TECTONIC
METALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

TECTONIC
METALS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars) (unaudited)

As at

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current			
Cash	4	$ 2,779,023	$ 3,423,212
Receivables	4	13,260	8,442
Prepaids		103,943	92.822
		2,896,226	**3,542,476**
Equipment	5	30,109	34,237
Exploration and evaluation assets	6	585,122	534,194
Right of use asset	9	54,812	60,151
		$ 3,566,269	**$ 4,153,058**
LIABILITIES			
Current			
Trade and other payables	4	$ 204,229	$ 243,042
Lease liability	9	26,257	24,830
		230,486	**267,872**
Lease liability – long term	9	31,669	37,771
		262,155	**305,643**
SHAREHOLDERS' EQUITY			
Share capital	7	17,681,401	17,681,401
Reserves	7	2,076,196	1,965,785
Deficit		(16,453,483)	(15,799,771)
		3,304,114	**3,847,415**
		$ 3,566,269	**$ 4,153,058**

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board:

"Antonio Reda"	*"Michael Roper"*
Antonio Reda	**Michael Roper**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars) (unaudited)

	Note	For the three months ended March 31, 2021	For the three months ended March 31, 2020
EXPENSES			
Accounting and legal		$ 38,532	$ 43,009
Depreciation	5, 9	10,661	9,163
Employee benefits and salary	8	128,124	129,053
Exploration expenses	6	202,325	217,126
Finance cost		1,963	(240)
Foreign exchange (gain) loss		(1,393)	(9,158)
General Administration		21,660	46,054
Insurance		11,847	9,697
Listing & filing fees		16,893	18,177
Marketing & corporate development		137,712	160,338
Share-based compensation	7, 8	84,966	96,011
Travel & meals		422	7,984
Loss and comprehensive loss for the period		**$ (653,712)**	**$ (727,214)**
Basic and diluted loss per common share		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		89,917,175	55,203,675

TECTONIC METALS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars) (unaudited)

	SHARE CAPITAL		RESERVES				
	Number	Amount	Warrants	Restricted Shares	Stock Options	Deficit	Total
At December 31, 2019	55,203,675	$ 12,065,407	$ 71,034	$ 223,490	$ -	$ (10,417,375)	$ 1,942,556
Share-based payment	-	-	-	121,694	-	-	121,694
Loss for the period	-	-	-	-	-	(727,214)	(727,214)
At March 31, 2020	**55,203,675**	**$ 12,065,407**	**$ 71,034**	**$ 345,184**	**$ -**	**$ (11,144,589)**	**$ 1,337,036**
At December 31, 2020	89,917,175	$ 17,681,401	$ 1,258,043	$ 686,641	$ 21,101	$ (15,799,771)	$ 3,847,415
Share-based payment	-	-	-	98,069	12,342	-	110,411
Loss for the period	-	-	-	-	-	(653,712)	(653,712)
At March 31, 2021	**89,917,175**	**$ 17,681,401**	**$ 1,258,043**	**$ 784,710**	**$ 33,443**	**$ (16,453,483)**	**$ 3,304,114**

Share Capital (Note 7)

TECTONIC METALS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars) (unaudited)

	Note	For the three months ended March 31, 2021	For the three months ended March 31, 2020
OPERATING ACTIVITIES			
Loss for the period		$ (653,712)	$ (727,214)
Items not involving cash:			
Depreciation		10,661	9,163
Foreign exchange		(1,393)	(9,973)
Finance cost		1,963	173
Share based payment		110,411	121,694
Changes in non-cash working capital items:			
Decrease (increase) in receivables		(4,818)	48,965
Decrease (Increase) in other current assets		(11,121)	54,038
Decrease in trade and other payables		(36,026)	(375,633)
Cash used in operating activities		**(584,035)**	**(878,787)**
INVESTING ACTIVITIES			
Exploration and evaluation assets		(50,928)	(78,885)
Equipment		-	-
Cash used in investing activities		**(50,928)**	**(78,885)**
FINANCING ACTIVITIES			
Lease payments		(7,405)	(7,202)
Cash provided by (used in) financing activities		**(7,405)**	**(7,202)**
Effect of foreign exchange on cash		(1,821)	10,772
Change in cash during the period		644,189	(954,102)
Cash—beginning of period		3,423,212	1,791,241
Cash—end of period		**$ 2,779,023**	**$ 837,139**

Supplemental cash flow information (Note 10)

01 NATURE OF OPERATIONS AND GOING CONCERN

Tectonic Metals Inc. (the "Company") was incorporated on April 7, 2017 under the laws of under the British Columbia Business Corporations Act. The Company's head office is at 312-744 West Hastings Street, Vancouver, British Columbia, V6C 1A5.

