**Tectonic Metals Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# For the three and nine months ended September 30, 2022, and 2021

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Tectonic Metals Inc., together with its wholly owned subsidiaries (the "Company" or "Tectonic") constitutes management's review of the factors that affected the Company's financial and operating performance for three and nine months ended September 30, 2022 and 2021. 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 unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2022, and 2021, (the "interim financial statements), as well as the audited consolidated financial statements for the years ended December 31, 2021 and 2020, (the "audited financial statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Except as otherwise indicated, all financial data in this MD&A has been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. Periods for the nine months ended September 30, 2022, and 2021 are referred to as "YTD 2022" and "YTD 2021", respectively.

All monetary amounts in the MD&A are expressed in Canadian dollars, except number of shares, or as otherwise indicated. References to "USD" are to United States dollars. Additional information regarding the Company is available on SEDAR at www.sedar.com, and the Company's website www.tectonicmetals.com. This MD&A has been prepared effective as of November 23, 2022.

## 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. (the "Company" or "Tectonic") was incorporated on April 7, 2017 under the laws of 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 is listed on the Toronto Venture Exchange ("TSXV") trading under the symbol "TECT", is co-listed on the United States ("US") OTCQB trading under the symbol "TETOF" and is co-listed on 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 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.

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. As of the date of this MD&A, COVID-19 has had no impact on the Company's ability to raise funding, and travel restrictions related to COVID-19 did not affect the Company's ability to access and explore its current properties.

The interim 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 operating costs with the proceeds from equity financings, and its current working capital.

## EXPLORATION HIGHLIGHTS

On July 7, 2022, the Company announced the start of its 2022 drilling program in its Seventymile Gold Project ("Seventymile"). The program was specifically designed to test two targets with each drill hole:

a) the newly interpreted main gold-bearing shear zone feeding the historically drilled tension veins carrying diamond drill results up to 104.75 grams per tonne gold ("g/t Au") across 1.52 metres ("m"); and
b) the true width, scale and continuity of the historically drilled, shallowly dipping tension veins, where select historical vertical drill holes intersected multiple stacked, high-grade gold veins.

On September 20, 2022, Tectonic subsequently announced the results from the Company's Seventymile drill campaign after completing nine holes over 1,412 metres ("m") with all holes intersecting gold mineralization, including a drill highlight hole of 59.4 grams per tonne ("g/t Au") over 1.53m. Tectonic RC drilling was conducted primarily at the Flanders prospect, with wide-spaced drilling targeting analogous stratigraphic-structural settings at the Alder, Bonanza and Flume prospects.

The Company announced the launch of a metallurgical test program at its Flat Gold Project ("Flat") on September. 7, 2022. Metallurgical samples were selected by Tectonic from historically drilled diamond core samples with the objective of investigating the potential for free-milling gold mineralization at Flat, and more specifically, within the Chicken Mountain Zone ("CMZ"). Results from these tests are pending as at September 30, 2022.

Over the course of 2021, Tectonic completed 3,834m of drilling, including 12 holes for 2,319m of the first-ever oriented core diamond drilling and 9 holes for 1,515m of the first-ever reverse circulation ("RC") drilling in a two-phase program at the Company's Tibbs Gold Project, Alaska ("Tibbs"). Drilling tested known high-grade gold targets and newly discovered prospects exhibiting coincident gold-in-soil anomalies, high-grade mineralization in grab samples, and both surficial structural lineaments and subsurface geophysical anomalies. Additionally, 1,284m of RC drilling in 9 holes were completed at Carrie Creek, the southern claims adjoining Tibbs, following comprehensive mapping and sampling programs at the Carrie Creek, Mt. Harper and Maple Leaf projects. All results from Tectonic's 2021 exploration programs have been released.

- Phase I oriented diamond drill results at Tibbs were announced from the Michigan and Gray Lead Zones in 2021. The program was successful in intersecting high-grade gold mineralization, such as 7.69 g/t Au over 6.12m, including 33.92 g/t Au over 1.22m and 12.45 g/t Au over 5.15m, including 41.39 g/t Au over 1.26m, and determining the structural orientation of the mineralization at both the Michigan and Gray Lead zones. Both zones are approximately 250m in length and remain open along strike and at depth.

- A ¼ core check assay program of the 2021 diamond drilling at Michigan identified the presence of gold nugget effect within high-grade intercepts. New interpretation suggests that these high-grade intercepts may be situated on a newly identified steep structure. This newly identified, controlling structure, tested by the 2021 diamond drill holes, is highly oblique to the historical drill orientation. Drill testing of this potential new structure will be a top priority going forward.

- Since 2018, Tectonic has been applying the Pogo Geological Model at Tibbs to generate drill targets in search of mineralization similar to Northern Star Resources' ("Northern Star") nearby Pogo gold mine. In doing so, the Company produced compelling drill-ready gold-in-soil anomalies that share the same host rock (gneissic) and similar geochemistry (Au-As-Bi-Te), as well as interpreted high- and low-angle structures observed in lineaments and Tectonic's TITAN Geophysical Survey completed during 2021. Phase II drilling during 2021 at Tibbs represents the first ever drilling in the western gneiss portions of the property specifically targeting Pogo analogues. Discovery at Gray Lead West confirms for the first-time low-angle veins carrying Pogo-style gold mineralization (Au-As-Bi-W-Te geochemical signature), intersecting gneiss-hosted quartz-sulphide veins with visible gold. Tibbs now exhibits high-angle veining (Gray Lead) adjacent to newly discovered low-angle veins (Gray Lead West), both carrying high-grade Pogo-style gold mineralization confirmed by drilling. All key elements of the Pogo Exploration Model are now present at Tibbs further validating the application of the Model.

- Four stacked, low-angle, Pogo-style quartz vein horizons discovered at the Gray Lead West target, with highlights including:
  - 9.95 g/t Au over 0.75m at 223.00m down hole and 7.64 g/t Au over 0.60m at 342.70m down hole in diamond hole TBDD21-012; and
  - visible gold intersected in TBRC21-001 returning 1.37 g/t Au over 3.05m and 2.21 g/t Au over 3.04m intersected in TBRC21-003. correlate along trend with an upper structure in hole TBDD21-012, (1.03 g/t Au over 1.10m) defining nearly 700m of potential trend.

