Tectonic Metals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2024 and 2023

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Tectonic Metals Inc. (the "Company" or "Tectonic"), together with its wholly owned subsidiaries constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2024 and 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2024 and 2023 (the "Financial Statements") which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

In this MD&A, unless the context otherwise dictates, a reference to "us", "we", "our", or similar terms refers to the Company. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2024 and 2023 are referred to as "FY2024" and "FY2023" respectively.

All monetary amounts in the MD&A are expressed in Canadian dollars, the presentation currency of the Company and its subsidiaries, except number of shares or as otherwise indicated. References to "USD" or "US$" are to US dollars. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca and the Company's website at www.tectonicmetals.com. This MD&A has been prepared effective as of February 27, 2025 (the "MD&A Date").

FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "considers", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "will", "intends", and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

NATURE OF OPERATIONS AND GOING CONCERN

Tectonic Metals Inc. was incorporated on April 7, 2017, under the laws of the British Columbia Business Corporations Act. The Company's head office is at 1400 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The Company is listed on the Toronto Venture Exchange ("TSX-V") trading under the symbol "TECT" and is co-listed on the United States ("US") OTCQB, trading under the symbol "TETOF" and the Frankfurt Stock Exchange, trading under the symbol "T15B".

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets in the US. 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.

The Financial Statements are prepared on a going concern basis, which contemplates that the Company will be able to continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance its operations for the upcoming year with the proceeds from equity financing, and its current working capital.

2024 EXPLORATION HIGHLIGHTS

Metallurgical Testing - On September 19, 2024, the Company announced its first-ever scoping metallurgical heap leach column results, achieving impressive gold recoveries of 96% and 91% from two composites representing general lower and higher-grade material. These column tests were conducted on coarse ¾ inch material, representing a mix of oxidized and non-oxidized fresh mineralization selected from historic ½ NQ-sized drill core from 9 drill holes from the Chicken Mountain Intrusion at Tectonics' Flat Gold Project ("Flat" or the "Flat Project") in southwestern Alaska.

Key highlights include:

- **Rapid Leach Kinetics:** Over 80% gold recovery was achieved within 29 days for the higher gold grade composite column and within 36 days for the slightly lower gold grade composite column.
- **Heap Leach Validated:** Column test results confirm the potential for heap leach processing at Flat, including both oxidized and non-oxidized fresh mineralization.
- **Non-Oxidized Fresh Mineralized Rock Demonstrates Amenable to Heap Leaching:** Results indicate that gold recoveries are not significantly influenced by the presence or absence of oxides, depth of mineralization, and non-oxidized mineralization demonstrates amenability to heap leaching.
- **No Agglomeration Required:** Tests confirmed that agglomeration was not necessary, which has the potential to further enhance processing efficiency and lower costs.
- **Potential for Run-of-Mine Heap Leaching:** Metallurgical testing, including bottle rolls and column tests, indicates that the mineralization at Flat is not grind sensitive. Similar to the mineralization at the Fort Knox Mine, gold at Flat is fracture-controlled, enabling efficient leach solution access and faster gold recovery even on coarse material. This style of gold mineralization is well-suited for heap leaching, presenting a cost-effective extraction opportunity, particularly if uncrushed run-of-mine material is amenable to heap leaching as it is at Fort Knox.

Drill Program - On September 11, 2024, the Company announced the commencement of a reverse circulation drill program at the Flat Project. The drill program will follow-up on higher grade mineralization identified during 2023 at the Chicken Mountain and Adit targets and focus on outlining the extent, orientations, and potential intersection geometries of the mineralized structures. Inaugural exploratory drilling will also be conducted on potential buried intrusions at the Golden Apex target, and the interpreted northern extension of the Chicken Mountain Intrusion at the Alpha Bowl target, both areas which have received very limited past exploration work during the 50 years of exploration history at Flat.

Assay Results - On September 5, 2024, the Company announced assay results from four historical core holes drilled in 2003 at Flat. These 2024 drill assay results have revealed multiple new, intrusion-hosted gold corridors at the Chicken Mountain Zone and validated the presence of a Reduced Intrusion-Related Gold System (RIRGS) at Golden Apex, one of six identified intrusion targets at Flat. These four drill holes totaling 1,043.5 meters with 720 meters recently assayed by Tectonic, are situated in largely unexplored areas of the Flat Project. The infill sampling and assaying by Tectonic resulted in the identification of new mineralized zones, confirmation of historical intersections, new sampling results in increased mineralized widths, and validation of geochemical and geophysical vectors to mineralization.

Key highlights include:

- At the Golden Apex target drill hole GA03-02 returned **12.34m at 1.05 g/t Au**, **22.86m at 1.00 g/t Au** and **12.65m at 0.72 g/t Au** hosted within hornfels and volcanic rock, which validated the presence of RIRGS distal mineralization.
- At the Chicken Mountain target, assaying of unsampled sections of two historical drill holes significantly enhanced both the width and grade of gold mineralization compared to the selectively sampled intervals from 2003 historical analyses. Drill hole CM03-25 returned **35.06m at 1.05 g/t Au** and **7.62m at 5.66 g/t Au** and drill hole CM03-26 returned **19.81 m at 0.53g/t Au** and **7.62m at 1.00 g/t Au**.

