



TIER ONE
SILVER

(An exploration stage business)

TIER ONE SILVER INC.

Consolidated Financial Statements

For the years ended December 31, 2025, and 2024

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tier One Silver Inc.

Opinion

We have audited the accompanying consolidated financial statements of Tier One Silver Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, change in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had net working capital of \$2,755,048 and incurred a net loss of \$3,253,035 during the year ended December 31, 2025. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Mineral Property Interest ("E&E Asset")

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Asset was \$1,404,462 as of December 31, 2025. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Asset for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Asset is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Asset, specifically relating to the asset's carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate the asset. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Asset for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Asset through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Asset are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

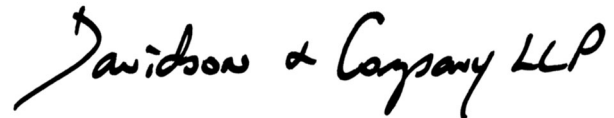
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Nathan.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 22, 2026

Tier One Silver Inc.

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

	As at December 31, 2025	As at December 31, 2024
Assets		
Current assets:		
Cash	\$ 3,895,840	\$ 171,294
Amounts receivable	10,368	31,562
Prepaid expenses, deposits and other (Note 4)	145,588	206,945
	4,051,796	409,801
Non-current assets:		
Mineral property interests (Note 5)	1,404,462	1,448,612
Deferred acquisition costs (Note 5(iii))	295,015	-
Equity investments (Note 6)	101,310	100,588
Total assets	\$ 5,852,583	\$ 1,959,001
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	\$ 899,385	\$ 955,829
Provision for site reclamation and closure (Note 8)	397,363	-
	1,296,748	955,829
Non-current liabilities:		
Accrued liabilities (Note 7)	729,352	106,143
Provision for site reclamation and closure (Note 8)	-	394,050
Total liabilities	\$ 2,026,100	\$ 1,456,022
Equity:		
Share capital (Note 9)	\$ 37,554,626	\$ 31,575,075
Shares to be issued	-	163,584
Equity reserves (Note 10)	5,562,619	4,900,424
Accumulated other comprehensive loss	(6,390)	(104,767)
Deficit	(39,284,372)	(36,031,337)
Total equity	3,826,483	502,979
Total liabilities and equity	\$ 5,852,583	\$ 1,959,001

Going concern (Note 1(c)); Commitments (Notes 6 and 14); Subsequent event (Note 14)

Approved on behalf of the Board of Directors:

"Peter Dembicki"
President, CEO & Director

"Christy Strashek"
Director

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

Tier One Silver Inc.

Consolidated Statements of Change in Equity
(Expressed in Canadian dollars, except share amounts)

	Year ended December 31, 2025	Year ended December 31, 2024
Operating expenses:		
Exploration and evaluation	\$ 1,385,617	\$ 947,113
Fees, salaries, and other employee benefits	1,066,316	958,117
Legal and professional	85,559	228,094
Marketing and investor relations	107,111	469,961
Office and administration	131,670	241,352
Project investigation	289,663	121,461
Regulatory and transfer agent	68,950	121,352
Mineral property impairment (Note 5(ii))	-	881,622
Equipment impairment	-	29,695
Reversal of provisions related to option terminations (Note 5(ii))	-	(286,327)
	3,134,886	3,712,440
Other expenses (income):		
Accretion of provision for site reclamation and closure (Note 8)	22,451	11,203
Foreign exchange loss, net	39,478	7,716
Loss on dissolution of foreign subsidiary (Note 2(c))	95,794	-
Interest income	(29,110)	(32,599)
Interest expense	4,775	-
(Income) loss from equity investments (Note 6)	(722)	21,403
Reversal of equity investment impairment (Note 6)	(14,517)	(35,973)
Loss for the year	\$ 3,253,035	\$ 3,684,190
Other comprehensive (income) loss:		
Unrealized currency gain on translation	(2,583)	(33,320)
Comprehensive loss for the year	\$ 3,250,452	\$ 3,650,870
Basic and diluted loss per share	\$ 0.02	\$ 0.02
Basic and diluted weighted average number of shares outstanding (Note 9)	200,717,487	167,380,571

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

Tier One Silver Inc.