- Phase II reconnaissance drilling was also conducted at the following Tibbs targets: Galosh, Johnson Saddle, West Trench and Wolverine. Drilling indicates that the southwestern extent of the property exhibits potential for multiple, kilometre ("km") scale vein targets that require additional drilling:
  - Johnson Saddle – 3.43 g/t Au over 1.52m at 38.10m downhole in TBRC21-009
  - Galosh – 2.44 g/t over 3.05m at 164.59m downhole in TBRC21-007 and 0.96 g/t Au over 3.05m at 19.81m downhole in TBRC21-008
  - West Trench – 0.96 g/t Ao over 3.05m at 109.73m in TBRC21-005.

At Carrie Creek, high-grade sheeted quartz-gold-bismuthinite veining (to 50.3 g/t Au) similar to that observed at Kinross Gold's Fort Knox Mine was found in granodiorite talus blocks along a 400m northeast-southwest trend at the Jorts target during the 2021 mapping programs. Five RC holes for 732m were completed at the Jorts target, with granodiorite-hosted gold mineralization associated with weak to moderate chlorite alteration and increased bismuth, tungsten and tellurium intersected in four holes. Highlights include 1.21 g/t Au over 1.53m from 169.16m and 0.44 g/t Au over 6.10m from 126.49m down hole in CCRC21-006, 1.79 g/t Au over 1.53m from 156.97m down hole in CCRC21-008 and 0.33 g/t Au over 6.10m from 156.97m down hole in CCRC21-009. Four RC holes for 453m were completed at the Jeans Ridge ("Jeans") target 1.4 km to the northeast, with gold mineralization variably associated with weak chlorite alteration and associated bismuth, tungsten, tellurium and arsenic. A peak value of 0.50 g/t Au over 1.52m was intersected in hole CCRC21-004 beginning at 45.72m down hole.

## FINANCIAL HIGHLIGHTS

Net loss and comprehensive loss of $3,026,596 for YTD 2022 compared to $7,973,250 for YTD 2021.

Cash used in operating activities was $2,785,924 for YTD 2022 compared to cash used of $6,729,545 for YTD 2021.

Cash used in investing activities was $72,281 for YTD 2022 compared to cash used of $122,340 for YTD 2021.

Cash provided by financing activities was $2,266,799 for YTD 2022 compared to cash provided of $6,781,760 for YTD 2021.

Cash as at September 30, 2022 of $483,284 compared to $1,074,068 as at December 31, 2021.

Working capital as at September 30, 2022 of $111,723 compared to $829,407 as at December 31, 2021.

## CORPORATE HIGHLIGHTS

On November 17, 2022 the Company closed a non-brokered private placement for 38,761,250 units at a price of $0.08 per unit for gross proceeds of $3,100,900. Each unit is comprised of one common share and one common share purchase warrant. Finders' cash commissions of $48,330 and 604,125 finders' warrants were paid and issued, respectively.

On October 1, 2022, the Company appointed Mr. Oliver Foeste as Chief Financial Officer ("CFO") and Corporate Secretary of the Company. In relation to this appointment, the Company granted 400,000 stock options for the purchase of up to 400,000 common shares at a price of $0.10 per share. Each stock option is exercisable for a period of five years.

On August 4, 2022, the Company appointed Joseph J. Perkins as director of the Company (see news release dated August 4, 2022) in conjunction with his appointment, the Company granted him 500,000 incentive stock options to purchase up to 500,000 common shares in the capital of Tectonic. The incentive stock options have a term of five years from the date of grant and an exercise price of $0.10 share.

On July 8, 2022, the Company granted 3,050,000 incentive stock options to directors, officers, and key consultants of the Company to purchase up to 3,050,000 common shares in the capital of Tectonic. The incentive stock options have a term of five years from the date of grant and an exercise price of $0.10 share.

On July 8, 2022, the Company closed a non-brokered private placement for 39,369,005 units at a price of $0.06 per unit for gross proceeds of $2,362,140. Each unit is comprised of one common share and one-half common share purchase warrant. Finders' cash commissions of $72,558 and 509,140 finders' warrants were paid and issued, respectively.

On March 14, 2022, the Company appointed Peter Kleespies, M.Sc as Vice President, Exploration ("VPX").

## 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 (as defined in National Instrument ("NI") 43-101 Standards of Disclosure for Mineral Projects) and past relevant work experience, fulfills the requirements of a Qualified Person, as defined in NI 43-101.

## DISCUSSION OF OPERATIONS

### ABOUT DOYON

Tectonic and Doyon, Limited ("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 from Seventymile, and previously the Northway project, 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 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 more streamlined.

With more than 12.5 million acres of land and over 20,000 shareholders, Doyon is the largest private landholder in Alaska and one of the largest in North America. 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.

### ABOUT CRESCAT

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.

### 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 Pogo Mine. The project is accessible via helicopter and historic winter trails and hosts an unimproved 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 has completed exploration work at the property over four 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 also 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 USD$1,500,000.

On July 30, 2019, the Company received notice from another junior mining company that seven of the claims at Tibbs wholly or partially overstake their claims, and that 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. The Company is currently investigating the validity of this notice with its counsel and will not be performing any exploration work on the disputed claims until the matter is resolved.

**Option payments and exploration commitments**

In consideration for Tibbs, the Company paid TCG a total of $301,973 (USD$230,000) up to December 31, 2021. Pursuant to the Tibbs Agreement, the Company is required to pay a USD$50,000 option payment each June from 2021 to 2027 and was required to incur an aggregate USD$1,000,000 in exploration expenditures by June 2022. As at December 31, 2021, the Company had fulfilled this exploration expenditure commitment. On June 15, 2022 the company paid $65,060 (USD$50,000) for the 2022 option payment, pursuant to the option agreement.

Further, the Company has agreed to pay TCG a cash payment of USD$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 USD$25,000 each year to TCG in addition to the Tibbs Anniversary Payments.