CORPORATE HIGHLIGHTS

During the year ended December 31, 2024 and period to February 27, 2025

On November 4, 2024, the Company granted an aggregate of 9,000,000 incentive stock options.

On November 1, 2024, the Company closed the third and final tranche of a private placement (the “2024 Private Placement”) and issued 28,195,200 units at a price of $0.06 per unit for gross proceeds of $1,691,712. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.10 and expires on November 1, 2026. The Company paid cash share issuance costs of $105,057, of which $1,537 was to a related party, and issued 1,635,714 finders' warrants. Each finders’ warrant is exercisable at a price of $0.10 and expires on November 1, 2026.

On October 18, 2024, the Company paid US$25,000 (CAD$34,275) for the option payment on the Porterfield Property.

On October 3, 2024, the Company closed the second tranche of the 2024 Private Placement and issued 9,780,334 units at a price of $0.06 per unit for gross proceeds of $586,820. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.10 and expires on October 3, 2026. The Company paid cash share issuance costs of $52,101, of which $9,738 was to a related party, and issued 462,000 finders' warrants. Each finders’ warrant is exercisable at a price of $0.10 and expires on October 3, 2026.

On August 16, 2024, the Company closed the first tranche of the 2024 Private Placement and issued 51,177,319 units at a price of $0.06 per unit for gross proceeds of $3,070,639. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.10 and expires on August 16, 2026. The Company paid cash share issuance costs of $186,728, of which $23,780 was to a related party and issued 1,669,439 finders' warrants. Each finders’ warrant is exercisable at a price of $0.10 and expires on August 16, 2026.

The Company will use the funds from the 2024 Private Placement to fund exploration at Flat and for working capital.

During the year ended December 31, 2023

On November 8, 2023, the Company closed an early exercise program for certain outstanding warrants (the "Warrant Incentive Program").Pursuant to the Warrant Incentive Program, the Company offered holders of all 16,092,835 common share purchase warrants issued on May 30, 2022 (the "May Warrants") and all 3,591,670 common share purchase warrants issued on July 8, 2022 (the "July Warrants" together with the May Warrants, the "Outstanding Warrants") the opportunity to exercise early each of their Outstanding Warrants. In return for the early exercise, the holder received one common share, as per the original warrant terms, plus as an incentive, one common share purchase warrant (the "Incentive Warrant"). Each Incentive Warrant will allow the holder to acquire one common share at an exercise price of $0.13 and will expire on November 8, 2025.On the closing of the Warrant Incentive Plan the Company issued 15,793,336 common shares and 15,793,336 Incentive Warrants for gross proceeds of $1,579,334. The gross proceeds attributed to the Incentive Warrants was $401,912. The Company paid cash share issuance costs of $17,531. Any Outstanding Warrants remaining un-exercised after November 8, 2023 will remain outstanding and continue to be exercisable on their existing terms.

On September 29, 2023, the Company closed the third tranche of the 2023 Private Placement (the "2023 Private Placement") and issued 5,090,909 units at a price of $0.11 per unit for gross proceeds of $560,000. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.15 and will expire on September 29, 2025. The Company paid cash share issuance costs of $68,534 of which $8,713 was to a related party.

On August 10, 2023, the Company closed the second tranche of the 2023 Private Placement and issued 39,300,873 units at a price of $0.11 per unit for gross proceeds of $4,323,096. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.15 and will expire on August 10, 2025. The Company paid cash share issuance costs of $275,041, of which $20,654 was to a related party and issued $1,261,630 finders' warrants. Each finders' warrant is exercisable at a price of $0.11 and will expire on August 10, 2025.

On June 23, 2023, the Company closed the first tranche of the 2023 Private Placement and issued 30,425,316 units at a price of $0.11 per unit for gross proceeds of $3,346,785. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.15 and will expire on June 23, 2025. The Company paid cash share issuance costs of $275,391, of which $14,900 was to a related party and issued 1,143,296 finders' warrants. Each finders' warrant is exercisable at a price of $0.11 and will expire on June 23, 2025.

The Company used the funds from the 2023 Private Placement and Warrant Incentive Program to fund exploration at Flat and for working capital.

ABOUT CRESCAT CAPITAL

Crescat is a global macro asset management firm headquartered in Denver, Colorado, which deploys tactical investment themes based on proprietary value-driven equity and macro models. Crescat' s investment goals are to provide industry-leading absolute and risk-adjusted returns over complete business cycles with low correlation to common benchmarks, and they apply their investment process across a mix of asset classes and strategies.

At the Company's Annual General and Special Meeting on September 21, 2023, the Company received approval from disinterested shareholders for Crescat to become a Control Person as defined by the Securities Act and in the TSXV's policies. This allows Crescat to hold over 20% of the Company's issued and outstanding common shares. As at December 31, 2024, Crescat held approximately 17.08% of the outstanding shares in the Company.