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets in the United States and Canada. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements (the "Financial Statements") have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These Financial Statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing to realize the recoverability of the Company's investments in exploration and evaluation assets which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors metal commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. Management estimates it has sufficient funds to continue operations for the next 12 months.

On November 18, 2019, the Company listed all of the Company's outstanding common shares on the Toronto Venture Stock Exchange (the "TSXV") under the stock symbol "TECT". On July 23, 2020, the Company's common shares began trading on the OTCQB under the symbol "TETOF". Subsequent to December 31, 2020, the Company's common shares began trading on the Frankfurt Stock Exchange under the symbol "T15B".

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations at this time.

02 BASIS OF PREPARATION

Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements including International Accounting Standard 34: Interim Financial Reporting. Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. These Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

The accounting policies applied in the preparation of these Financial Statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020. The Company's interim results are not necessarily indicative of its results for a full year.

Approval of The Financial Statements

These Financial Statements were authorized for issue by the Board of Directors of the Company on June 1 , 2021.

Basis of Presentation

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

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of Consolidation

These consolidated financial statements of the Company include the accounts of the Company and its wholly-owned U.S. subsidiaries, District Metals LLC and Tectonic Resources LLC, the principal activity of which is exploration in the United States. Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company is exposed to or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All inter-company transactions and balances have been eliminated upon consolidation.

03 KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgments made by management in preparing the Financial Statements are described below:

Estimates

ECONOMIC RECOVERABILITY AND PROBABILITY OF FUTURE ECONOMIC BENEFITS OF EXPLORATION AND EVALUATION ASSETS

Management has determined that exploration, evaluation, and related costs incurred, which were capitalized, may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

VALUATION OF RIGHT OF USE ASSET AND LEASE LIABILITY

In determining the valuation of the right of use asset and lease liability, the Company is required to make judgements regarding the interest rate used for discounting future cash flows. The present value of the lease liability was determined using the estimated incremental borrowing rate of the Company.

SHARE-BASED COMPENSATION AND ISSUANCE OF UNITS

The Company issued restricted shares and stock options that vest over time. In consideration of IFRS 2, the Company determines the fair value at issuance and will recognize amounts over the vesting period to equity and share-based compensation based on the share value at the time of issuance. The Company issues units under private placements and uses the Black-Scholes option pricing model ("BSM") to determine the relative fair value of the warrant portion.

VALUE OF EXPLORATION AND EVLUATION ASSETS

The carrying value of the Company's exploration and evaluation assets is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered.

ASSET RETIREMENT OBLIGATION

In determining the valuation of a reclamation liability, the Company is required to make judgements regarding the interest rate used to discount future cash flows, number of labour hours required, and costs for labour and equipment rental.

Judgements

DETERMINATION OF FUNCTIONAL CURRENCY

The Company determines the functional currency through an analysis of several indicators of autonomy such as financing activities, expenses and cash flow, retention of operating cash flows, and frequency of transactions with the reporting entity.

GOING CONCERN

In assessing its ability to continue as a going concern for the next twelve months, the Company estimates future cash outflows based off prevailing market prices for goods and services, foreign exchange rates, and number of days to complete field programs with weather constraints.

04 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The value of cash, receivables, and trade and other payables approximates their carrying values as March 31, 2021 and December 31, 2020 due to their short-term nature.

Financial Risk Factors

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, interest rate, foreign currency, and price risk.

CREDIT RISK

The Company is exposed to industry credit risks arising from its cash and receivables. The Company manages credit risk by holding cash with major Canadian financial institutions. The Company's receivables are due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements on an ongoing basis and assess available and required sources of additional capital and financing.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 10% change in interest rates would result in a nominal difference for the three months ended March 31, 2021.

FOREIGN CURRENCY RISK

The Company is exposed to nominally foreign currency risk on fluctuations related to cash and trade and other payables that are denominated in United States Dollars.

PRICE RISK

The Company has exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors the price of precious metals.