**Exploration programs**

During June 2021, the Company commenced its 2021 exploration program anchored by two oriented diamond drill campaigns at the Tibbs Project. The initial diamond drill follows upon drill targets at Michigan and Gray Lead identified by the Company's 2019 and 2020 Rotary Air blast ("RAB") drill programs. The 2020 RAB drill program targeted expansion of the Company's 2019 drill discovery of 6.03 g/t Au over 28.95m at the Michigan Zone. The 2020 drill program focused on stepping out from this highlight drill intercept while also testing for additional Michigan-style structures along a 3-km long prospective corridor at the Upper and Lower Trench Zone and the Wolverine Zone. The Company drilled 3,202m over a total of 27 holes in 2020.

During July 2021, the Company commenced a deep-penetrating TITAN-160 ("TITAN") ground-based geophysical survey designed to specifically target multiple Pogo-like gold-in-soil anomalies situated in Tibbs.

In August 2021, Tectonic moved quickly to follow up on the TITAN survey results, initiating Phase II of the Company's drill program. Phase II drilling focused on drill testing Pogo-like targets, including West Trench, Johnson Saddle, Galosh and Gray Lead West, which had never been drilled before. The remaining five oriented diamond drill holes for 1,517m tested for both low and high-angle structures, as interpreted at these targets. Among the targets tested was a 190.4 g/t Au rock grab sample hosting Pogo-style vein mineralization identified at West Trench. In addition, a RC drill rig was mobilized to test Pogo-like low-angle structures in the western section of Tibbs, completing a further 1,515m of drilling in 9 holes on the Phase II targets.

In October 2021, the Company announced results from the first seven diamond drill holes comprising a total of 803m of drilling from the Company's 2021 Phase I campaign at Tibbs, which include highlight intercepts containing visible gold and returning 7.69 g/t Au over 6.12m, including 33.92 g/t Au over 1.22m at Michigan and 12.45 g/t Au over 5.15m, including 41.39 g/t Au over 1.26m at Gray Lead.

In November 2021, the Company announced the discovery of high-grade quartz-sulphide veining in grab samples from the underexplored gneissic rocks at the Tibbs Gold Project. Rock grab gold values from the West Trench Prospect ranged from trace to 190.4 g/t Au and are the first evidence of Pogo-style vein mineralization in the western gneissic terrain.

In March 2022, the Company announced the results of check assaying of ¼ drill core from the Phase I diamond drill program at Michigan. The check assay program indicates the presence of gold nugget effect at the Michigan prospect highlighted by a 104.5 g/t Au ¼ core check assay that originally returned 1.034 g/t Au over 1.0m. Tectonic has initiated a program of selective metallic screen assaying for all known intervals of quartz vein mineralization and visible gold drilled during the 2021 season to allow Tectonic to further understand the extent and distribution of nuggety gold within the project area and how to best assay drill samples going forward. In March 2022, the Company announced results from five diamond drill holes and nine RC drill holes comprising a total of 3,032m of drilling from the Company's 2021 Phase II campaign at Tibbs. Results included the identification of four stacked, low-angle, Pogo-style quartz vein horizons at Gray Lead West with highlight intercepts of 9.95 g/t Au over 0.75m and 7.64 g/t Au over 0.60m, and the discovery of gneiss-hosted, interpreted low angle veining at Galosh and Johnsons Saddle, which returned peak values of 2.44 g/t Au over 3.05m and 3.43 g/t Au over 1.52m, respectively.

## SEVENTYMILE

### Overview

Seventymile is a greenstone belt in a Tier 1 jurisdiction greater than 40 km long, owned by Doyon. Seventymile comprises approximately 150,000 acres of Native-Owned Land, with numerous gold zones delineated by reconnaissance drilling, trenching, and soil and rock sampling.

On June 1, 2018, the Company and Doyon entered into a mining lease agreement (the “Seventymile Agreement”) where Doyon granted to the Company the full and exclusive right to use, occupy and carry out mineral exploration, development and production on Seventymile. Seventymile is located approximately 270 km east of Fairbanks, Alaska, and approximately 59 km west of Eagle, Alaska. The Seventymile Agreement is for a period of 15 years terminating June 1, 2033 and includes renewal clauses to extend the lease period up to the entire operational period of a mine. 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 anniversaries 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.

### Option payments and exploration commitments

In consideration, the Company paid Doyon $156,582 (USD$120,000) on lease requirements to December 31, 2021 and pursuant to the lease agreement is required to pay:

- USD$60,000 each January 2022 to 2027 (2022 payment made - $77,562);
- USD$200,000 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 USD$300,000; and
- USD$600,000 upon completion of a feasibility study.

| | **USD$** |
|---|---:|
| 2018 (commitment fully met) | 400,000 |
| 2019 (commitment fully met) | 600,000 |
| 2020-2023 (commitment fully met)[1] | 750,000 |
| 2024–2027 | 1,500,000 |
| 2028 and each calendar year thereafter | 2,000,000 |

*1. Eligible expenditures include all actual direct costs incurred related to the exploration and development of Seventymile, 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 expenditures and apply them against a future year. As at September 30, 2022, the Company incurred USD$2,905,472 in cumulative eligible expenditures on Seventymile.*

### Exploration programs

During 2021, the Company did not conduct any in-field exploration activities, but rather desktop work at Seventymile.

On July 7, 2022, the Company announced the start of its 2022 drilling program at Seventymile. The program was specifically designed to test two targets with each drill hole:

a) the newly interpreted main gold-bearing shear zone feeding the historically drilled tension veins carrying diamond drill results up to 104.75 grams per tonne gold (“g/t Au”) across 1.52 metres (“m”); and
b) the true width, scale and continuity of the historically drilled, shallowly dipping tension veins, where select historical vertical drill holes intersected multiple stacked, high-grade gold veins.

