMS Peru

UMS Peru is a company incorporated under Peruvian law, which provides administrative and geological services to Magma, Corisur and the Peruvian subsidiary of a non-related 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.

Unaudited (Expressed in Canadian dollars)

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 of UMS Canada and UMS Peru were as follows:

For the three months ended September 30, 2024		**UMS Canada**		**UMS Peru**
Cost recoveries	$	(1,015,697)	$	-
Geological services		481,406		-
Administrative services		577,442		-
Net loss for the period		43,151		-
Company's share of net loss	**$**	**10,788**	**$**	**-**

For the nine months ended September 30, 2024		**UMS Canada**		**UMS Peru**
Cost recoveries	$	(2,797,026)	$	-
Geological services		1,013,864		-
Administrative services		1,910,466		-
Net loss for the period		127,304		-
Company's share of net loss	**$**	**31,826**	**$**	**-**

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at September 30, 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	**$**	**121,991**	**$**	**-**	**$**	**121,991**
Company's share of net loss for the period		(31,826)		-		(31,826)
Carrying amount as at September 30, 2024	**$**	**90,165**	**$**	**-**	**$**	**90,165**

The Company's equity interest in net assets and liabilities of UMS Canada and UMS Peru as at September 30, 2024, were as follows:

		UMS Canada		**UMS Peru**
Current assets	$	786,012	$	46,764
Non-current assets		2,217,820		104,671
Current liabilities		(1,340,255)		(67,484)
Non-current liabilities		(1,302,918)		-
Net assets - 100%		360,659		83,951
Company's equity interest in net assets		90,165		41,976
Accumulated impairment of Company's equity interest		-		(41,976)
Company's carrying amount as at September 30, 2024	**$**	**90,165**	**$**	**-**

6. 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 September 30, 2024, the Company has accrued a total provision of $162,487 for concession validity and penalty fees to be paid by June 30, 2025 ($304,950 accrued as at December 31, 2023, payable by June 30, 2024 and June 30, 2025).

7. Share capital

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

Nine months ended September 30, 2024:

i. 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 were issued at a price of $0.14 per unit (the “April 2024 Private Placement”). Each unit consisted of one common share of the Company and one common share purchase warrant, exercisable at a price of $0.25 for a term of one year. Share issuances costs, including customary referral fees, amounted to $93,870.

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 $186,534 to the warrants issued, which is recorded within the equity reserves.

In relation to the April 2024 Private Placement, the Company issued 321,691 finders’ warrants, which were treated as a cost of share issuance, with each finder’s warrant exercisable on the same terms as the unit warrants. The Company used the Black-Scholes option valuation model to determine the fair value of the finders warrants, applying an expected volatility of 97.03% and a risk-free interest rate of 4.28% and attributed $7,630 to the finders warrants, which is recorded within equity reserves.

ii. During the nine months ended September 30, 2024, 500,000 common shares were issued pursuant to share purchase options being exercised with an exercise price of $0.10 per share for gross proceeds of $50,000. As a consequence, $15,970 attributed to these share options was transferred from equity reserves to share capital.

Nine months ended September 30, 2023:

iii. 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 one common share and one share purchase warrant, exercisable at $0.35, with an expiry date of April 21, 2025. Share issuance costs, including referral fees, amounted to $112,966.

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 equity reserves.

Unaudited (Expressed in Canadian dollars)

In relation to the 2023 Private Placement, the Company issued 276,840 finders' warrants to the agents with a fair value of $26,790, which was treated as a cost of share issuance and recorded within equity reserves. Each finders' warrant entitles 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 interest rate of 3.95%.

iv. During the nine months ended September 30, 2023, there were no share purchase options exercised.

8. Equity reserves

(a) Equity incentive awards

On June 11, 2024, the Company's Board of Directors approved the adoption of a Long-Term Incentive Plan ("LTI Plan") which was subsequently approved by shareholders of the Company at the August 7, 2024, Annual General Meeting. The LTI Plan replaces the Company's previous rolling share option plan and provides for the awarding of share options, performance share units, restricted share units and deferred share units (collectively "equity awards"). The number of shares reserved for issuance under the LTI Plan, together with all other security-based compensation arrangements of the Company, is limited to 10% of the issued and outstanding common shares at the time of grant. The Company may grant equity awards from time to time to its directors, officers, employees, and other service providers. Only share options have been granted to date.

The following is a continuity of the number of share options issued and outstanding as at September 30, 2024:

	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	1,300,000		0.15
Exercised	(500,000)		0.10
Expired	(1,148,750)		0.98
Forfeited	(100,000)		0.30
Outstanding, September 30, 2024	**9,895,000**	**$**	**0.71**

As at September 30, 2024, the number of share options outstanding and exercisable was:

	Outstanding			Exercisable		
Expiry date	**Number of options**	**Exercise price**	**Remaining contractual life (years)**	**Number of options**	**Exercise price**	**Remaining contractual life (years)**
April 8, 2026	5,580,000	$ 1.00	1.52	5,580,000	$ 1.00	1.52
April 29, 2026	200,000	1.00	1.58	200,000	1.00	1.58
June 22, 2026	125,000	1.44	1.73	125,000	1.44	1.73
September 15, 2028	2,895,000	0.30	3.96	2,171,250	0.30	3.96
December 28, 2028	295,000	0.30	4.25	181,250	0.30	4.25
January 23, 2029	500,000	0.10	4.32	-	0.10	4.32
Monday July 2, 2029	300,000	0.30	4.76	112,500	0.30	4.76
	9,895,000	**$ 0.71**	**2.56**	**8,370,000**	**$ 0.80**	**2.26**