ABOUT DOYON, LIMITED

With more than 12.5 million acres of land and over 20,000 shareholders, Doyon, Limited ("Doyon") is the largest private landholder in Alaska and in North America. As one of Alaska's largest for-profit Native Regional Corporations, Doyon's mission is to continually enhance its position as a financially secure Native corporation and promote the economic and social well-being of its shareholders and future shareholders. They focus on strengthening the Native way of life and protecting and enhancing their land and resources.

Doyon is the second largest shareholder in Tectonic, via several strategic investments directly into the Company.

Tectonic and Doyon initially partnered in the summer of 2018, where Tectonic was granted exclusive rights to explore, develop and mine all minerals, ores and mineral products extracted on several projects, which are situated on Doyon land. In the summer of 2021, Tectonic was granted similar rights on Flat, also situated on Doyon land. Forming partnerships and establishing production lease agreements on Tectonic's early-stage projects at the onset is a critical component of the Company's business model. Such discovery-to-production agreements manage risks and align the interests and expectations of all parties involved, so the task of advancing a project from discovery through to the development of a mine is aligned and more streamlined.

SCIENTIFIC AND TECHNICAL INFORMATION

Scientific and technical information presented in this MD&A has been approved by Peter Kleespies, M.Sc., P.Geo, Vice President, Exploration, a qualified person who by reason of education, affiliation with a professional association and past relevant work experience, fulfills the requirements of a Qualified Person, as defined in NI 43-101 *Standards of Disclosure for Mineral Projects.*

DISCUSSION OF OPERATIONS

TIBBS

Overview

The Tibbs project ("Tibbs") is located in the Goodpaster Mining District approximately 175 kilometres southeast of Fairbanks, Alaska, and 35 kilometres east of the Northern Star Resources' Pogo Mine. The project is accessible via helicopter and historic winter trails and hosts an airstrip in the Tibbs Creek drainage. The property covers 29,280 acres of highly prospective geology hosting over 25 target areas and historic lode gold production in three locations.

Tectonic completed exploration work at the property over four consecutive campaigns beginning in 2017, with a gradual progression from grassroots methodologies such as geological mapping and power auger soil sampling, heli-portable excavator trenching, and airborne magnetic and electromagnetic geophysics through to RAB drilling campaigns in 2019 and 2020. Soil geochemical sampling in 2020 identified previously unknown, high-tenor gold, arsenic, and bismuth soil anomalies west of the previous exploration in similar host rocks as the Pogo deposit. Tectonic's 2021 program was the first core drilled on the property since 2011 and the first oriented core in the property's history. The program was designed to obtain structural control on high-grade mineralization drilled by the Company over the previous two seasons, while testing newly discovered exploration targets with similar structural, geological, and geochemical features as mineralization at the Pogo Gold Mine.

On June 15, 2017, the Company and Tibbs Creek Gold, LLC ("TCG") entered into a mining lease and option agreement (the "Tibbs Agreement") where TCG granted to the Company the full and exclusive right to use, occupy and carry out mineral exploration, production and extraction activities on Tibbs to earn a 100% interest in Tibbs. Tibbs comprises 169 claims covering a total of 5,457.5 hectares located in the Big Delta B1 Quadrangle of the Fairbanks Recording District in the state of Alaska. The Tibbs Agreement is for a period of 10 years terminating June 15, 2027. The Tibbs Agreement grants TCG a 2.5% net smelter return royalty ("NSR"), of which 1.5% can be purchased for US$1,500,000.

Option payments and exploration commitments

In consideration, the Company paid TCG a total of $513,430 (US$380,000) up to December 31, 2024. Pursuant to the option agreement, the Company is required to pay a US$50,000 option payment each June from 2021 to 2027 (the "Tibbs Anniversary Payments") and was required to incur an aggregate US$1,000,000 in exploration expenses by June 2022. As of December 31, 2021, the Company has fulfilled this exploration expenditure commitment. On June 1, 2024, the Company paid TCG a total of $68,268 (US$50,000) pursuant to the option agreement.

Further, the Company has agreed to pay TCG a cash payment of US$1,000,000 if the Company commences commercial production on Tibbs. The Company has the option to acquire Tibbs at any time during the lease term by making a lump sum payment equal to the aggregate amount of any remaining Tibbs Anniversary Payments. If, during the term of the Tibbs Agreement, the Company completes a preliminary economy assessment, the Company must make a cash payment of US$25,000 each year to TCG in addition to the Tibbs Anniversary Payments.

CARRIE CREEK AND 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 Goodpaster Mining District, Alaska ("Carrie Creek and Mt. Harper").

During the year ended December 31, 2023, the Company decided not to continue with the Carrie Creek and Mount Harper property and terminated the lease agreement, resulting in an impairment of exploration and evaluation assets of $53,961.

FLAT

Overview

Flat is a large scale, intrusion-hosted gold system and the 3rd largest placer mining district in Alaska. Historical exploration work demonstrated continuity of low-grade gold mineralization (approximately one g/t Au) but has shown potential for discrete high-grade mineralization (greater than 20 g/t Au), as observed in similar geological settings such as the Fort Knox gold mine.