The 2022 drilling targeted the key Flanders, Flume and Alder prospects, where shallowly-dipping, low-angle tension vein swarms occur adjacent to interpreted, largely undrilled, controlling shear structures. Limited historical diamond drilling in 1990 and 2000 at these targets demonstrated the presence of high gold grades and significant strike potential. Tectonic’s exploration campaigns from 2018 to 2020 validated and proved the continuity of these mineralized structures across the >8 km Flume trend. Drilling in 2022 focused on obtaining detailed geological information while testing for grade, scale and potential expansion at each targeted prospect.

On September 20, 2022, Tectonic subsequently announced the results from the Company’s Seventymile drill campaign after completing nine holes over 1,412 metres (“m”) with all holes intersecting gold mineralization, including a drill highlight hole of 59.4 grams per tonne (“g/t Au”) over 1.53m.  Tectonic RC drilling was conducted primarily at the Flanders prospect, with wide-spaced drilling targeting analogous stratigraphic-structural settings at the Alder, Bonanza and Flume prospects.

## CARRIE CREEK AND MT. HARPER

### Overview

In August 2020, the Company entered into a mining lease agreement with Doyon for a 100% interest in two areas of Alaska Native regional corporation mineral estate in the Goodpaster District, Alaska (“Carrie Creek and Mt. Harper”). Carrie Creek is comprised on a north and south block of land contiguous with Tibbs and covers 15,800 acres. Mt. Harper is nearby and is 49,800 acres in size and is located approximately 20 km to the east of Tibbs.

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 anniversaries 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 15 years, and the lease agreement includes renewal clauses to extend the lease period up to the entire commercial operational period of a mine.

### Option payments and exploration commitments

In consideration, the Company paid Doyon $26,137 (USD$20,000) on lease requirements to December 31, 2021 and pursuant to the lease agreement is required to pay:

- USD$10,000 each January 2021 to 2024 (2022 payment made - $12,927 (2021 - $13,042));
- USD$40,000 each January 2025 to 2029;
- USD$100,000 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 USD$200,000; and,
- USD$150,000 upon completion of a feasibility study.

| | **USD$** |
|---|---|
| 2020-2022[1] (commitment fully met) | 1,000,000 |
| 2023-2026 | 1,200,000 |
| 2027-2030 | 2,000,000 |
| Each four-year lease period commencing 2031 | 2,000,000 |

*1. Eligible expenditures include all actual direct costs incurred related to the exploration and development of Carrie Creek and Mt. Harper, 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 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 Carrie Creek and Mt. Harper. As at September 30, 2022, the Company incurred USD$1,063,028 in cumulative eligible expenditures on Carrie Creek Property and Mt. Harper*

### Exploration programs

Carrie Creek – In July 2021, concurrent with ongoing exploration activity at Tibbs, Tectonic completed a four-week mapping program at Carrie Creek to validate the geological mapping completed by a previous lessee in the late 1990s and conducted a prospecting program in the southwestern reaches of the property at Jorts and Jeans. The surface mapping and prospecting program resulted in new discoveries of high-grade gold in grab sampling at the Jorts and Jeans targets, and a total of 223 rock samples collected property wide. The Jorts and Jeans targets are separated by 1.3 km and are adjacent to claims owned by Northern Star. Both targets are situated on the same northeastern trend that hosts Northern Star’s Brink Gold Zone and the adjacent Porthos Ridge exploration target, west of Jeans. Based on these promising results and the limited time remaining in the field season, Tectonic quickly followed up with a RC drill, completing 9 holes for 1,185m at Jeans and Jorts while testing for Brink-style sheeted quartz veins.

During July and August of 2021, a second mapping and prospecting program was also launched at the Mt. Harper Polymetallic Project ("Mt. Harper"), which concentrated on the eastern portion of the property in the vicinity of the Section 21 prospect and a total of 125 rock samples were collected.

The 2021 mapping campaign was the first comprehensive mapping and prospecting programs on both Carrie Creek and Mt. Harper in over 20 years. The objective of the programs is to obtain geological control on the various styles of mineralization observed on the respective properties to date and advance select targets to the drill-ready stage.

In September 2021, the Company announced initial results from the Company's 2021 mapping campaign at Carrie Creek grab rock sampling in the southern extent of Tibbs produced two robust, high-grade gold rock anomalies with gold values ranging from trace to 50.3 g/t Au at the Jorts Prospect and trace to 7.8 g/t Au at the Jeans Ridge Prospect. Mineralization at both prospects consists of granodiorite-hosted sheeted quartz veins that contain bismuthinite and rare visible gold. Mineralization is interpreted to represent veining associated with an intrusion-related gold system.

In March 2022, the Company announced results from the nine RC drill holes comprising a total of 1,185m of drilling from the Jeans and Jorts targets, with highlight intercepts of 1.21 g/t Au over 1.53m and 1.79 g/t Au over 1.53m from Jorts.

**FLAT**

**Overview**

Flat is a large scale, intrusion-hosted gold system with mineralization beginning at surface in close proximity to a world-class gold deposit, within the 4th largest placer mining district in Alaska. Historical exploration work has demonstrated continuity of low-grade gold mineralization (approximately one g/t Au), but also 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. Tectonic plans to conduct data compilation prior to a preliminary metallurgical test work program utilizing existing drill core.

In September 2021, the Company entered into a mining lease agreement with Doyon for a 100% interest in Flat located 40 km 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 $37,059 (USD$30,000) on lease requirements to December 31, 2021 and is required to make the following payments:

- USD$40,000 each January 2022 to 2025 (2022 payment made - $51,708);
- USD$50,000 each January 2026 to 2030.
- USD$100,000 each January thereafter. If the Company exercises its option to extend the lease term, this annual payment shall be increased to USD$200,000; and
- USD$150,000 upon completion of a feasibility study.

| | **USD$** |
|---|---|
| 2021-2023[1] (including no less than $500,000 by the end of 2022) | 1,000,000 |
| 2024-2026 | 2,000,000 |
| 2027-2029 | 2,500,000 |
| Each three-year lease period commencing 2030 | 2,500,000 |

*1. Eligible expenditures 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 expenditures and apply them against a future year. As at September 30, 2022, the Company incurred USD$298,655 in cumulative expenditures on Flat.*

The Company has committed to contributing to the Doyon Foundation an annual USD$10,000 scholarship for the term of the lease. The scholarship amount increases to USD$50,000 each year following the commencement of commercial production at Flat. During the YTD 2022, the Company fulfilled its current year's commitment.