Unaudited (Expressed in Canadian dollars)

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, 2024, the Company granted 300,000 and 1,300,000 share options, respectively, to marketing service providers (3,055,000 options granted to directors, officers, employees and other service providers for the three and nine months ended September 30, 2023). The weighted average fair value per option of the share options granted during the nine months ended September 30, 2024, was calculated as $0.05 (nine months ended September 30, 2023 - $0.09), using the Black-Scholes option valuation model at the grant date with the following weighted average assumptions:

	Nine months ended September 30 2024	**Nine months ended September 30** 2023
Risk-free interest rate	**3.95%**	4.07%
Expected dividend yield	**Nil**	Nil
Share price volatility	**89.04%**	86.34%
Expected forfeiture rate	**1.58%**	7.68%
Expected life in years	**1.92**	4.77

During the three and nine months ended September 30, 2024, and 2023, the Company recognized share-based payments expense net of forfeiture recovery as follows.

	Three months ended September 30,		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Exploration and evaluation	**$ 3,021**	$ 11,771	**$ 14,252**	$ 29,188
Fees, salaries, and other employee benefits	**15,760**	65,612	**76,737**	130,103
Marketing and investor relations	**21,225**	874	**44,656**	4,820
Project investigation	**1,872**	6,185	**9,174**	7,275
	$ 41,878	$ 84,442	**$ 144,819**	$ 171,386

(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	**34,626,106**	$ 0.48
Issued	10,925,291	0.25
Outstanding, September 30, 2024	**45,551,397**	**$ 0.42**

Unaudited (Expressed in Canadian dollars)

A summary of the Company's warrants issued and outstanding as at September 30, 2024, is as follows:

Expiry date	**Warrants outstanding**	**Exercise price**
April 21, 2025	10,840,840	$ 0.35
April 24, 2025	5,530,619	0.25
April 30, 2025	5,394,672	0.25
May 31, 2025	13,736,026	0.75
December 8, 2025	5,092,240	0.25
December 15, 2025	4,957,000	0.25
	45,551,397	**$ 0.42**

9. Related party transactions

Related party transactions are those with entities over which the Company has control or significant influence, and 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, 2024, and 2023, is as follows:

(a) UMS Canada and UMS Peru

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Exploration and evaluation	**$ 35,529**	$ 117,217	**$ 37,239**	$ 465,996
General and administration	**128,255**	195,918	**354,464**	768,722
Marketing and investor relations	**-**	11,435	**-**	45,834
Project investigation	**187**	51,027	**1,434**	80,793
Total for the period	**$ 163,971**	$ 375,597	**$ 393,137**	$ 1,361,345

As at September 30, 2024, $63,442 (December 31, 2023 - $86,215) was included in accounts payable and accrued liabilities and $42,356 (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 $128,914 with UMS Canada as at September 30, 2024.

As at September 30, 2024, the Company had a working capital deposit with UMS Peru in the amount of $62,426 (US$47,200, unchanged 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 September 30, 2024.

Unaudited (Expressed in Canadian dollars)

(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 five (six until August 7, 2024) non-executive independent directors:

		Three months ended September 30,				Nine months ended September 30,		
		2024		2023		**2024**		2023
Salary and benefits, for executives	**$**	**144,719**	$	296,205	**$**	**448,449**	$	610,160
Fees, for non-executive independent directors		**42,034**		51,564		**137,438**		136,682
Share-based payments		**16,200**		67,189		**79,077**		108,113
Total for the period	**$**	**202,953**	$	414,958	**$**	**664,964**	$	854,955

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, 2024, the Company had an accounts payable balance with key management personnel of $149,058 ($122,058 as at December 31, 2023) which primarily related to the approved, but deferred and unpaid, 2022 short-term compensation awarded by the Company's Board of Directors in 2023.

The Company grants options to certain UMS employees, including key management personnel of the Company. The Company recognized share-based payments of $5,616 and $26,294 for the three and nine months ended September 30, 2024, respectively, in respect of share options granted to UMS employees ($42,747 and $71,366 for the three and nine months ended September 30, 2023, respectively).

10. 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, 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 September 30, 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 September 30, 2024, the Company did not have sufficient cash on hand to discharge its financial liabilities as they become due and will require additional funding to continue operations for the ensuing 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, amounts receivable and deposit. 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. 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 September 30, 2024, the Company's foreign currency exposure related to its financial assets and liabilities held in US$ and PEN is as follows:

		September 30, 2024		December 31, 2023
PEN expressed in C$				
Period end exchange rate C$ per PEN		**0.3640**		0.3569
Financial assets	**$**	**16,389**	**$**	39,570
Financial liabilities		**(203,208)**		(295,302)
Net exposure	**$**	**(186,819)**	**$**	(255,732)

		September 30, 2024		December 31, 2023
US$ expressed in C$				
Period end exchange rate C$ per US$		**1.3499**		1.3226
Financial assets	**$**	**5,682**	**$**	511
Financial liabilities		**(2,379)**		-
Net exposure	**$**	**3,303**	**$**	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.

11. 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.

12. 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.