In September 2021, the Company entered into a mining lease agreement with Doyon for a 100% interest in Flat located 40 kilometers north of the Donlin Gold Project, owned and operated by Barrick Gold Corp. and Novagold Resources Inc., and located in the Kuskokwim Mineral Belt, Alaska. The agreement covers all aspects of exploration, development, production and royalties, including key environmental, social and governance provisions. The initial term of the lease is for 15 years and includes renewal clauses to extend the lease period up to the entire operational period of the mine. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the fifth anniversary of the commencement of commercial production. Doyon is granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of the commencement 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.

Option payments and exploration commitments

In consideration, the Company paid Doyon $253,773 (US$190,000) for annual lease payments from lease inception to December 31, 2024. To retain its right to the option, the Company is required to pay annual lease payments to the lessor of:

- US$40,000 each January from 2022 to 2025 (2022, 2023, 2024, and 2025 payments were paid);
- US$50,000 each January from 2026 to 2030;
- US$100,000 each January thereafter. If the Company exercises its option to extend the lease term, this payment will be increased to US$200,000; and
- US$150,000 upon completion of a feasibility study.

Pursuant to the mining lease agreement, in addition to the annual lease payments noted above, the Company is required to incur the following amounts for exploration expenses on Flat to maintain the lease agreement in good standing:

	US$
2021-2023 (fulfilled/met)	1,000,000
2024-2026 (fulfilled/met)	2,000,000
2027-2029	2,500,000
Each three-year lease period commencing 2030	2,500,000

Eligible expenses include all actual direct costs incurred related to the exploration and development of Flat, including, without limitation, costs related to services performed outside of the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenses and apply them against a future year. As of December 31, 2024, the Company has incurred US$7,821,668 in cumulative expenses on Flat and has completed all expenditures in accordance with the mining lease agreement.

Pursuant to the mining lease agreement with Doyon, the Company has committed to contributing a US$10,000 scholarship per year to the Doyon Foundation for the term of the lease. The scholarship amount increases to US$50,000 each year following the commencement of commercial production at Flat. On April 16, 2024, the Company fulfilled its commitment for the year ended December 31, 2024.

Exploration programs

Metallurgical Testing - On September 19, 2024, the Company announced its first-ever scoping metallurgical heap leach column results, achieving impressive gold recoveries of 96% and 91% from two composites representing general lower and higher-grade material. These column tests were conducted on coarse ¾ inch material, representing a mix of oxidized and non-oxidized fresh mineralization selected from historic ½ NQ-sized drill core from 9 drill holes from the Chicken Mountain Intrusion at Flat.

Key highlights include:

- **Rapid Leach Kinetics:** Over 80% gold recovery was achieved within 29 days for the higher gold grade composite column and within 36 days for the slightly lower gold grade composite column.
- **Heap Leach Validated:** Column test results confirm the potential for heap leach processing at Flat, including both oxidized and non-oxidized fresh mineralization.
- **Non-Oxidized Fresh Mineralized Rock Demonstrates Amenable to Heap Leaching:** Results indicate that gold recoveries are not significantly influenced by the presence or absence of oxides, depth of mineralization, and non-oxidized mineralization demonstrates amenability to heap leaching.
- **No Agglomeration Required:** Tests confirmed that agglomeration was not necessary, which has the potential to further enhance processing efficiency and lower costs.
- **Potential for Run-of-Mine Heap Leaching:** Metallurgical testing, including bottle rolls and column tests, indicates that the mineralization at Flat is not grind sensitive. Similar to the mineralization at the Fort Knox Mine, gold at Flat is fracture-controlled, enabling efficient leach solution access and faster gold recovery even on coarse material. This style of gold mineralization is well-suited for heap leaching, presenting a cost-effective extraction opportunity, particularly if uncrushed run-of-mine material is amenable to heap leaching as it is at Fort Knox.

Drill Program - On September 11, 2024, the Company announced the commencement of a reverse circulation drill program. The drill program will follow-up on higher grade mineralization identified during 2023 at the Chicken Mountain and Adit targets and focus on outlining the extent, orientations, and potential intersection geometries of the mineralized structures. Inaugural exploratory drilling will also be conducted on potential buried intrusions at the Golden Apex target, and the interpreted northern extension of the Chicken Mountain Intrusion at the Alpha Bowl target, both areas which have received very limited past exploration work during the 50 years of exploration history at Flat.

Assay Results - On September 5, 2024, the Company announced assay results from four historical core holes drilled in 2003 at Flat. These 2024 drill assay results have revealed multiple new, intrusion-hosted gold corridors at the Chicken Mountain Zone and validated the presence of a RIRGS at Golden Apex, one of six identified intrusion targets at Flat. These four drill holes totaling 1,043.5 meters with 720 meters assayed by Tectonic, are situated in largely unexplored areas of the Flat Project. The infill sampling and assaying by Tectonic resulted in the identification of new mineralized zones, confirmation of historical intersections, new sampling results in increased mineralized widths, and validation of geochemical and geophysical vectors to mineralization.

Key highlights include:

- At the Golden Apex target drill hole GA03-02 returned **12.34m at 1.05 g/t Au, 22.86m** at **1.00 g/t Au and 12.65m at 0.72 g/t Au** hosted within hornfels and volcanic rock, which validated the presence of RIRGS (Reduced Intrusion Related Gold System) distal mineralization.