**Recent developments**

In September 2022, the Company announced the commencement of a metallurgical testwork program at Flat. Metallurgical samples were selected by Tectonic from historically drilled diamond core samples with the objective of investigating the potential for free-milling gold mineralization at Flat, and more specifically, within the Chicken Mountain Zone ("CMZ"). Results from these tests are pending.

**MAPLE LEAF**

**Overview**

The Company staked 74 state of Alaska mining claims known as Maple Leaf, located approximately 15 km east-northeast of Tibbs in the prolific Goodpaster Mining District. The Maple Leaf claims cover 4,791 hectares of prospective geology and known high-grade gold prospects, which have seen only minimal historical exploration work.

During July 2021, the Company performed geological mapping and prospecting via rock sampling focused at the Tourmaline Hill prospect in the western portion of Maple Leaf. The goal of the program was to enhance Tectonic's understanding of the geology and mineralization, generate new exploration targets and follow-up on the Tourmaline Hill prospect.

## 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.

**COVID-19 mitigation plan**

The Company has a robust COVID-19 mitigation plan for its exploration work being conducted in Alaska. All employees and contractors presented a qualifying negative COVID-19 test to enter Alaska. While waiting for transportation, all individuals self-isolated in a hotel room. The team travelled directly to the first drill site at Tibbs in privately arranged transportation. The same crew remained onsite and travelled directly between the Company's properties for the duration of the exploration programs to minimize community exposure.

The Company implemented additional safety measures at program sites for all employees and contractors, including frequent washing of hands, discouraging sharing of tools and equipment, regular cleaning and disinfecting of surfaces, maintaining a physical distance of at least 2m when possible and daily temperature readings of all individuals. All non-essential travel to rural communities was prohibited. If in-person resupply was required, the individual shopping was required to practice social distancing.

A basic response plan was implemented that if a person displayed signs and symptoms of COVID-19, the person was not to come to the work site. If the person was already at camp, they were to remain in their tent until their supervisor was alerted to the situation and then they were to be moved to an area separated from others. Given the small size of the camps, if one person became infected or was suspected of being infected, the entire camp would enter into quarantine from the community. An extraction plan is in place depending on the severity of the symptoms. The Company will coordinate and communicate with local and state health officials if any cases or suspected cases arose.

As of the date of this report, there have been no cases or suspected cases of COVID-19 at any of the Company's projects and work sites.

**Environment**

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

**Community**

As per the Seventymile Agreement, during May 2021, the Company paid its annual USD$25,000 scholarship contribution to the Doyon Foundation. 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.

As per the Flat agreement, during October 2021, the Company paid USD$10,000 for scholarship to educate Doyon's shareholders and their direct descendants in the fields of natural resource development and land management.

During 2021, certain members of the Tectonic team, including the Chief Executive Officer ("CEO") and former VPX, met virtually with the chiefs of select local villages in and around Seventymile to discuss potential upcoming programs, job opportunities and to assess the current state of affairs given the ongoing COVID-19 pandemic.

**EXPLORATION ASSETS AND EXPENDITURES**

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

| | Tibbs | Seventy-mile | Carrie and Mt. Harper | Flat | Northway and Maple leaf | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance, December 31, 2020** | 249,052 | 118,656 | 14,945 | - | 151,541 | 534,194 |
| Cash property payments | 62,875 | 114,852 | 25,508 | 88,163 | - | 291,398 |
| Impairment | - | - | - | - | (135,564) | (135,564) |
| **Balance, December 31, 2021** | 311,927 | 233,508 | 40,453 | 88,163 | 15,977 | 690,028 |
| Cash property payments | 65,060 | - | - | - | - | 65,060 |
| **Balance, September 30, 2022** | **376,987** | **233,508** | **40,453** | **88,163** | **15,977** | **755,088** |

The Company incurred exploration and evaluation expenditures as follows:

| **Three months ended September 30, 2022** | Tibbs | Seventy-mile | Carrie and Mt. Harper | Flat | Maple leaf | Project generation & support | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Computer software | 5,811 | 5,562 | 1,002 | 4,416 | - | 2,278 | 19,069 |
| Claim maintenance | - | - | - | - | - | (64) | (64) |
| Drilling program | 15,223 | 754,049 | 1,397 | 20,202 | - | - | 790,871 |
| Geological consulting | 6,271 | 8,376 | 3,646 | 18,096 | 5,250 | 2,917 | 44,556 |
| Mapping program | - | - | 23,117 | 334,172 | - | - | 357,289 |
| Other camp expenses | 24 | 3,964 | 27 | 357 | - | 642 | 5,014 |
| Registration fees | - | - | - | - | - | 375 | 375 |
| Salary and legal costs | - | 13,510 | - | - | - | - | 13,510 |
| Surveying program | 195 | - | 6,299 | - | - | 2,677 | 9,171 |
| | **27,524** | **785,461** | **35,488** | **377,243** | **5,250** | **8,825** | **1,239,791** |

| **Three months ended September 30, 2021** | Tibbs | Seventy-mile | Carrie and Mt. Harper | Flat | Northway and Maple leaf | Project generation & support | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Drilling program | 3,254,966 | - | 842,098 | - | - | - | 4,097,064 |
| Geological consulting | 24,265 | 577 | - | - | - | - | 24,842 |
| Mapping program | 6,261 | 69 | 253,456 | 2,625 | 8,956 | - | 271,367 |
| Other camp expenses | 30,743 | 11,279 | 16,643 | - | 461 | 305 | 59,431 |
| Registration fees | - | - | - | - | 18,863 | - | 18,863 |
| Salary and legal costs | 45,570 | 1,630 | 15,643 | 6,988 | 1,066 | - | 70,897 |
| Scholarship fees | - | - | - | 12,353 | - | - | 12,353 |
| Surveying program | 378,309 | 3,820 | 6,971 | - | 322 | 256 | 389,678 |
| | **3,740,114** | **17,375** | **1,134,811** | **21,966** | **29,668** | **561** | **4,944,495** |