Consolidated Statements of Change in Equity

(Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Shares to be issued	Equity reserves	Accumulated other comprehensive (loss) income	Deficit	Total equity
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	-	-	-	164,846	-	-	164,846
Units issued pursuant to offering, net of share issue costs	10,603,600	1,204,100	-	186,534	-	-	1,390,634
Warrants issued for finders' fees	-	(7,630)	-	7,630	-	-	-
Units to be issued in relation to share subscriptions received	-	-	163,584	-	-	-	163,584
Share options exercised	500,000	65,970	-	(15,970)	-	-	50,000
Other comprehensive income	-	-	-	-	33,320	-	33,320
Loss for the year	-	-	-	-	-	(3,684,190)	(3,684,190)
Balance at December 31, 2024	171,049,523	\$ 31,575,075	\$ 163,584	\$ 4,900,424	\$ (104,767)	\$ (36,031,337)	\$ 502,979
Share-based payments (Note 10(a))	-	-	-	198,471	-	-	198,471
Units issued pursuant to offering, net of issue costs (Note 9(b))	86,433,333	6,443,275	(163,584)	-	-	-	6,279,691
Warrants issued to finders (Note 9(b))	-	(354,868)	-	354,868	-	-	-
Corporate Finance Fee units issued (Note 9(b))	1,250,000	(108,856)	-	108,856	-	-	-
Reclassification of accumulated other comprehensive loss on dissolution of foreign subsidiary	-	-	-	-	95,794	-	95,794
Other comprehensive income	-	-	-	-	2,583	-	2,583
Loss for the year	-	-	-	-	-	(3,253,035)	(3,253,035)
Balance at December 31, 2025	258,732,856	\$ 37,554,626	\$ -	\$ 5,562,619	\$ (6,390)	\$ (39,284,372)	\$ 3,826,483

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

Tier One Silver Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2025	Year ended December 31, 2024
Operating activities:		
Loss for the year	\$ (3,253,035)	\$ (3,684,190)
Adjusted for:		
Interest income	(29,110)	(32,599)
Deposit recovered from UMS Peru	49,254	-
Non-cash transactions:		
Mineral property impairment	-	881,622
Equipment impairment	-	29,695
Loss on dissolution of foreign subsidiary	95,794	-
Share-based payments	198,471	164,846
Depreciation	-	10,668
Accretion of provision for site reclamation and closure	22,451	11,203
Interest expense	4,775	-
Unrealized foreign exchange loss	340	1,323
(Income) loss from equity investment	(722)	21,403
Reversal of provisions related to option terminations	-	(286,327)
Reversal of equity investment impairment	(14,517)	(35,973)
Changes in non-cash working capital:		
Amounts receivable	20,570	17,316
Prepaid expenses, deposits, and other	22,392	226,631
Accounts payable and accrued liabilities	471,069	393,543
Cash used in operating activities	(2,412,268)	(2,280,839)
Investing activities:		
Deferred acquisition costs	(159,150)	-
Interest income received	29,110	32,599
Cash (used in) provided by investing activities	(130,040)	32,599
Financing activities:		
Proceeds from issuance of units, net of share issue costs	6,279,691	1,377,666
Proceeds from short-term loan	175,000	-
Repayment of loan and interest	(179,775)	-
Proceeds from securities pending to be issued, net of costs	-	163,584
Proceeds from share options exercised	-	50,000
Cash provided by financing activities	6,274,916	1,591,250
Effect of foreign exchange rate changes on cash	(8,062)	2,695
Change in cash	3,724,546	(654,295)
Cash, beginning of the year	171,294	825,589
Cash, end of the year	\$ 3,895,840	\$ 171,294

Supplemental cash flow information (Note 13)

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

Tier One Silver Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Year ended December 31, 2025 and 2024

1. Business Overview

(a) Corporate information

Tier One Silver Inc. (the “Company” or “Tier One”) is incorporated under the British Columbia Business Corporations Act. The Company’s common shares trade on the TSX Venture exchange (“TSXV”) under the symbol “TSLV” and on the OTCQB Venture Market under the symbol “TSLVF” and are listed in the Unofficial Market of the Frankfurt Stock Exchange and the Stuttgart Stock Exchange under the symbol “TOV0”. 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 resource property interests with a focus on South America.

(b) Nature of operations

The Company’s exploration asset is its 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 property contains 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 South America.

(c) Going concern

As at December 31, 2025, the Company had net working capital of \$2,755,048 (December 31, 2024 – net working capital deficit of \$546,028) and incurred a loss of \$3,253,035 for the year ended December 31, 2025 (\$3,684,190 for the year ended December 31, 2024). 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 in September 2025 raised gross proceeds of \$6,500,000, 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 consolidated 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 IFRS accounting standards as issued by the International Accounting Standards Board (“IASB”).

Tier One Silver Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Year ended December 31, 2025 and 2024

These financial statements were approved and authorized for issuance on April 22, 2026, 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 subsidiary included in these financial statements as at December 31, 2025, is as follows

Subsidiary	Place of incorporation	Functional currency	Beneficial interest
Magma Minerals, S.A.C. ("Magma")	Peru	US\$	100%

These financial statements include a 25% investment in Universal Mineral Services Ltd. ("UMS Canada"), and a 50% investment in Universal Mineral Services Peru S.A.C. ("UMS Peru") until it was dissolved in November 2025. Both are (or were) private, shared service entities (Note 6).

Having relinquished the Corisur claims in 2024, Corisur Peru, S.A.C. ("Corisur") was consolidated as a subsidiary until it was dissolved in May 2025 and then deconsolidated as of the date of dissolution. All amounts previously recorded within accumulated other comprehensive income in relation to the translation of Corisur, as a foreign subsidiary, have been reclassified from equity to the consolidated statement of loss for the year ended December 31, 2025.

