



MANAGEMENT'S DISCUSSION AND ANALYSIS

Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars, Unless Otherwise Noted)

DATE OF THE REPORT: NOVEMBER 22, 2021

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Tectonic Metals Inc. ("Tectonic" or the "Company") together with its subsidiaries as of the date of the report. The MD&A is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Readers are encouraged to consult the Company's audited consolidated financial statements for the year ended December 31, 2020, and the corresponding notes to the financial statements, which are available on SEDAR at www.sedar.com. The information contained within this MD&A is current to the date of the report and all figures are stated in Canadian dollars unless otherwise noted.

OVERVIEW

The Company's principal business activities include the identification, acquisition and exploration of mineral properties primarily in the United States and Canada. The Company's exploration focuses on precious and base metals with an emphasis on gold. On November 18, 2019, all the Company's outstanding common shares began trading on the Toronto Venture Stock Exchange (the "TSXV") under the symbol "TECT". On July 23, 2020, the Company's common shares began trading on the OTCQB under the symbol "TETOF". On January 25, 2021, the Company's common shares began trading on the Frankfurt Stock Exchange under the symbol "T15B".

HIGHLIGHTS AND DEVELOPMENTS

- On January 25, 2021, the Company commenced trading on the Frankfurt Stock Exchange under the stock symbol "T15B"
- In June 2021, the Company closed a non-brokered private placement for gross proceeds of \$7 million
- During June 2021, the Company commenced its diamond drilling program at the Tibbs Gold Project in Alaska
- During July 2021, the Company commenced a Titan geophysical survey and mapping and prospecting at its Tibbs Gold Project
- In August 2021, the Company launched Phase II of its drilling program after the successful Titan geophysical survey identified low and high angle controlling structures coinciding with gold-in-soil anomalies at Tibbs Gold Project. Between July and October 2021, the Company executed Phases I and II of its fully funded drill program at Tibbs, including the first oriented core diamond drilling at the property. In addition, Tectonic undertook comprehensive mapping and prospecting programs consisting of soil and rock sampling at its Maple Leaf and Mt. Harper properties.
 - Tibbs: A total of 5,020m was drilled: 12 holes for 2,320m of oriented core diamond drilling; 18 holes for 2,700m of RC drilling.
 - Tibbs: Drill results included highlight intercepts containing visible gold and returning 7.69 grams g/t Au over 6.12m, including 33.92 g/t Au over 1.22m at Michigan (TBDD21-001), and 12.45 g/t Au over 5.15m, including 41.39 g/t Au over 1.26m at Gray Lead (TBDD21-007)
 - Tectonic employed a deep-penetrating TITAN-160 ground-based Geophysical Survey designed to specifically target multiple Pogo-like gold-in-soil anomalies at Tibbs. The Survey successfully

- identified interpreted low and high-angle controlling structures coinciding with gold-in-soil anomalies sharing the same geochemistry and host rocks as the mineralization observed at nearby Pogo.
- Tibbs South/Carrie Creek: Surface mapping and prospecting program resulted in new discoveries of high-grade gold in grab sampling consisting of 223 rock samples in the western gneissic rocks at Tibbs; followed up results with RC drilling
- Rock grab gold values from the West Trench Prospect ranged from trace to 190.4 g/t Au and represent the first evidence of Pogo-style vein mineralization in the western gneissic terrain at Tibbs.
- Mt. Harper: First mapping and prospecting campaign (128 rock samples) completed at Mt Harper in over 20 years
- Maple Leaf prospecting program (29 rock samples collected) with 5 samples returning greater than 0.50g/t Au and a high of 7.147 g/t Au
- During the month of September 2021, the Company acquired the Flat Gold Project located 40km north of the Donlin Gold Project, owner and operated by Barrick Gold Corp. and Novagold Resources Inc., and located in the Kuskokwim Mineral Belt in southwestern Alaska. The agreement covers all aspects of exploration, development, production and royalties. The initial term of the lease is for 15 years with renewal clauses to extend the lease period up to the entire operational period of the mine

NON-BROKERED PRIVATE PLACEMENT

On June 23, 2021, the Company closed a private placement issuance of 71,760,560 units a \$0.10 per unit for aggregate gross proceeds of \$7,176,056. Each unit was comprised of one common share and one-half common share purchase warrant. Each whole warrant has an exercise price of \$0.17 and expire June 23, 2023 and are subject to the Acceleration Clause.

In connection with the Non-Broker Private Placement, the Company paid finders' fees of \$277,958 and issued 2,488,588 finders warrants. Each finders warrant is exercisable for a common share of Tectonic at an exercise price of \$0.17 and expires June 23, 2023.

Proceeds from the Non-Brokered Private Placement will be used for the Company's 2021 drill programs at the Tibbs and Seventymile Properties and for general working capital.