| **Nine months ended September 30, 2022** | Tibbs | Seventy-mile | Carrie and Mt. Harper | Flat | Maple leaf | Project generation & support | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Computer software | 14,314 | 9,505 | 5,897 | 8,359 | - | 19,616 | 57,691 |
| Claim maintenance | 64 | 64 | 129 | - | - | 739 | 996 |
| Drilling program | 132,364 | 838,411 | 13,897 | 20,202 | - | - | 1,004,874 |
| Geological consulting | 21,575 | 24,110 | 24,068 | 35,552 | 17,668 | 16,033 | 139,006 |
| Mapping program | 5,493 | 1,305 | 25,714 | 338,312 | - | - | 370,824 |
| Other camp expenses | 144 | 3,969 | 27 | 357 | 232 | 3,548 | 8,277 |
| Registration fees | - | - | - | - | 625 | 500 | 1,125 |
| Salary and legal costs | 58,121 | 13,510 | 13,680 | 7,384 | 13,981 | 14,332 | 121,008 |
| Surveying program | 535 | 1,133 | 6,828 | 227 | 82 | 2,879 | 11,684 |
| Scholarship fees | - | 31,240 | 31,240 | 12,496 | - | - | 74,976 |
| | **232,610** | **923,247** | **121,480** | **422,889** | **32,588** | **57,647** | **1,790,461** |

| Nine months ended September 30, 2021 | Tibbs | Seventy-mile | Carrie and Mt. Harper | Flat | Northway and Maple leaf | Project generation & support | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Drilling program | 4,083,279 | 1,417 | 843,515 | - | - | - | 4,928,211 |
| Geological consulting | 50,722 | 57,189 | 3,051 | - | 4,405 | 27,083 | 142,450 |
| Mapping program | 9,148 | 1,350 | 281,067 | 2,625 | 10,248 | - | 304,438 |
| Other camp expenses | 98,175 | 29,281 | 18,927 | - | 2,207 | 1,219 | 149,809 |
| Registration fees | 561 | - | 1,123 | - | 39,599 | - | 41,283 |
| Salary and legal costs | 94,351 | 16,899 | 19,719 | 6,988 | 3,358 | 60,336 | 201,651 |
| Sampling program | 1,243 | 100 | - | - | - | 731 | 2,074 |
| Scholarship fees | - | 30,713 | - | 12,353 | - | - | 43,066 |
| Surveying program | 379,230 | 4,164 | 10,290 | - | 652 | 256 | 394,592 |
| | **4,716,709** | **141,113** | **1,177,692** | **21,966** | **60,469** | **89,625** | **6,207,574** |

**SUMMARY OF QUARTERLY RESULTS**

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

| Period ending | Exploration and evaluation assets | Working capital | Net loss and comprehensive loss | Basic and diluted loss per share |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **September 30, 2022** | **755,088** | **111,723** | **(1,741,859)** | **(0.01)** |
| June 30, 2022 | 755,088 | 1,549,909 | (697,800) | (0.00) |
| March 31, 2022 | 690,028 | 250,085 | (586,937) | (0.00) |
| December 31, 2021 | 690,028 | 829,407 | (1,411,758) | (0.01) |
| September 30, 2021 | 549,492 | 2,366,856 | (5,621,735) | (0.03) |
| June 30, 2021 | 647,997 | 7,845,565 | (1,697,803) | (0.02) |
| March 31, 2021 | 585,122 | 2,665,740 | (653,712) | (0.01) |
| December 31, 2020 | 534,194 | 3,256,604 | (809,698) | (0.01) |

During Q3 2022, the Company incurred a net loss and comprehensive loss of $1,741,859. This increase compared to $277,531 during Q2 2022 is as a result of increased exploration expenditures of $1,239,791 during Q3 2022, including $762,169 for Seventymile, compared to $277,531 during Q2 2022. In addition, working capital decreased to $111,723 as a result of cash used for exploration expenditures.

During Q2 2022, working capital increased to $1,549,909 as a result of the closure of the first tranche of the private placement. Further details are provided in the section, “OUTSTANDING SHARE DATA”. In addition, exploration and evaluation assets increased to $755,088 from the previous quarter as a result of a cash property payment of $65,060 for Tibbs.

During Q1 2022, the Company incurred a net loss and comprehensive loss of $586,937. This decrease is mainly as a result of decreased exploration expenditures of $273,139 during Q1 2022 compared to $1,052,219 during Q4 2021. In addition, working capital decreased to $250,085 as a result of cash used for operations with no offsetting cash inflows.

During Q4 2021, the Company incurred a net loss and comprehensive loss of $1,411,758. This decrease is mainly as a result of decreased exploration expenditures of $1,052,219 during Q4 2021 compared to $4,944,495 during Q3 2021. In addition, working capital decreased to $829,407 as a result of cash used for exploration expenditures and exploration and evaluation assets, which increased to $690,028 as a result of cash property payments of $51,104 for Flat, $76,656 for Seventymile, and $12,776 for Carrie Creek and Mt. Harper.

During Q3 2021, the Company incurred a net loss and comprehensive loss of $5,621,735. This increase is mainly as a result of increased exploration expenditures of $4,944,495 during Q3 2021 compared to $1,086,961 during Q2 2021. In addition, working capital decreased to $2,366,856 as a result of cash used for exploration expenditures. Exploration and evaluation assets decreased to $549,492 as a result of impairment recognized on the Northway property, in the southern Fortymile Mining District of Alaska.

During Q2 2021, the Company incurred a net loss and comprehensive loss of $1,697,803. This increase is mainly as a result of increased exploration expenditures of $1,086,961 during Q2 2021 compared to $202,325 during Q1 2021. In addition, working capital increased to $7,845,565 as a result of gross proceeds received from a private placement of $7,176,056, offset by share issue costs of $298,127. Exploration and evaluation assets increased to $647,997 as a result of a cash property payment of $62,875 for Tibbs.