(d) Functional and presentation currency

The financial statements of the Company and its subsidiary are prepared in their 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 subsidiary 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\$.

3. Material accounting policies

(a) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous financial

Tier One Silver Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Year ended December 31, 2025 and 2024

statements are included in the consolidated statements of loss and comprehensive loss for the period in which they arise.

Since the Company's presentation currency differs from the functional currency of its Peruvian subsidiaries, Tier One translates the Peruvian subsidiaries' results and financial position as follows:

- i. Assets and liabilities for each statement of financial position are translated at the closing exchange rate at the date of that statement of financial position;
- ii. Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at an exchange rate that approximates the exchange rates at the date of the transactions, determined to be the average rate for the period; and
- iii. All resulting exchange rate differences are recognized in other comprehensive income.

(b) Cash

Cash consists of cash on hand and demand deposits.

(c) Mineral property interests and exploration expenditures

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the common ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, titles to all of its properties are in good standing.

The Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and evaluation of mineral properties (“IFRS 6”).

Costs directly related to acquiring the legal right to explore a mineral property including addition of licenses, mineral rights, and similar acquisition costs are recognized and capitalized as mineral property interests. Acquisition costs incurred in obtaining the legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral property interests. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation activities, including but not limited to annual concession fees, costs related to surface access agreements, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling, payments made to contractors and consultants in connection with the exploration and evaluation of the property, are expensed as exploration costs in the period in which they occur.

Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as administrative costs in the period in which they occur.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration and evaluation costs.

When a project is deemed to no longer have commercially viable prospects and/or exploration merit to the Company, all capitalized costs in respect of that project are deemed to be impaired. As a result, those costs, in excess of the estimated recoverable amount, are written off to the consolidated statement of loss and comprehensive loss.

Tier One Silver Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Year ended December 31, 2025 and 2024

The Company assesses mineral property interests for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value, less costs to sell and its value in use.

Once the technical feasibility and commercial viability of extracting the mineral resources have been determined, the property is considered to be a mine under development, at which point the assets and further related costs no longer fall under the guidance of IFRS 6.

(d) Equity investments

The Company conducts a portion of its business through equity interests in associates and joint ventures. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists only when the decisions about relevant activities require the unanimous consent of the parties that control the arrangement.

The Company accounts for its investments in associates and joint ventures using the equity method. Under the equity method, the Company's investments in associates and joint ventures are initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate or joint venture, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company's share of an associate or joint venture's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The Company's share of earnings and losses of its associates and joint ventures are recognized in net loss during the period.

(e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(f) Provision for site reclamation and closure

An obligation to incur rehabilitation and site restoration costs arises when an environmental disturbance is caused by the exploration, development or on-going production of a mineral property interest. Such costs arising from the decommissioning of drill pads, roads, plant, and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the consolidated statement of loss and comprehensive loss over the life of the operation through amortization and the unwinding of the discount over time in the provision. Costs for restoration of subsequent site damage, which is created on an on-going basis during production, are provided for at their estimated net present values and charged against earnings/loss as extraction progresses.

(g) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an

Tier One Silver Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Year ended December 31, 2025 and 2024

indication that the asset may be impaired. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the consolidated statement of loss and comprehensive loss.

(h) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new equity instruments are recognized as a deduction from equity, net of tax. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided.

Valuation of equity units issued in private placements

The Company allocates the proceeds from the issuance of units between common shares and share purchase warrants using the residual value method at the date of issuance. The fair value of the common shares is based on the market closing price on the date the units are issued, and the fair value of the share purchase warrants is measured as the difference between this amount and the net proceeds received.

Any value attributed to the warrants is recorded to equity reserves. Upon exercise, the fair value is reallocated from equity reserves to issued share capital along with the associated proceeds from exercise.

(i) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. The diluted loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of share options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. Anti-dilutive securities are excluded from the calculation.

(j) Share-based payments

From time to time, the Company grants share options to employees and non-employees/service providers. An individual is classified as an employee, versus a non-employee, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of share options, measured using the Black-Scholes option pricing model at the date of grant, is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Performance vesting conditions and forfeitures are taken into account by adjusting the number of equity instruments

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expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the incremental fair value resulting from the modification is charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Equity instruments granted to non-employees are recorded in the consolidated statement of loss and comprehensive loss at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for a share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are recorded in equity reserves until exercised. Upon exercise, shares are issued from treasury and the amount previously recorded in equity reserves is reclassified to share capital along with any consideration received.

(k) Income taxes

Income taxes reported in the consolidated statement of loss and comprehensive loss for any given period comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax is based on the local taxable income at the local statutory tax rate enacted or, substantively enacted, at the reporting date and includes any adjustments to tax payable or recoverable with regards to previous periods. Deferred income tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date. A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

(l) Financial instruments

The Company recognizes financial assets and liabilities on its statement of financial position when it becomes a party to the contract creating the asset or liability.