05 EQUIPMENT

For the three months ended March 31, 2021

	COST			ACCUMULATED DEPRECIATION			
	Opening	Additions	Ending	Opening	Depreciation	Ending	Net Book Value
Exploration equipment	$ 22,685	$ -	$ 22,685	$ (13,009)	$ (2,286)	$ (15,295)	$ 7,390
Office & furniture	17,866	-	17,866	(7,236)	(797)	(8,033)	9,833
Computer equipment	25,786	-	25,786	(11,855)	(1,045)	(12,900)	12,886
Total	**$ 66,337**	**$ -**	**$ 66,337**	**$ (32,100)**	**$ (4,128)**	**$ (36,228)**	**$ 30,109**

For the year ended December 31, 2020

	COST			ACCUMULATED DEPRECIATION			
	Opening	Additions	Ending	Opening	Depreciation	Ending	Net Book Value
Exploration equipment	$ 22,685	$ -	$ 22,685	$ (8,862)	$ (4,147)	$ (13,009)	$ 9,676
Office & furniture	17,866	-	17,866	(2,680)	(4,556)	(7,236)	10,630
Computer equipment	21,611	4,175	25,786	(6,780)	(5,075)	(11,855)	13,931
Total	**$ 62,162**	**$ 4,175**	**$ 66,337**	**$ (18,322)**	**$ (13,778)**	**$ (32,100)**	**$ 34,237**

(Expressed in Canadian dollars - unaudited)

06 EXPLORATION AND EVALUATION ASSETS

Carrying Amount

The following table represents acquisition costs incurred on the exploration and evaluation assets:

	Tibbs, USA	Seventymile, USA	Northway, USA	Maple Leaf, USA	Carrie Creek & Mt. Harper, USA	Total
At December 31, 2019	$ 181,907	$ 118,656	$ 135,564	$ 15,977	$ -	$ 373,219
Cash property payments	67,145	38,964	39,921	-	14,945	160,975
At December 31, 2020	**$ 249,052**	**$ 118,656**	**$ 135,564**	**$ 15,977**	**$ 14,945**	**$ 534,194**
Cash property payments	-	38,196	-	-	12,732	50,928
At March 31, 2021	**$ 249,052**	**$ 156,852**	**$ 135,564**	**$ 15,977**	**$ 27,677**	**$ 585,122**

Expenditures

Details of the Company's exploration and evaluation expenditures are as follows:

	Tibbs	Seventymile	Northway	Other	Project Generation	Project Support	Total for the three months ended March 31, 2021
Registration fees	$ -	$ -	$ 19,236	$ 1,500	$ -	$ -	$ 20,736
Sampling	1,702	-	372	-	-	-	2,074
Geological consulting	27,046	42,720	4,405	3,052	26,941	142	104,306
Salary & legal costs	19,143	9,611	429	1,742	3,014	6,388	40,327
Other	12,795	4,982	1,452	1,928	505	117	21,779
Share based payment (Note 7)	-	-	-	-	-	13,103	13,103
Total exploration expenditures	**$ 60,686**	**$ 57,313**	**$ 25,894**	**$ 8,222**	**$ 30,460**	**$ 19,750**	**$ 202,325**

(Expressed in Canadian dollars - unaudited)

	Tibbs	Seventymile	Northway	Other	Project Generation	Project Support	Total for the three months ended March 31, 2020
Registration fees	$ 9,432	$ 94	$ 22,698	$ 4,347	$ -	$ 1,282	$ 37,853
Sampling	942	-	941	-	-	-	1,883
Geological consulting	200	-	200	-	20,738	2,550	23,288
Salary & legal costs	673	34,511	9,942	310	18,051	47,990	111,477
Other	1,391	4,389	6,196	210	3,581	1,175	16,942
Share based payment (Note 7)	-	-	-	-	-	25,683	25,683
Total exploration expenditures	**$ 12,638**	**$ 38,994**	**$ 39,977**	**$ 4,867**	**$ 41,970**	**$ 78,680**	**$ 217,126**

Property Agreements

NORTHWAY

In June 2018 and subsequently amended January 1, 2020, the Company entered into a mining lease agreement with Doyon, Limited (“Doyon”), an Alaska Native Regional Corporation, for a 100% interest in an area of the Alaska Native regional corporation mineral estate in the southern Fortymile Mining District, Alaska (the “Northway Property”). The lease covers the mineral estate and a portion of the surface estate and grants the Company rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon is granted a 2% net smelter returns royalty (“NSR”) for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon is granted a 4% NSR for precious minerals and a 3% NSR for base minerals from the fifth to tenth anniversary of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds. The initial lease term is for fifteen years, and the lease agreement includes renewal clauses to extend the lease period up to the entire operational period of a mine.