- At the Chicken Mountain target, assaying of unsampled sections of two historical drill holes significantly enhanced both the width and grade of gold mineralization compared to the selectively sampled intervals from 2003 historical analyses. Drill hole CM03-25 returned **35.06m at 1.05 g/t Au** and **7.62m at 5.66 g/t Au** and drill hole CM03-26 returned **19.81 m at 0.53g/t Au** and **7.62m at 1.00 g/t Au**.

PORTERFIELD

On October 18, 2023, the Company entered into a mining lease agreement for a 100% interest in the Porterfield Property ("Porterfield") located immediately north of the Company's Flat Project in Alaska. The initial term of the lease is 20 years. The lessor was granted a 2% NSR for precious minerals and all other mineral products produced and sold from Property. At any time after the exercise of the option to purchase, the Company may buy back 1% of the NSR for US$1,500,000.

In consideration, the Company paid $68,549 (US$50,000) for annual lease payments from lease inception to December 31, 2024. To keep the property lease in good standing, the Company is required to pay annual lease payments to the lessor of:

- US$25,000 on or before each anniversary date from 2024 to 2026 (2024 payment was paid);
- US$50,000 on or before each anniversary date from 2027 to 2028; and
- US$50,000 on each subsequent anniversary date from 2029 to 2043.
- At any time prior to October 18, 2029, the Company can exercise the option to purchase the claims by tendering either (i) a cash payment of US$200,000, (ii) common shares of the Company equivalent in value to US$200,000, or (iii) any combination of cash and common shares as elected by the Company.

Pursuant to the mining lease agreement, in addition to the annual lease payments noted above, the Company is required to incur the following amounts for exploration expenses on Porterfield to maintain the lease agreement in good standing:

	US$
Before December 1, 2024 (fulfilled/met)	50,000
Before December 1, 2025	100,000
Before December 1, 2026	100,000
Before December 1, 2027	200,000
Before December 1, 2028	200,000

As at December 31, 2024, the Company incurred US$133,243 in cumulative expenses on Porterfield.

MFB

MFB is an area of land of approximately 4,960 acres adjacent to Flat that the Company staked in 2023.

HEALTH AND SAFETY, ENVIRONMENT AND COMMUNITY

Health and safety

There were no fatalities or lost-time injuries reported at any of the Company's project sites.

Environment

There were no environmental issues reported at any of the Company's project sites.

Community

As per the Flat agreement, the Company committed to contributing to the Doyon Foundation an aggregate US$50,000 scholarship over the term of the lease. On April 16, 2024, the Company fulfilled its current year's commitment. The Doyon Foundation was established as a separate non-profit charitable organization in 1989 by Doyon. Doyon Foundation's mission is to provide educational, career and cultural opportunities to enhance the identity and quality of life for Doyon shareholders. Doyon Foundation carries out its mission by providing basic and competitive scholarships, works with organizations to place interns and advance traditional Native knowledge by partnering with various organizations.

EXPLORATION AND EVALUATION ASSETS AND EXPENSES

A summary of the Company's exploration and evaluation assets is as follows:

	Tibbs	Carrie and Mt. Harper	Flat	Porterfield	Total
	$	$	$	$	$
Balance, December 31, 2022	376,987	53,961	142,195	-	573,143
Cash acquisition payments	68,175	-	54,338	34,275	156,788
Impairment	-	(53,961)	-	-	(53,961)
Restoration provision	-	-	315,815	-	315,815
Balance, December 31, 2023	445,162	-	512,348	34,275	991,785
Cash acquisition payments	68,268	-	57,240	34,274	159,782
Balance, December 31, 2024	**513,430**	**-**	**569,588**	**68,549**	**1,151,567**

Title to exploration and evaluation assets 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 frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to the properties is in good standing.

A summary of the Company's exploration and evaluation expenses for the year ended December 31, 2024 is as follows:

	Tibbs	Flat	Porterfield	MFB	Support and other	Total
	$	$	$		$	$
Administrative expenses	-	16,343	-	-	17,695	34,038
Camp expenses	8,797	392,058	36,829	1,313	-	438,997
Claim maintenance	-	-	21,615	38,288	-	59,903
Computer software	3,146	33,080	2,602	10,804	31,692	81,324
Conferences and conventions	-	-	-	-	20,112	20,112
Drilling program/planning	-	1,240,260	45,045	-	-	1,285,305
Geological and geophysical consulting	7,868	415,370	24,881	4,352	100,239	552,710
Laboratory expenses	1,209	413,349	980	543	-	416,081
Land management	27,144	20,664	-	-	-	47,808
Salaries	-	-	-	-	54,351	54,351
Sponsorship fees	-	-	-	-	15,000	15,000
Travel and meals	-	-	-	-	44,857	44,857
Recovery of prior period expenses	-	-	-	-	(152,697)	(152,697)
	48,164	**2,531,124**	**131,952**	**55,300**	**131,249**	**2,897,789**

A summary of the Company's exploration and evaluation expenses for the year ended December 31, 2023 is as follows:

	Tibbs	Carrie and Mt. Harper	Flat	Porterfield	Support and other	Total
	$	$	$	$	$	$
Administrative expenses	-	-	31,697	-	23,256	54,953
Camp expenses	7,733	360	1,021,826	-	-	1,029,919
Claim maintenance	-	-	-	49,662	-	49,662
Computer software	1,803	886	59,728	-	7,367	69,784
Community expenses	-	-	12,500	-	-	12,500
Conferences and conventions	-	-	-	-	67,571	67,571
Drilling program	-	-	4,443,555	-	-	4,443,555
Geological and geophysical consulting	32,021	3,452	1,259,474	-	1,796	1,296,743
Laboratory expenses	2,257	-	269,585	-	-	271,842
Land management	39,382	1,426	35,277	-	-	76,085
Salaries	-	-	137,577	-	6,260	143,837
Scholarship fees	-	6,791	13,556	-	-	20,347
Surveying program	-	-	8,174	-	-	8,174
	83,196	**12,915**	**7,292,949**	**49,662**	**106,250**	**7,544,972**

SUMMARY OF QUARTERLY RESULTS

The following table shows results from the previous eight fiscal quarters:

Quarter ending	Exploration and evaluation assets	Working capital	Net loss and comprehensive loss	Basic and diluted loss per share
	$	$	$	$
December 31, 2024	**1,151,567**	**2,180,170**	**(1,287,829)**	**(0.00)**
September 30, 2024	1,060,053	1,200,750	(2,345,292)	(0.01)
June 30, 2024	1,060,053	602,088	(646,738)	(0.00)
March 31, 2024	991,785	1,295,919	(810,915)	(0.00)
December 31, 2023	991,785	1,996,734	(2,915,676)	(0.01)
September 30, 2023	641,318	3,314,826	(5,200,079)	(0.02)
June 30, 2023	641,318	3,871,737	(484,036)	(0.00)
March 31, 2023	573,143	1,381,727	(999,217)	(0.00)

The summary of the last eight quarters reflects significant losses most notably in Q3 2023 which occurred as a result of the higher exploration and evaluation expenses on the Company's inaugural Flat drill program which took place in the Alaskan summer, with some costs running into Q4 2023. Due to the seasonality of drilling programs, exploration and evaluation expenditures are higher in Q3 and Q4 of the respective fiscal years. The working capital of the Company fluctuates depending upon the cash inflows from private placements and the cash outflows from the exploration and evaluation expenses noted above. Exploration and evaluation assets are made up of capitalized option payments and remediation liabilities, offset by any impairments recognised when projects are discontinued.

SELECTED ANNUAL INFORMATION

	FY2024	FY2023	FY2022
	$	$	$
Exploration and evaluation expenses	**2,897,789**	7,544,972	2,134,816
Operating expenses	**2,220,331**	2,079,712	4,071,623
Net loss and comprehensive loss	**5,090,774**	9,599,008	4,006,282
Basic and diluted loss per share	**0.01**	0.03	0.02
Total assets	**3,779,110**	3,745,238	3,369,338
Total non-current liabilities	**390,642**	348,258	-

The Company's net loss and comprehensive loss and operating expenses decreased in FY2024 primarily due to reduced exploration and evaluation expenses associated with the drill program at Flat as the Company conducted a more targeted drill program in 2024 compared to the broader program conducted in the inaugural year of drilling in 2023. Non-current liabilities increased due the accretion expense and foreign exchange loss recognized on the restoration provision related to future costs for camp and infrastructure removal at Flat.

PERFORMANCE

	Q4 2024	Q4 2023	**FY2024**	FY2023
	$	$	**$**	$
Operating expenses (income)				
Accounting and legal fees	**57,823**	60,450	**260,593**	283,067
Accretion expense	**2,905**	-	**11,197**	-
Corporate development	**185,764**	58,011	**423,626**	294,366
Depreciation	**1,171**	871	**3,654**	14,736
Employee benefits and salaries	**116,429**	85,053	**488,291**	509,287
Exploration and evaluation expenses	**542,611**	2,387,792	**2,897,789**	7,544,972
Foreign exchange loss (gain)	**23,117**	(5,397)	**22,712**	11,536
General and administration	**35,139**	53,319	**147,011**	208,587
Impairment of exploration and evaluation asset	**-**	53,961	**-**	53,961
Insurance	**11,647**	12,744	**48,115**	60,040
Interest expense	**-**	-	**-**	207
Investor relations	**72,684**	53,970	**258,709**	263,567
Listing and filing fees	**16,655**	1,669	**54,145**	51,058
Share-based compensation	**201,756**	118,956	**348,020**	195,691
Travel and meals	**35,212**	43,449	**154,258**	133,609
	1,302,913	2,924,848	**5,118,120**	9,624,684
Other income (loss)				
Interest income	**15,084**	9,172	**27,346**	31,777
Loss on disposal of equipment	**-**	-	**-**	(6,101)
Net loss and comprehensive loss	**(1,287,829)**	(2,915,676)	**(5,090,774)**	(9,599,008)

Q4 2024 compared to Q4 2023

The Company recorded a net loss and comprehensive loss of $1,287,829 compared to $2,915,676 in Q4 2023. The primary driver of this decrease was the decrease of exploration and evaluation expenses to $542,611 compared to $2,387,792 in the Q4 2023 due to the Company conducting a more targeted drill program at its Flat Project in 2024 compared to the broader program conducted in the inaugural year of drilling in 2023. In addition, due to this broader program conducted in FY2023, the field activities did not conclude until later in the year, approximately October 15, 2023, meaning that significant costs were still being incurred in Q4 2023.