On initial recognition, all financial assets and liabilities are recorded by the Company at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL") for which transaction costs are expensed in the period in which they are incurred.

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

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- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost include cash, amounts receivable, and deposits.

Financial liabilities

Financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating amortized cost of a financial liability and allocating the interest expense over the related period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's financial liabilities at amortized cost include accounts payable and accrued liabilities.

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

(m) Comprehensive loss

Other comprehensive loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive loss comprises net loss and other comprehensive loss. Foreign currency translation differences arising on translation of foreign subsidiaries are also included in other comprehensive loss.

(n) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the 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.

Critical accounting judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

i. Functional currency

Determination of functional currency may involve certain judgments to determine the primary economic environment, and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

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ii. Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that the acquisition of mineral properties and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

iii. Indications of impairment of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

iv. Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

i. Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

ii. Provision for site reclamation and closure

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations may have occurred. Significant estimates and assumptions are made in determining the provision for site reclamation and closure, as there are numerous factors that will affect the ultimate liability that becomes payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, inflation, and changes in discount and inflation rates. Those uncertainties may result in actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset, which is recorded within mineral property interests, and the liability.

iii. Share-based payments

The Company determines the fair value of options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility, and expected life of the option. Changes in these inputs and the underlying assumptions used to develop them can materially affect the fair value estimate. The portion of share-based payments recorded in any period is based on the vesting schedule of the share options.

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iv. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

(o) Application of new and revised accounting standards

There were no new or amendments to accounting standards or interpretations effective for the year January 1, 2025, that had material impact on the Company's financial statements.

(p) Standards issued but not yet effective

On April 9, 2024, the IASB issued a new standard, IFRS 18 Presentation and Disclosure in Financial Statements, to improve the reporting of financial performance. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. IFRS 18 replaces IAS 1 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after 1 January 2027, and is to be applied retrospectively, with early adoption permitted. The Company is in the process of assessing the impact of this new accounting standard on the financial statements but recognizes that it will have an impact on the presentation of its statements of loss and comprehensive loss, and cash flows. At this time, the Company has not identified any management-defined performance measures that will require disclosure.

On May 30, 2024, the IASB issued Amendments IFRS 9 and IFRS 7 which clarify the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the impact, if any, of the amendments on the consolidated financial statements.

4. Prepaid expenses, deposits and other

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

	December 31, 2025	December 31, 2024
Community surface agreements	\$ 45,472	\$ 43,389
Exploration and evaluation	15,884	29,705
General, administration and marketing	44,604	32,641
UMS Canada and Peru (Note 11(a))	39,628	101,210
Total prepaid expenses, deposits and other	\$ 145,588	\$ 206,945

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The Company makes short-term advances to third parties in the normal course of business, typically in relation to annual insurance policies, software renewals and marketing activities, such as conference fees. Also included in this balance is the working capital deposit as at December 31, 2025, of \$39,628 (December 31, 2024, of \$101,210) held by UMS Canada, and previously UMS Peru, in accordance with the related service agreements (Notes 6 and 11(a)). Such amount is to be repaid to the Company or to be applied to the Company's final billing at the time the service agreement is terminated.

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 December 11, 2025, the Company renewed its surface rights agreement with the local community at the Curibaya project for a six-month period.

5. Mineral property interests

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

Mineral property interests	Curibaya	Other	Total
Balance as at December 31, 2023	\$ 1,376,162	\$ 861,211	\$ 2,237,373
Mineral property impairment	-	(881,622)	(881,622)
Change in estimate of provision for site reclamation and closure	(2,969)	-	(2,969)
Currency translation adjustment	75,419	20,411	95,830
Balance as at December 31, 2024	\$ 1,448,612	\$ -	\$ 1,448,612
Currency translation adjustment	(44,150)	-	(44,150)
Balance as at December 31, 2025	\$ 1,404,462	\$ -	\$ 1,404,462

The Company's mineral property 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 approximately 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 year ended December 31, 2025, the Company incurred \$1,399,827 of exploration and evaluation expenses on Curibaya (\$933,669 for the year ended December 31, 2024).

ii) Other

Corisur claims

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

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

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During the year ended December 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 material costs are anticipated.

Coastal Batholith

During the year ended December 31, 2025, the Company relinquished the remaining 3,500 ha that made up the Coastal Batholith project, a wholly owned project on the west coast of Peru acquired through staking. All costs related to the staking of the Coastal Batholith project were impaired in 2023 as the plan for the early stage, non-core asset was uncertain, and therefore there were no capitalized costs to impair as a result of dropping the remaining claims as at June 30, 2025, however validity fees accrued to that date were reversed.

Hurricane

During the year ended December 31, 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 was initiated in October 2023 and completed in June 2024.