In consideration the Company paid Doyon $119,613 to December 31, 2020, and $nil in March 2021 and pursuant to the lease agreement is required to pay:

I. $30,000 USD 2021

II. $60,000 USD each January 2022–2027

III. $200,000 USD each January 2028 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to $300,000 USD.

IV. $600,000 USD upon completion of a feasibility study

Pursuant to the lease agreement, the Company is required to incur the following amounts for exploration expenditures on the Northway Property:

(Expressed in Canadian dollars - unaudited)

Calendar Years	Amount of annual exploration expenditures (USD$)
2018 (commitment fully met)	400,000
2019 (commitment fully met) [1]	600,000
2020	-
2021–2022	750,000
2023	1,500,000
2024–2027	1,500,000
2028 and each calendar year thereafter	2,000,000

1. *Eligible expenditures include all actual, direct costs, expenses, and charges related to exploration and development conducted on or for the benefit of the Northway Property, including without limitation costs and expenses off the property and reasonably allocated to operations on the property. The Company is permitted to carry forward excess expenditures and apply them against a future year.*

Additionally, the Company contributes to the Doyon Foundation a $25,000 USD scholarship each May for the term of the lease. For the year ended December 31, 2020, the scholarship payment had been deferred to the year ended December 31, 2021. The scholarship amount increases to $50,000 USD each year following the commencement of commercial production at the Northway Property.

SEVENTYMILE

In June 2018, the Company entered into a mining lease agreement with Doyon for a 100% interest in the area of the Alaska Native regional corporation mineral estate in the Eagle Mining District, Alaska (the “Seventymile Property”). The lease covers the mineral estate and the surface estate and grants the Company rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon is granted a 4% NSR for precious minerals and a 3% NSR for base minerals from the fifth to tenth anniversary of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds. The initial lease term is for fifteen years, and the lease agreement includes renewal clauses to extend the lease period up to the entire operating operation period of a mine.

In consideration, the Company paid Doyon $118,656 to December 2020, and $38,196 in January 2021 ($30,000 USD each year) and pursuant to the lease agreement is required to pay:

I. $60,000 USD each January 2022–2027

II. $200,000 USD each January 2028 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to $300,000 USD.

III. $600,000 USD upon completion of a feasibility study

(Expressed in Canadian dollars - unaudited)

Pursuant to the lease agreement, the Company is required to incur the following amounts for exploration expenditures on the Seventymile Property:

Calendar Years	Amount of annual exploration expenditures (USD$)
2018 (commitment fully met)	400,000
2019 (commitment fully met)	600,000
2020 (commitment fully met)[1]	750,000
2021–2023	750,000
2024–2027	1,500,000
2028 and each calendar year thereafter	2,000,000

1. *Eligible expenditures include all actual, direct costs, expenses, and charges related to exploration and development conducted on or for the benefit of the Seventymile Property, including without limitation costs and expenses off the property and reasonably allocated to operations on the property. The Company is permitted to carry forward excess expenditures and apply them against a future year.*

Additionally, the Company contributes to the Doyon Foundation, a $25,000 USD scholarship each May for the term of the lease. The scholarship amount increases to $50,000 USD each year following the commencement of commercial production at the Seventymile Property.

TIBBS

In June 2017, the Company entered into a mining lease and option agreement with Tibbs Creek Gold, LLC. ("Tibbs") for a 100% interest in the surface and subsurface rights to State of Alaska Mining Claims in the Fairbanks Recording District, Alaska (the "Tibbs Property"). The agreement grants Tibbs a 2.5% NSR, of which 1.5% can be purchased for $1,500,000 USD. The initial term of the lease is ten years.

In consideration the Company paid Tibbs a total of $239,098 ($180,000 USD) to March 31, 2021. Pursuant to the lease agreement, the Company is required to make a $50,000 USD lease payment each June in 2021-2027 and is required to incur an aggregate amount of $1,000,000 USD in exploration expenditures by June 2022. As of March 31, 2021, the Company has fulfilled this exploration expenditure commitment.