Offsetting the reduced exploration and evaluation expenses:

- Corporate development increased to $185,764 from $58,011 in Q4 2023 due to corporate advisory services to promote the profile of the Company in Q4 2024.
- Investor relations increased to $72,684 from $53,970 in Q4 2023 due to the Company investing in software, presentation designs, roadshows, and consulting to promote the Company's stock ahead of private placements.
- Employee benefits and salaries increased to $116,429 from $85,053 in Q4 2023 due to the Company replacing certain consultants with full-time employees.
- Share-based compensation increased to $201,756 from $118,956 due primarily to vesting of a large grant of stock options in Q4 2024.

In addition, the Company recorded impairment of exploration and evaluation asset of $53,961 in the Q4 2023. No impairment was recorded in Q4 2024.

FY2024 compared to FY2023

The Company recorded a net loss and comprehensive loss of $5,090,774 compared to $9,599,008 in FY2023. The primary drivers of this decrease in the net loss were the decrease of exploration and evaluation expenses to $2,897,789 compared to $7,544,972 due to the Company conducting a more targeted drill program at its Flat Project in 2024 compared to the broader program conducted in the inaugural year of drilling in 2023.

Offsetting the reduced exploration and evaluation expenses:

- Corporate development increased to $423,626 from $294,366 in FY2023 due to fees incurred in attendance of conferences and corporate advisory services to help raise capital and promote the profile of the Company in FY2024.
- Share-based compensation increased to $348,020 from $195,691 in FY2023 due primarily to vesting of a large grant of stock options in Q4 2024.

In addition, the Company recorded impairment of exploration and evaluation asset of $53,961 in FY2023 compared to $nil in FY2024.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company has no cash inflow from operations. Its only significant source of funds since incorporation has been the sale of its common shares.

The Company's ability to continue as a going concern is dependent upon the ability to fund any additional losses we may incur. There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's Financial Statements were prepared on a going concern basis, which implies that the Company will realize its assets and discharge its liabilities in the normal course of business. The Financial Statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary if the Company is unable to achieve and maintain profitable operations.

As at December 31, 2024, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations.

Cash flow activities

A summary of the Company's cash position and changes in cash and cash equivalents is as follows:

	FY2024	FY2023
	$	$
Cash used in operating activities	**(5,105,238)**	(9,265,756)
Cash used in investing activities	**(167,262)**	(153,358)
Cash provided by financing activities	**4,862,614**	9,248,279
Net change in cash and cash equivalents	**(409,886)**	(170,835)
Cash and cash equivalents, beginning of year	**2,381,310**	2,552,145
Cash and cash equivalents, end of year	**1,971,424**	2,381,310

Cash used in operating activities decreased to $5,105,238 compared to $9,265,756 in FY2023 due to lower exploration and evaluation expenses in the current year, as explained above.

Cash used in investing activities increased to $167,262 compared to $153,358 in FY2023 due to purchases of property and equipment made in Q2 2024 of $7,480. The annual payments for Tibbs, Porterfield, and Flat were marginally higher in FY2024 compared to FY2023 due to the decreasing strength the Canadian dollar, resulting in a greater foreign exchange impact on translation for these USD denominated transactions.

Cash provided by financing activities decreased to $4,862,614 compared to $9,248,279 in FY2023 due to lower gross proceeds from private placements, being $5,349,171 in FY2024 compared to $8,229,881 in FY2023. In addition, during FY2023 the Company completed the Warrant Incentive Program which generated $1,579,334 in gross proceeds. There was no Warrant Incentive Program in FY2024.

Capital resources

The Company considers capital to include items within shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and evaluation of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or issue debt instruments. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on the equity markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any capital restrictions and the Company's approach to capital management has not changed.

RELATED PARTY TRANSACTIONS

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions with its key management personnel during the years ended December 31, 2024 and 2023 is as follows:

	FY2024	FY2023
	$	$
Accounting and legal fees	**180,663**	177,609
Employee benefits and salaries	**375,000**	395,977
Exploration and evaluation expenses	**205,000**	210,000
Share-based compensation	**121,738**	154,274
Share issuance costs	**35,055**	44,266
	917,456	982,126

As at December 31, 2024, accounts payable and accrued liabilities contain amounts due to related parties of $190,269 (December 31, 2023 - $82,077). The amounts have no specified terms of repayment and are due upon demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2024 and as at the MD&A date.

PROPOSED TRANSACTIONS

The Company had no proposed transactions as at December 31, 2024 and as at the MD&A date.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company's significant accounting judgements and sources of estimation uncertainty are disclosed in the notes to the Financial Statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2024:

Classification of liabilities as current or non-current - amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities

Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12

The amendments to IAS 12 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

As at December 31, 2024, the Company's financial instruments consist of cash and cash equivalents, deposits, and accounts payable and accrued liabilities, all of which are measured at amortized cost.