Exploration and evaluation costs incurred on other properties

During the year ended December 31, 2025, the Company recorded an exploration and evaluation cost recovery of \$14,210, on the Coastal Batholith claims resulting from the reversal of previously accrued 2024 concession fees after the Company made the decision to relinquish the remaining concessions (net exploration and evaluation expense of \$13,444, on its properties grouped as other during the year ended December 31, 2024).

iii) Deferred acquisition costs

On October 21, 2025, the Company entered an exclusivity agreement and non-binding term sheet for an option over a mineral project in South America. Since signing, direct acquisition costs, including transaction costs, have been deferred in accordance with the Company's accounting policy. If a binding legal option agreement is reached, such costs will be reclassified and capitalized as part of the mineral property acquisition cost. If the transaction is abandoned, the costs will be expensed through the statement of loss and comprehensive loss as project investigation.

6. Equity investments

Investment in Associate Company - UMS Canada

UMS Canada is located in Vancouver, BC, and provides 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. As at December 31, 2025, UMS Canada had 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 5.5-year term of the lease.

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Summarized financial information of UMS Canada

The Company's share of net (income) loss of UMS Canada was as follows:

	Years ended December 31,	
	2025	2024
Cost recoveries	\$ (2,698,610)	\$ (3,507,911)
Geological services	907,196	1,208,071
Administrative services	1,788,528	2,385,453
Net (income) loss for the year	(2,886)	85,613
Company's share of net (income) loss	\$ (722)	\$ 21,403

The carrying amount of the Company's investment in UMS Canada as at December 31, 2025, was as follows:

	UMS Canada
Carrying amount as at December 31, 2023	\$ 121,991
Company's share of net loss for the year	(21,403)
Carrying amount as at December 31, 2024	\$ 100,588
Company's share of net income for the year	722
Carrying amount as at December 31, 2025	\$ 101,310

The Company's equity interest in net assets and liabilities of UMS Canada as at December 31, 2025, were as follows:

	UMS Canada
Current assets	\$ 875,469
Non-current assets	1,796,443
Current liabilities	(1,200,064)
Non-current liabilities	(1,066,610)
Net assets - 100%	405,238
Company's equity interest in net assets at December 31, 2025	\$ 101,310

Investment in Joint Venture - UMS Peru

In 2022, the Company acquired a 50% ownership of UMS Peru and accounted for this investment as a joint venture. UMS Peru was a private company incorporated under Peruvian law, which in the past provided administrative and geological services to Magma and the Peruvian subsidiary of a non-related company. During Q4 2023, UMS Peru stopped providing services to the Company and commenced the process of dissolving the entity. At the time, 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, which included its share of net assets of \$41,976, and its working capital deposit of \$62,426 (US\$47,200) held by UMS Peru, which was not expected to be recovered. Since then, the Company has recorded impairment reversals of \$35,973 and \$14,517, respectively, in each of the years ended December 31, 2024, and 2025, related to partial refunds of the Company's original working capital deposit in each of April and October 2025.

In November 2025, UMS Peru was formally dissolved. UMS Peru incurred total net costs of \$17,834 (US\$12,890) in the years ended December 31, 2024, and 2025, and since the Company had already fully impaired its investment in 2023, it did not record its 50% share of these costs. No further obligations or commitments remain in respect of this investment.

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7. 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 validity and related 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 December 31, 2025, the Company has accrued a total provision of \$911,633 for concession validity and penalty fees which are due by June 30, 2026, and June 30, 2027 (\$299,683 accrued as at December 31, 2024, payable by June 30, 2025, and June 30, 2026) (see Note 14(a)).

8. Provision for site reclamation and closure

The Company has recorded a provision for site reclamation and closure at the Curibaya project resulting primarily from the disturbance caused by its 2021 drill program. The amount of the provision reflects the present value of the estimated amount of cash flows that will be required to complete reclamation work in accordance with the Company's drill permit and community access agreement. The components of this obligation are costs associated with the reclamation and closure of the drill infrastructure on the property as at December 31, 2025, and the Company's constructive obligation to help the local community build roads for their use in the project area.

The above are current estimates of what the future obligations will be at the time the work is completed and therefore these estimates are subject to change based on amendments to applicable laws, the outcome of ongoing exploration and its impact on management intentions, as well as the final reclamation programs approved by Peruvian governmental environmental authorities in relation to any future permit applications.

The present value of the future estimated cash flows at December 31, 2025, is \$397,363 (December 31, 2024 – \$394,050) which is based on the following key assumptions, all which remain unchanged from December 31, 2024:

- Undiscounted risk-adjusted cash flows for site reclamation of US\$285,869;
- Expected timing of future cash flows, based on permit requirements, is 2026;
- Projected Peruvian inflation of 3.62%; and
- Discount rate of 5.87% based on the 10-year Peruvian government bond yield.

In addition to the Curibaya provision, the Company had previously recorded a provision of \$280,152 in relation to the orderly closure of the Huilacollo and Hurricane options and returning the concessions to the optionors. During the year ended December 31, 2024, the Company completed these closures and reversed the related provisions (Notes 5(ii)).

As a monetary liability, the provision is translated to Canadian dollars (C\$) at the closing exchange rate of 1.3706 C\$ = 1.00 US\$ on December 31, 2025 (1.4389 on December 31, 2024).