During the year ended December 31, 2019, the Company received a notice from a junior mining company that seven of the claims on Tibbs wholly or partially overstake their claims, and they are asserting the senior claim. Tectonic considers the disputed claims to be non-core, and this notice will not impact Tectonic's exploration efforts going forward on the rest of the Company's Tibbs claims.

CARRIE CREEK & MT. HARPER

In August 2020, the Company entered into a mining lease agreement with Doyon for a 100% interest in the area of the Alaska Native regional corporation mineral estate in the Goodpastor District, Alaska (the "Carrie Creek and Mt. Harper Properties"). The lease covers the mineral estate and the surface estate and grants the Company rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon is granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversary of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds. The initial lease term is for fifteen years, and the lease agreement includes renewal clauses to extend the lease period up to the entire operating operation period of a mine.

(Expressed in Canadian dollars - unaudited)

In consideration, the Company paid Doyon $13,405 to December 31, 2020 and $12,732 during the three months ended March 31, 2021 ($10,000 USD) and pursuant to the lease agreement is required to pay:

I. $10,000 USD each January 2022-2024

II. $40,000 USD each January 2025–2029

III. $100,000 USD each January 2030 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to $200,000 USD.

IV. $150,000 USD upon completion of a feasibility study

Pursuant to the lease agreement, the Company is required to incur the following amounts for exploration expenditures on the Carrie Creek and Mt. Harper Properties:

Calendar Years	Required aggregate exploration expenditures over period (USD$)[1]
2020-2022	1,000,000
2023-2026	1,200,000
2027-2030	2,000,000
Each four-lease year period commencing 2031	2,000,000

1. *Eligible expenditures include all actual, direct costs, expenses, and charges related to exploration and development conducted on or for the benefit of the Carrie Creek and Mt. Harper Properties, including without limitation costs and expenses off the property and reasonably allocated to operations on the property. The Company is permitted to carry forward excess expenditures and apply them against a future year. Tectonic is required to spend at least 25% of its required aggregate expenditures for each expenditure period for the benefit of each the Carrie Creek Property and Mt. Harper Property.*

Additionally, the Company contributes to the Doyon Foundation, an annual $10,000 USD scholarship for the term of the lease. The scholarship amount increases to $50,000 USD each year following the commencement of commercial production at either the Carrie Creek or Mt. Harper Property. The Company paid Doyon $10,000 USD for a scholarship payment during the year ended December 31, 2020.

MAPLE LEAF

The Company staked certain claims in the State of Alaska located near the Tibbs Property (the “Maple Leaf Property”).

DATASET ACQUISITION

On June 25, 2020, the Company issued 300,000 common shares valued at $73,500 to Rubicon Minerals (“Rubicon”) in exchange for a geological, geophysical and geochemical dataset from exploration work conducted at multiple prospects including the Tibbs and Maple Leaf Properties (Note 7).

07 SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued Share Capital

2020 TRANSACTIONS

a) On April 17, 2020, the Company issued 10,473,000 units at a price of $0.20 per unit for gross proceeds of $2,094,600 to Doyon (the “Doyon Private Placement”). Each unit comprised of one common share and half a warrant. Each full warrant is convertible into one common share at an exercise price of $0.40 and expires April 17, 2022 (“Doyon Warrants”). The value attributed to the warrants was $243,410.

b) On June 25, 2020, the Company issued 300,000 common shares at a price of $0.245 per common share for an aggregate issuance price of $73,500 to Rubicon in exchange for a geological dataset from exploration work conducted at multiple prospects including the Tibbs and Maple Leaf Properties (Note 6).

c) On June 30, 2020, the Company issued 24,615,500 units at a price of $0.20 per unit for gross proceeds of $4,923,100 (the “Non-Brokered Private Placement”). Each unit comprised of one common share and half a warrant. Each full warrant is convertible into one common share at an exercise price of $0.40 and expires June 30, 2022 (“Non-Brokered Warrants”). The value attributable to the warrants was $792,627.

(Expressed in Canadian dollars - unaudited)

Doyon Private Placement

Doyon has agreed not to exercise any Doyon Warrants if as a result of such exercise it causes Doyon to hold greater than 19.99% of the total outstanding common shares of Tectonic, unless and until the shareholders of Tectonic have passed a resolution approving such exercise of the Doyon Warrants in accordance with the applicable rules and policies of the TSXV.