The carrying value of cash and cash equivalents, deposits, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial instruments risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and cash equivalents, including cash and a guaranteed investment certificate held in a financial institution, and deposits. The risk exposure is limited because the Company places its cash and cash equivalents in institutions of high credit worthiness within Canada.

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 does not hold any financial instruments with variable interest rates, other than cash and, therefore, is not exposed to significant interest rate risk.

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 stock or debt as required. As at December 31, 2024, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations.

Commodity price risk

The Company’s ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Foreign exchange risk

Foreign exchange 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 Company's current exploration and evaluation assets are located in Alaska, USA, with related expenses incurred primarily in US dollars, while the functional and presentational currency of the Company and its subsidiaries is the Canadian dollar. The exchange rate from January 1, 2024 to December 31, 2024, has ranged from US$0.751 to US$0.694 per Canadian dollar (C$1.332 to C$1.442 per US dollar).

A summary of the Company’s financial instruments held in US dollars, expressed in Canadian dollars is as follows:

	December 31, 2024	December 31, 2023
	$	$
Cash	**100,016**	650,167
Deposits	**263,685**	198,390
Accounts payable and accrued liabilities	**(60,086)**	(371,061)
	303,615	477,496

As at December 31, 2024, a 5% change in the foreign exchange rates would result in a change in net loss of $15,181 (December 31, 2023 - $23,875) to the financial instruments denominated in USD. The Company has no hedging agreements in place with respect to foreign exchange rates.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. The Company had the following outstanding securities:

	December 31, 2024	MD&A date
	#	#
Common shares	419,853,777	419,853,777
Stock options	19,465,000	19,465,000
Warrants	103,950,386	103,950,386

RISKS AND UNCERTAINTIES

The primary risk factors affecting the Company are set forth below.

Exploration stage company

The Company is an exploration stage company and cannot give assurance that a commercially viable deposit (or “reserve”) exists on any properties for which the Company currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Therefore, the determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic and environmental factors. If the Company fails to find a commercially viable deposit on any of its properties, its financial condition and results of operations will be materially adversely affected.

Mineral exploration and development

Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Estimates of reserves, mineral deposits and production costs can be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, social governance issues, unforeseen technical difficulties, unusual or unexpected geological formations, and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or processing new or different grades, may have an adverse effect on mining operations and the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Competition and mineral exploration

The mineral exploration industry is intensely competitive in all of its phases, and the Company must compete in all aspects of its operations with a substantial number of companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion of their operations than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

Limited operating history

The Company has a limited operating history, and its mineral properties are exploration stage properties. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. The current state of the Company's mineral properties requires significant additional expenditures before any cash flow may be generated. Although Tectonic possesses an experienced management team, there is no assurance that the Company will be successful in achieving a return on shareholders' investment, and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. There is no assurance that the Company can generate revenues, operate profitably or provide a return on investment, or that it will successfully implement its plans.

Negative cash flow from operating activities

The Company has no history of earnings and has had negative cash flow from operating activities since inception. The Company's mineral properties are in the exploration stage, and there are no known mineral resources or reserves and the proposed exploration programs on the Company's mineral properties are exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that any of the Company's mineral properties will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing to meet its future cash commitments.

Going concern risk

The financial statements have been prepared on a going concern basis under which the Company is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Additional funding

The exploration and development of the Company's mineral properties will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financings may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses, and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Company's status as a new enterprise with a limited history, the location of the Company's mineral properties, the price of commodities and/or the loss of key management personnel.

Permits and government or regulatory approvals

Exploration and development activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents, and environmental approvals, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining license will be granted with respect to exploration territory. There can be no assurance that any exploration license will be renewed, or if so, on what terms. These licenses place a range of past, current and future obligations on the Company. In some cases, there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant license or related contract. The Company may require permits from various federal, state, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protection, mine safety and other matters. Although the US has a favourable legal and fiscal regime for exploration and mining, including a relatively simple system for the acquisition of mineral titles and relatively low tax burden, possible future government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. The Company is currently in compliance with all material regulations applicable to its exploration activities.

Laws and regulation

The Company's exploration activities are subject to extensive federal, state, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can, therefore, become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

Environmental risks

The Company's exploration and/or development activities are subject to extensive laws and regulations governing environmental protection. The Company is subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms.

Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by non-governmental organizations has caused some governments to cancel or restrict the development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

The legal framework governing this area is constantly developing, therefore, the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact, which may result in unbudgeted delays, damage, loss, and other costs and obligations, including, without limitation, rehabilitation and/or compensation. There is a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the state of Alaska.

Dependence on management and key personnel

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel, as well as additional operations staff. There can be no assurance that these efforts will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's operations and financial condition.

Material contract obligations

The agreements pursuant to which the Company acquired its interest in its properties provide that the Company must make a variety of payments in cash and common shares over certain time periods and expend certain minimum amounts on the exploration of its properties. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in one or more of the properties.