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A continuity of the site reclamation and closure provision is as follows:

Closing balance as at December 31, 2023	\$ 634,267
Accretion of provision	11,203
Change in estimate	(2,969)
Reversal of provision for option termination and closure	(286,327)
Currency translation adjustment	37,876
Closing balance as at December 31, 2024	\$ 394,050
Accretion of provision	22,451
Change in estimate	-
Currency translation adjustment	(19,138)
Closing balance as at December 31, 2025	\$ 397,363

9. Share capital

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

For the year ended December 31, 2025:

On January 3, 2025, the Company closed a non-brokered private placement (the "January 2025 Placement") by issuing 5,183,333 units at a price of \$0.075 per unit for gross proceeds of \$388,750, of which \$167,500 was received in December 2024, and was recorded on the statement of financial position within equity, net of costs of \$3,916, as shares to be issued as at December 31, 2024. Each unit consisted of a common share and a share purchase warrant which entitles the holder to purchase one common share of the Company at a price of \$0.15 at any time on or before January 3, 2028. Share issuance costs, including customary referral fees, amounted to \$24,304.

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 \$nil to the warrants issued.

In relation to the January 2025 Placement the Company issued 171,000 non-transferable finders' warrants, ("January Finders' Warrants") to the agents with a fair value of \$5,659, and these were treated as a cost of share issuance. Each January Finders' Warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.15 until January 3, 2028. The Company used the Black-Scholes option valuation model to determine the fair value of the January Finders' Warrants, applying an expected share price volatility of 91.88% and a risk-free interest rate of 2.87%.

On each of September 11, and 16, 2025, the Company closed a tranche of a non-brokered private placement (the "September 2025 Placement"), issuing an aggregate of 81,250,000 units at a price of \$0.08 per unit for gross proceeds of \$6,500,000. Each unit consisted of one common share and one share purchase warrant, exercisable at \$0.11 for up to 36 months after the date of issuance.

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 \$nil to the warrants issued.

In connection with the September 2025 Placement, the Company incurred cash share issue costs of \$421,171, including finders' fees of \$231,134, and issued 2,889,180 non-transferable finders' warrants, which were treated as a cost of share issuance, with each finder's warrant exercisable on the same terms as the

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unit warrants. In addition, the Company paid a corporate finance fee (the “Corporate Finance Fee”) to a registrant who acted as financial advisor in relation to the September 2025 Placement which was also recorded as a share issuance cost. The Corporate Finance Fee consisted of \$240,000, of which \$140,000 was paid in cash and \$100,000 was settled by the issuance of 1,250,000 units, as well as 1,750,000 warrants. Both the units and warrants had the same terms noted above.

The Company used the Black-Scholes option valuation model to determine the fair value of the finders warrants and the Corporate Finance Fee warrants (together the “Compensation Warrants”), applying a weighted average expected volatility of 94.11% and a risk-free interest rate of 2.49% and attributed \$349,209 to the Compensation Warrants, which is recorded within equity reserves.

The 1,250,000 Corporate Finance Fee units were recorded at the grant-date fair value of the equity instruments issued as those fair values could be reliably measured. The grant-date fair value of the shares issued was determined to be \$168,750, based on the quoted market price on that date, and the fair value of the warrants issued was determined to be \$108,856 using the Black-Scholes option pricing model, applying the same assumptions as those applied to the Compensation Warrants. The combined fair value of the Corporate Finance Fee units of \$277,606 were treated as a cost of share issuance. As a result, an amount of \$108,856 was recognized within equity reserve in respect of the warrant component, with a corresponding increase in total share issuance costs recorded within share capital.

During the year ended December 31, 2025, there were no share purchase options exercised.

For the year ended December 31, 2024:

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 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.

During the year ended December 31, 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.

(c) Weighted average shares for basic and diluted loss per share calculation

All of the outstanding share options and share purchase warrants at December 31, 2025, and 2024, were antidilutive for the years then ended as the Company was in a loss position.

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10. 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"). The LTI Plan, which is approved annually by shareholders of the Company, most recently at the November 7, 2025, Annual General Meeting, 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 and sets a maximum term of five years for all awards. Vesting terms of all equity awards are determined at the discretion of the Board. 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 December 31, 2025:

	Number of share options	Weighted average exercise price
Outstanding, December 31, 2023	10,343,750	\$ 0.78
Granted	1,300,000	0.15
Exercised	(500,000)	0.10
Expired	(1,183,750)	0.96
Forfeited	(65,000)	0.30
Outstanding, December 31, 2024	9,895,000	\$ 0.71
Granted	4,813,000	0.12
Expired	(75,000)	1.44
Outstanding, December 31, 2025	14,633,000	\$ 0.51

The table below outlines the number of share options outstanding and exercisable as at December 31, 2025. Share options expire on the dates shown unless extended under the terms of the LTI Plan.