The Doyon Warrants are subject to an acceleration clause whereby if the volume-weighted average trading price of Tectonic's common shares on the TSXV is $0.56 or greater for a period of 10 consecutive trading days, Tectonic has the right to accelerate the expiry day of the Doyon Warrants to 30 days from the date of issuance of a news release by Tectonic announcing the accelerated exercise period (the "Acceleration Clause").

Doyon was granted a pre-emptive right to maintain its pro-rata interest for as long as Doyon owns more than 10% of the common shares of Tectonic, calculated on a partially diluted basis. As of March 31, 2021, Doyon owns approximately 16.4% of the common shares of Tectonic on a partially diluted basis.

Non-Brokered Private Placement

The Non-Broker Warrants are subject to the Acceleration Clause.

In connection with the Non-Brokered Private Placement, the Company paid finders' fees of $194,826 and issued 956,130 warrants (each a "Finders Warrant") valued at $150,972. Each Finders Warrant is exercisable for one common share of Tectonic at an exercise price of $0.20 and expires June 30, 2022.

Share Purchase Warrants

2020 TRANSACTIONS

The value of the warrants issued during the year ended December 31, 2020 were determined using the BSM with the following assumptions:

A summary of the Company's warrants and the changes during the period are as follows:

	Number of warrants	Shares to be issued upon exercise of the warrants	Weighted-average exercise price ($)
Balance — December 31, 2019	21,257,330	21,257,330	0.44
Doyon Warrants issued	5,236,500	5,236,500	0.40
Non-Brokered Warrants issued	12,307,750	12,307,750	0.40
Finders Warrants issued	956,130	956,130	0.20
Balance — December 31, 2020 and March 31, 2021	**39,757,710**	**39,757,710**	**0.42**

(Expressed in Canadian dollars - unaudited)

Warrants outstanding as at March 31, 2021 are as follows:

Number outstanding	Exercise price per share ($)	Expiry date
227,936	0.35	July 12, 2021
6,880,798	0.50	July 12, 2021
235,978	0.35	September 26, 2021
9,812,618	0.50	September 26, 2021
5,236,500[1]	0.40	April 17, 2022
720,000	0.10	June 16, 2022
3,380,000	0.25	June 16, 2022
12,307,750[1]	0.40	June 30, 2022
956,130	0.20	June 30, 2022
39,757,710		

1. *Warrants are subject to the Acceleration Clause*

Stock Options

On April 10, 2019, the Company adopted a stock option plan (the "Stock Option Plan"). The Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the Company's board of directors. The maximum expiry date is ten years from the grant date. The Stock Option Plan permits the issuance of stock options, which, together with the Restricted Share Plan, may not exceed 10% of the Company's issued common shares as at the date of grant.

On July 27, 2020, the Company granted 400,000 stock options to an employee. Each stock option has an exercise price of $0.33 and vest over a three-year period as follows: 100,000 stock options will vest July 27, 2021, 100,000 stock options will vest July 27, 2022, and 200,000 stock options will vest July 27, 2023. The stock option vesting is contingent upon continued employment with Tectonic. The stock options expire July 27, 2025. All 400,000 stock options remain issued and outstanding as of March 31, 2021 and had a remaining contractual life of 4.33 years.

The value of the stock options granted during the year ended December 31, 2020 were determined using a BSM with the following assumptions:

(Expressed in Canadian dollars - unaudited)

	Fair Value at Date of Grant	Grant Date Share Price $	Exercise Price $	Expected Volatility	Risk-Free Interest Rate	Expected Life (years)
July 27, 2020 Grant	$80,786	0.30	0.33	90%	0.33%	5

The Company incurred share-based compensation as follows:

	Three months ended March 31, 2021		Three months ended March 31, 2020	
Marketing expense	$	12,342	$	-
Total share-based compensation	**$**	**12,342**	**$**	**-**

Restricted Shares

On July 29, 2019, the Company adopted a restricted share plan (the "Restricted Share Plan"). The Company may grant common shares to eligible employees, officers, directors and consultants with performance conditions to be determined by the Company' board of directors (a "Restricted Share"). No cash consideration is received for Restricted Shares. Performance conditions are placed on the Restricted Shares as determined by the Board. If employees fail to meet the conditions, the Restricted Shares are subsequently cancelled and returned to the Company's treasury. The Restricted Share Plan permits the issuance of restricted shares, which, together with the Stock Option Plan, may not exceed 10% of the Company' issued common shares as at the date of grant.