During Q1 2021, working capital decreased to $2,665,740 as a result of cash used for operations with no offsetting cash inflows. Exploration and evaluation assets increased to $585,122 as a result of a cash property payments of $38,196 for Seventymile and $12,732 for Carrie Creek and Mt. Harper.

**SELECTED ANNUAL INFORMATION**

| | **Q3 2022** | Q3 2021 | **YTD 2022** | YTD 2021 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Exploration expenses | **1,239,791** | 4,944,495 | **1,790,461** | 6,207,574 |
| Operating expenses | **(1,741,859)** | (5,486,171) | **(3,026,596)** | (7,837,686) |
| Net loss and comprehensive loss | **(1,741,859)** | (5,621,735) | **(3,026,596)** | (7,973,250) |

| | **September 30, 2022** | December 31, 2021 |
|---|---|---|
| | **$** | $ |
| Current assets | **651,466** | 1,155,277 |
| Equipment | **41,344** | 62,255 |
| Exploration and evaluation assets | **755,088** | 690,028 |
| Total liabilities | **539,743** | 335,788 |

**Q3 2022 compared to Q3 2021**

The Company recorded a net loss and comprehensive loss of $1,741,859 for Q3 2022 compared to a net loss and comprehensive loss of $5,621,735 during Q3 2021, significant changes in operating expenses include:

- Exploration expenditures decreased to $1,239,791 compared to $4,944,495 during the prior year comparative. The decrease is as a result of decreased drilling expenditures for Tibbs of $3,723 compared to $3,254,966 during Q3 2021.
- General and administration were $19,682 compared to $41,611 during Q3 2021. The decrease is as a result of decreased computer and software expenses as financial reporting was migrated from CaseWare to Excel and decreased shareholder communication costs from a change in service provider.
- Corporate development and marketing expense was $127,186 compared to $73,159 during Q3 2021. The increase was as a result of increased attendance of conventions and conferences.
- Foreign exchange loss decreased to $2,165 compared to $31,536 during the prior year comparative. The decrease is as a result of decreased exploration expenditures of $1,239,791 compared to $4,944,495 in Q3 2021 as a significant portion of those expenditures are incurred in USD.

**YTD 2022 compared to YTD 2021**

The Company recorded a net loss and comprehensive loss of $3,026,596 for YTD 2022 compared to a net loss and comprehensive loss of $7,973,250 during YTD 2021, significant changes in operating expenses include:

- Exploration expenditures decreased to $1,790,461 compared to $6,207,574 during the prior year comparative. The decrease is as a result of decreased drilling expenditures for Tibbs of $120,864 compared to $4,083,279 during YTD 2021.
- Employee benefits and salaries were $381,448 compared to $572,788 during the prior year comparative. The decrease is mainly as a result of the decision to reclassify the compensation of the VPX to exploration expenses on appointment of the new VPX in March 2022.
- General and administration were $53,584 compared to $129,414 during the prior year comparative. The decrease is as a result of decreased computer and software expenses as financial reporting was migrated from CaseWare to Excel and decreased shareholder communication costs from a change in service provider.
- Corporate development and marketing expense was $274,910 compared to $196,509 during YTD 2021. The increase was as a result of increased attendance of conventions and conferences.
- Share-based compensation decreased to $73,397 compared to $291,632 during YTD 2021. The decrease is as a result of no restricted shares being granted during YTD 2022 compared to share-based compensation of $249,609 recognized from the vesting of restricted shares during YTD 2021.

## 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 it's 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 interim 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 interim 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.

At September 30, 2022, the Company had working capital of $111,723. During YTD 2022, the Company closed two tranches of a private placement for gross proceeds of $2,362,140. On November 17, 2022 the Company closed a further non-brokered private placement for 38,761,250 units at a price of $0.08 per unit for gross proceeds of $3,100,900.

### Capital Resources

The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due. The capital of the Company consists of share capital . At September 30, 2022, the Company was not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during YTD 2022.

### Cash flow activity

| | **Q3 2022** | Q3 2021 | **YTD 2022** | YTD 2021 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Cash used in operating activities | **(1,139,509)** | (5,236,275) | **(2,785,924)** | (6,729,545) |
| Cash used in investing activities | **(1,594)** | (8,537) | **(72,281)** | (122,340) |
| Cash provided by (used in) financing activities | **235,524** | (81,371) | **2,266,799** | 6,781,760 |
| | | | | |
| Net decrease in cash | **(906,577)** | (5,298,437) | **(590,784)** | (53,471) |
| Cash, beginning of period | **1,389,861** | 866,817 | **1,074,068** | 3,423,212 |
| Cash, end of period | **483,284** | 2,502,924 | **483,284** | 3,369,741 |

### Cashflow – Q3 2022 compared to Q3 2021

Cash used in operating activities decreased to $1,139,509 compared to $5,236,275 during Q3 2021 mainly as a result of decreased exploration expenditures of $1,239,791 compared to $4,944,495 during Q3 2021.

Cash used in investing activities decreased to $1,594 compared to $8,537 during Q3 2021 due to decreased purchases of equipment.

Cash provided by financing activities was $235,524 compared to cash used of $81,371 during the prior year comparative mainly as a result of gross proceeds received of $431,000 from the closing of the second tranche of a private placement during Q3 2022 offset by share issuance costs and lease payments.

### Cashflow – YTD 2022 compared to YTD 2021

Cash used in operating activities decreased to $2,785,924 compared to $6,729,545 during YTD 2021 mainly as a result of decreased exploration expenditures of $1,790,461 compared to $6,207,574 during the YTD 2021.

Cash used in investing activities decreased to $72,281 compared to $122,340 during YTD 2021 as a result of decreased purchases of equipment and cash property payments for exploration and evaluation assets.

Cash provided by financing activities decreased to $2,266,799 compared to $6,781,760 during YTD 2022 mainly as a result of decreased gross proceeds received from the closing of private placements of $2,362,140 during YTD 2022 compared to $7,176,056 during YTD 2021.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at September 30, 2022 and as at the date of this MD&A.