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	5,580,000	\$ 1.00	0.27	5,580,000	\$ 1.00	0.27
April 29, 2026	200,000	1.00	0.33	200,000	1.00	0.33
June 22, 2026	50,000	1.44	0.47	50,000	1.44	0.47
September 15, 2028	2,895,000	0.30	2.71	2,895,000	0.30	2.71
December 28, 2028	295,000	0.30	2.99	295,000	0.30	2.99
January 23, 2029	500,000	0.10	3.07	500,000	0.10	3.07
July 2, 2029	300,000	0.30	3.50	262,500	0.30	3.50
October 24, 2030	4,813,000	0.12	4.82	1,165,750	0.12	4.82
	14,633,000	\$ 0.51	2.47	10,948,250	\$ 0.65	1.68

During the year ended December 31, 2025, the Company granted 4,813,000 share options to directors, officers, employees and other service providers (1,300,000 options granted to marketing service providers for the year ended December 31, 2024). 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. The weighted average fair value per option of the share options granted during the year ended

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December 31, 2025, was calculated as \$0.08 (year ended December 31, 2024 - \$0.05) at the grant date with the following weighted average assumptions:

	Year ended December 31	
	2025	2024
Risk-free interest rate	2.61%	3.95%
Expected dividend yield	Nil	Nil
Share price volatility	94.20%	89.04%
Expected forfeiture rate	4.38%	1.58%
Expected life in years	4.73	1.92

During the year ended December 31, 2025, and 2024, the Company recognized share-based payments expense net of forfeiture recovery as follows:

	Years ended December 31,	
	2025	2024
Exploration and evaluation	\$ 14,444	\$ 15,845
Fees, salaries, and other employee benefits	161,278	85,909
Marketing and investor relations	12,552	52,613
Project investigation	10,197	10,479
	\$ 198,471	\$ 164,846

(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, 2023	34,626,106	\$ 0.48
Issued	10,925,291	0.25
Outstanding, December 31, 2024	45,551,397	\$ 0.42
Issued	92,493,513	0.11
Expired	(45,551,397)	0.42
Outstanding, December 31, 2025	92,493,513	\$ 0.11

A summary of the Company's warrants issued and outstanding as at December 31, 2025, is as follows:

Expiry date	Warrants outstanding	Exercise price
January 3, 2028	5,354,333	0.15
September 11, 2028	44,052,660	0.11
September 16, 2028	43,086,520	0.11
	92,493,513	\$ 0.11

11. 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 year ended December 31, 2025, and 2024, is as follows:

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(a) UMS Canada and UMS Peru

Due to the Company having an ownership interest in UMS Canada and, prior to its dissolution, UMS Peru (Note 6) they are classified as related parties. All transactions with UMS Canada during the years ended December 31, 2025, and 2024 have occurred in the normal course of operations and are summarized in the table below. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Years ended December 31,	
	2025	2024
Exploration and evaluation (recovery)	\$ (21,962)	\$ 17,593
General and administration	416,876	454,473
Project investigation	39,470	1,642
Total transactions for the year	\$ 434,384	\$ 473,708

As at December 31, 2025, \$36,763 (December 31, 2024 - \$157,109) was included in accounts payable and accrued liabilities and \$39,628 (December 31, 2024 - \$65,237) in prepaid expenses, deposits and other relating to transactions with UMS Canada. Including the initial deposit of \$150,000 advanced to UMS Canada for working capital purposes, the Company had a net deposit of \$152,864 with UMS Canada as at December 31, 2025.

In November 2025, UMS Peru was formally dissolved. UMS Peru incurred total net costs of \$17,834 (US\$12,890) in the years ended December 31, 2024, and 2025, and since the Company had already fully impaired its investment in 2023, it did not record its 50% share of these costs. Other than the partial recovery of the Company's working capital deposit in 2025 (Note 6), there were no other transactions with UMS Peru during the years ended December 31, 2025, and 2024. As at December 31, 2025, no balances relating to UMS Peru remain on the statement of financial position.

(b) Key management transactions

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:

	Years ended December 31,	
	2025	2024
Executive salaries and benefits	\$ 565,593	\$ 593,510
Non-executive, independent director fees	159,440	177,683
Share-based payments	136,383	88,479
Total for the year	\$ 861,416	\$ 859,672

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 December 31, 2025, the Company had an accounts payable balance with all key management personnel of \$941 (\$242,752 as at December 31, 2024).

On June 20, 2025, a Board director of the Company loaned \$175,000 to the Company under an unsecured promissory note arrangement at an annualized interest rate of 12%. The funds were repaid by the Company on September 12, 2025, upon closing of the first tranche of the September 2025 Placement, together with accrued interest of \$4,775.

On October 24, 2025, 3,553,000 share options were granted to directors and officers of the Company.