At the date of issuance, no value is recorded in Share capital. Based on the share price at the date of issuance, the Company records share-based compensation as the shares vest with an offsetting amount recorded to Reserves. Upon completing of the vesting condition, the amount in Reserves will be transferred to Share Capital.

The Company incurred share-based compensation as follows:

	Three months ended March 31, 2021		Three months ended March 31, 2020	
Share-based compensation	$	84,966		$96,011
Exploration expenses (Note 6)		13,103		25,683
Total share-based compensation	**$**	**98,069**	**$**	**121,694**

Escrow

The Company entered into an escrow agreement pursuant to which 19,272,071 common shares and 4,275,642 warrants have been placed in escrow. The escrow agreement provides that 10% of the escrowed securities will be released upon the Company's listing date and that an additional 15% will be released every six months after, over a period of 36 months. As of March 31, 2021, there were 11,563,243 (December 31, 2020 - 11,563,243) common shares and 2,565,387 (December 31, 2020 - 2,565,387) warrants held in escrow.

(Expressed in Canadian dollars - unaudited)

Base Shelf Prospectus

During the year ended December 31, 2020, the Company filed a short form base shelf prospectus (the "Prospectus"). The Prospectus allows the Company to offer up to $100 million of common shares, warrants, subscription receipts, debt securities, share purchase contracts and units from time to time until June 29, 2022.

08 RELATED PARTY TRANSACTIONS

The Company defines key management personnel as its directors and officers. The Company entered into the following transactions with its key management:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Employee salaries – administration expense	$ 97,500	$ 104,350
Employee salaries – exploration expense	37,500	40,253
Share based compensation – restricted shares	83,344	82,656
Share based compensation – exploration expense	11,465	25,683

09 LEASE OBLIGATION

During the year ended December 31, 2020, the Company renewed an office lease agreement to pay rent as follows:

Calendar Years	Rental Payment
2021	$ 30,536
2022	30,967
2023	10,322
Total	**$ 71,825**

The Company recognized a right of use asset ("ROU)" based on the present value of the lease payments over the initial term lease discounted at a discount rate of 10%. A continuity of the ROU asset is as follows:

(Expressed in Canadian dollars - unaudited)

		Right of use asset — office lease
Net book value — December 31, 2019	$	7,712
Additions		77,337
Depreciation		(25,035)
Adjustment		137
Net book value — December 31, 2020	**$**	**60,151**
Additions		-
Depreciation		(6,533)
Adjustment		1,194
Net book value — March 31, 2021	**$**	**54,812**

		Lease liability
Balance — December 31, 2019	$	9,245
Lease liability recognized during the year		77,337
Lease payments during the year		(29,091)
Interest expense on lease liability		5,110
Balance — December 31, 2020	$	62,601
Adjustment		1,194
Lease payments during the period		(7,405)
Interest expense on lease liability		1,536
Balance — March 31, 2021	**$**	**57,926**
Current	$	26,257
Long-Term		31,669
Total — March 31, 2021	**$**	**57,926**

10 SUPPLEMENTAL CASH FLOW INFORMATION

		For the three months ended March 31, 2021		For the three months ended March 31, 2020
Cash paid for interest	$	426	$	173
Non-cash financing and investing activities:				
Right to use asset and lease liability		1,194		-
Deferred financing fees payable		-		10,363

11 SEGMENTED INFORMATION

The Company's reportable operating segments, which are components of the Company's business where separate financial information is available and which are evaluated on a regular basis by the Company's Chief

Executive Officer, who is the Company's chief operating decision maker, for the purpose of assessing performance. The Company's operating segments are its exploration and evaluation assets and expenditures which are disclosed by geographic location in Note 6. All corporate expenses are incurred in Canada.

12 CAPITAL MANAGEMENT

The Company manages its capital structure based on the funds available to the Company in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as components of shareholders' equity.

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 externally imposed capital restrictions.

There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the three months ended March 31, 2021.

13 SUBSEQUENT EVENT

Subsequent to March 31, 2021 the Company issued 400,000 options to an employee exercisable at $0.175 until April 7, 2026 with 100,000 vesting on April 7, 2022 and an additional 100,000 options vesting on the three subsequent anniversary dates thereafter.