## RELATED PARTY TRANSACTIONS

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. The Company entered into the following transactions with its key management:

| | **Q3 2022** | Q3 2021 | **YTD 2022** | YTD 2021 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Employee benefits and salary - administration expense | **60,000** | 80,020 | **180,000** | 389,292 |
| Employee benefits and salary - exploration expense | **-** | 87,500 | **31,556** | 162,500 |
| Accounting and legal fees | **28,053** | - | **94,753** | - |
| Exploration expense - geological consulting | **44,105** | - | **123,855** | - |
| Share-based compensation - restricted shares | **-** | 53,470 | **-** | 249,609 |
| Share-based compensation - stock options | **22,155** | - | **29,823** | - |
| | **154,313** | 220,990 | **459,987** | 801,401 |

As at September 30, 2022 the Company had an outstanding accounts payable balance with related parties of $38,190 (December 31, 2021 – $36,836).

## PROPOSED TRANSACTIONS

As at September 30, 2022 and as at the date of this MD&A, the Company had no proposed transactions.

## CRITICAL ACCOUNTING ESTIMATES

Refer to the Company’s annual financial statements for the years ended December 31, 2021 and 2020.

## CHANGES IN ACCOUNTING STANDARDS

### Accounting standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2022. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company. Refer to the Company’s annual financial statements for the years ended December 31, 2021 and 2020 for a full listing of the Company's accounting policies and standards.

## FINANCIAL RISK MANAGEMENT

### Fair value of financial instruments

As at September 30, 2022 and December 31, 2021, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, all of which measured at amortized cost.

The carrying value of cash, amounts receivable 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:

*Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and amounts receivable. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada.

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*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk exposure arises with respect to the Company's accounts payable and accrued liabilities and lease liability. 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. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at September 30, 2022, the Company had cash of $483,284 and a working capital of $111,723 with total current liabilities of $539,743.

*Market risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold investments or debt with variable interest rates and, therefore, is not exposed to interest risk.

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company had the following financial instruments denominated in USD:

| | **September 30, 2022** | December 31, 2021 | **September 30, 2022** | December 31, 2021 |
|---|---|---|---|---|
| | **USD$** | USD$ | **$** | $ |
| Cash | **114,738** | 156,158 | **157,271** | 197,977 |
| Accounts payable and accrued liabilities | **(131,124)** | (24,285) | **(179,731)** | (30,789) |
| Net financial (liabilities) assets | **(16,386)** | 131,873 | **(22,460)** | 167,188 |

As at September 30, 2022, a 5% change in the foreign exchange rates would result in an impact of approximately $1,123 (December 31, 2021 - $8,359) to the Company's net loss. The Company had no hedging agreements in place with respect to foreign exchange rates.

## CAPITAL MANAGEMENT

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 (share capital) is based on the funds available to the Company in order to support the acquisition, exploration and development 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.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2022 and as at the date of this report, the Company had the following outstanding securities:

| | **September 30,2022** | **Date of this MD&A** |
|---|---|---|
| | **#** | **#** |
| Common shares | **201,046,740** | **239,807,990** |
| Common shares held in escrow | **2,890,809** | **2,890,809** |
| Stock options | **4,900,000** | **5,300,000** |
| Warrants | **58,562,511** | **97,927,886** |
| Warrants held in escrow | **641,347** | **641,347** |

*During YTD 2022, the Company had the following share transactions:*

On May 30, 2022, the Company issued 32,185,666 units at a price of $0.06 per unit for gross proceeds of $1,931,140 as it completed the first tranche of a private placement. Each unit is comprised of one common share and a one-half share purchase warrant. Each full warrant is convertible into one common share at an exercise price of $0.10 and expires on May 30, 2024. The gross proceeds attributed to the warrants was $323,660. The company paid finders fees' of $45,395 to brokers and issued 94,140 finders' warrants with a fair value of $1,706. Each finders' warrant is exercisable at a price of $0.10 and expires May 30, 2024.

On July 08, 2022, the Company issued 7,183,339 units at a price of $0.06 per unit for gross proceeds of $431,000 following the close of the second tranche of the private placement. Each unit is comprised of one common share and a one-half share purchase warrant. Each full warrant is convertible into one common share at an exercise price of $0.10 and expires on July 08, 2027. The gross proceeds attributed to the warrants was $79,516. The Company paid finders' fees of $27,163 to brokers and issued 415,000 finders' warrants with a fair value of $9,388. Each finders' warrant is exercisable at a price of $0.10 and expires July 08, 2027.

## SUBSEQUENT EVENTS

On October 1, 2022, the Company appointed Mr. Oliver Foeste as Chief Financial Officer ("CFO") and Corporate Secretary of the Company. In relation to this appointment, the Company granted 400,000 stock options for the purchase of up to 400,000 common shares at a price of $0.10 per share. Each stock option is exercisable for a period of five years.

On November 17, 2022 the Company closed a non-brokered private placement for 38,761,250 units at a price of $0.08 per unit for gross proceeds of $3,100,900. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant has an exercise price of $0.12 and a life of two years. Finders' cash commissions of $48,330 and 604,125 finders' warrants were paid and issued, respectively. The finder's warrants have an exercise price of $0.12 and a life of two years from the date of closing.

## RISKS AND UNCERTAINTIES

The primary risk factors affecting the Company are set forth below. For additional discussion of risk factors, please refer to the Company's Annual Information Form dated April 13, 2020, available on www.sedar.com.

### 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.

Substantial expenditures are required to establish ore reserves through exploration and drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, 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 and grades 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 also 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 also 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 also 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 interim 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 interim 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 also 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 also 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.

**COVID-19 coronavirus outbreak**

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. It is not possible for the Company to predict the duration or magnitude of any adverse effects that the pandemic may have on the Company's business or ability to raise funds. As of the date of this MD&A, COVID-19 has had a minimal impact on the Company's ability to access and explore its current properties.

**Environmental risks**

The Company's exploration and/or development activities are subject to extensive laws and regulations governing environmental protection. The Company is also 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 also 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.