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12. Income taxes

a) Income tax recovery provision

The reconciliation of the income tax recovery computed at statutory rates to the reported income tax recovery is:

	December 31, 2025	December 31, 2024
Loss before income taxes	\$ (3,253,035)	\$ (3,684,190)
Effective income tax rates	27%	27%
Expected income tax recovery	(878,319)	(994,731)
Increase (decrease) in income tax recovery resulting from:		
Change in prior year estimates	108,605	(78,678)
Difference in Peruvian income tax rates	377,664	(44,906)
Foreign exchange	192,282	(1,021,454)
Non-deductible items and other	(1,211,375)	776,914
Change in non-recognized deferred tax assets	1,411,143	1,362,855
Income tax recovery	\$ -	\$ -

The difference in statutory rate is due to using the Peruvian income tax rate in the comparative year, and the Canadian income tax rate in the current year.

b) Significant components of the deferred tax assets and liabilities are:

	December 31, 2025	December 31, 2024
Non-capital losses carried forward	\$ 3,537,311	\$ 7,148,162
Capital losses	5,184,596	-
Share issuance costs	137,447	82,095
Property and equipment	144,850	144,473
Mineral property interests	3,844,303	3,715,300
Provision for site reclamation and closure	117,222	116,245
Peruvian VAT receivable	625,737	974,048
	13,591,466	12,180,323
Unrecognized deferred tax assets	(13,591,466)	(12,180,323)
Net deferred tax balance	\$ -	\$ -

c) Tax losses

As at December 31, 2025, the Company has Canadian non-capital losses of approximately \$12,375,770 (December 31, 2024 - \$10,788,766) which may be carried forward to reduce certain qualifying taxable income of future years, of which, if unused, expire 2040 through 2045.

As at December 31, 2025, the Company indirectly has Peruvian non-capital losses of approximately \$663,907 (December 31, 2024 - \$14,356,595), which may be carried forward to reduce certain qualifying taxable income of future years, of which, if unused, expire 2027 through 2028.

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13. Supplemental cash flow information

	December 31, 2025	December 31, 2024
Changes in liabilities arising from financing activities:		
Private placement share issuance costs in accounts payable	\$ -	\$ (12,968)
Shares issued on closing of private placement, net of costs	\$ (163,584)	\$ -
Deferred acquisition costs in accounts payable	\$ 135,865	\$ -
Other cash flow disclosures		
Income taxes paid	\$ -	\$ -
Interest paid	\$ (4,775)	\$ -

14. Financial instruments

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

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 December 31, 2025, and 2024, 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 December 31, 2025, 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 December 31, 2025, 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 next twelve months and execute on its planned exploration and other activities.

As at December 31, 2025, the Company had current liabilities of \$1,296,748, which include accounts payable and accrued liabilities totaling \$899,385 due to be paid within twelve months. Within this amount is \$182,281 accrued in relation to Curibaya government concession fees due by June 30, 2026. The Company also has a current provision for site reclamation and closure of \$397,363. In addition, on December 23, 2025, the Company entered a core diamond drilling contract with a term of three months and under which the Company was committed to a minimum of 1,150 metres of diamond core drilling. Subsequent to year end, the drill program has now been completed with a total of 1,133.6 metres drilled. Other than payment of the final invoice, there are no further material obligations under this contract.

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The Company has non-current accrued liabilities related to 2025 penalty fees associated with Curibaya totaling \$729,352 which are due by June 30, 2027. Penalties are legislated fees payable to the government, in the event that the Company does not expend the government mandated minimum investment amount on exploration properties. In the case that adequate amounts are expended on the exploration properties and the minimum investment is fully met on any applicable concession, penalty fees on that concession are eliminated. The Company has not accrued \$60,962 of penalty fees that would be payable in 2027 if minimum required investments were not achieved in 2025 as the Company's expenditures on the related concessions are in excess of the required minimum investments on these concessions. The Company will report its 2025 expenditures to the Peruvian authorities in April 2026 for their review and approval and therefore the final amount owing, if any, is contingent on their review findings.

(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 December 31, 2025, the Company's foreign currency exposure related to its financial assets and liabilities held in US\$ and PEN is as follows:

	December 31, 2025	December 31, 2024
PEN expressed in C\$		
Financial assets	\$ 5,817	\$ 23,847
Financial liabilities	(1,039,751)	(316,005)
Net exposure	\$ (1,033,934)	\$ (292,158)

A 10% change in the Peruvian sol to U.S. dollar exchange rate, with all other variables remaining unchanged, would have a net impact of \$103,393 on the Company's net liabilities exposed to the Peruvian sol.

	December 31, 2025	December 31, 2024
US\$ expressed in C\$		
Financial assets	\$ 254,442	\$ 3,812
Financial liabilities	(132,473)	(11,342)
Net exposure	\$ 121,969	\$ (7,530)

A 10% change in the U.S. dollar to Canadian dollar exchange rate, with all other variables remaining unchanged, would have a net impact of \$12,197 on the Company's net assets exposed to the U.S. dollar.

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15. 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 deferred acquisition costs and equity investment located in Canada. The Company, as a consequence of being in the exploration and evaluation stage has no reportable segment revenues or operating results.

16. 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 mineral resource property in which the Company currently has an interest is in the exploration stage and is 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.