DOYON PRIVATE PLACEMENT

On April 17, 2020, the Company closed a private placement issuance of 10,473,000 units a \$0.20 per unit for aggregate gross proceeds of \$2,094,600 to Doyon, Limited ("Doyon") (the "Doyon Private Placement"). Each unit was comprised of one common share and one-half common share purchase warrant (each whole warrant, a "Doyon Warrant"). Each Doyon Warrant has an exercise price of \$0.40 and expire April 17, 2022.

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

The Doyon Warrants are subject to an acceleration clause whereby if the volume-weighted average trading price of Tectonic's common shares on the TSXV is \$0.56 or greater for a period of ten consecutive trading days, the

Company has the right to accelerate the expiry date of the Doyon Warrants to 30 days from the date of issuance of a news release announcing the accelerated exercise period (the "Acceleration Clause")

Doyon was granted a pre-emptive right to maintain its pro-rata interest for as long as Doyon owns more than 10% of the common shares of Tectonic, calculated on a partially diluted basis. As of date of this report, Doyon owns approximately 15% of the common shares of Tectonic, on a partially diluted basis.

ABOUT DOYON

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 their position as a financially secure Native Corporation and promote the economic and social well-being of their shareholders and future shareholders. They focus on strengthening the Native way of life and protecting and enhancing their land and resources.

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 from Tectonic's Seventymile and Northway Projects, which are situated on Doyon land. Forming partnerships and establishing full project lifecycle production agreements with key ESG provisions, on Tectonic's early-stage projects at the onset is a critical component of Tectonic'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.

BASE SHELF PROSPECTUS

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

NON-BROKERED PRIVATE PLACEMENT

On June 30, 2020, the Company closed a non-brokered private placement issuance of 24,615,500 units at a \$0.20 per unit for aggregate gross proceeds of \$4,923,100. Each unit was comprised of one common share and one-half common share purchase warrant. Each whole warrant has an exercise price of \$0.40 and expires June 30, 2022 and are subject to the Acceleration Clause.

In connection with the Non-Broker Private Placement, the Company paid finders' fees of \$194,826 and issued 956,130 finders warrants. Each finders warrant is exercisable for a common share of Tectonic at an exercise price of \$0.20 and expires June 30, 2022.

TIBBS PROPERTY

Overview

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 the Tibbs Property to earn a 100% interest in the Tibbs Property. The Tibbs Property comprises 169 claims covering a total of 5,457.5 hectares ("Ha") 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 Tibbs a 2.5% net smelter return ("NSR"), of which 1.5% can be purchased for \$1,500,000 USD.

On July 30, 2019, the Company received notice from another junior mining company that seven of the claims at Tibbs wholly or partially overstate 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 the Tibbs Agreement, the Company paid TCG \$239,098 (\$180,000 USD) to December 31, 2020. The Company is committed to paying a \$50,000 USD option payment each June in 2021-2027 (the "Tibbs Anniversary Payments"). The Company must incur an aggregate amount of \$1,000,000 USD in exploration expenditures by June 15, 2022. The Company fulfilled this exploration expenditure commitment and is up to date on the Tibbs Anniversary Payments. Further, the Company has agreed to pay TCG a cash payment of \$1,000,000 USD if the Company commences commercial production on the Tibbs Property. The Company has the option to acquire the Tibbs Property 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 ("PEA"), the Company must make a cash payment of \$25,000 USD each year to TCG in addition to the Tibbs Anniversary Payments.

Exploration Program

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 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 grams per tonne gold ("g/t Au") over 28.95 metres ("m") 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 kilometre ("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.

The 2020 drill program identified additional high-grade gold at Michigan with highlight intercepts of 6.71 g/t Au over 9.14m including 19.3 g/t Au over 3.05m, 2.61 g/t Au over 12.19m including 5.56 g/t Au over 3.05m, and 3.73 g/t Au over 7.62m including 12.8 g/t Au over 1.52m. Drilling delineated over 275m of strike, with all 2020 drill holes intersecting gold mineralization along a northeast-trending corridor open to the northeast, southwest, and at depth.

The 2020 drill program identified a highlight intercept at Lower Trench of 10.78 g/t Au over 3.05m within a broader interval of 4.50 g/t Au over 7.62m. Gold was found in association with disseminated sulphides in sericite-altered granodiorite and discrete quartz-sulphide veins, identical to the Michigan Zone. The recognition of Michigan-style mineralization at Lower Trench indicates that a significant hydrothermal system was active throughout a multi-kilometre structural damage zone, expanding the potential of both the Michigan and Lower Trench targets.

In addition, the Company collected 1,153 soil and 115 rock samples at the Tibbs and Carrie Creek Properties over prospective ground with the goal of generating new drill targets for follow up. A highlight was a 27.9 g/t Au rock grab sample of granodiorite cut by sheeted quarter veins containing visible gold. As well, the Company conducted an induced polarization ("IP") geophysical survey to test the strike and depth extent of mineralization in the Michigan structural corridor.

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 the Tibbs project.

In July 2021 the Company also completed a comprehensive geological mapping and prospecting program at the Company's Tibbs Gold Project, with a specific focus on Doyon Limited ("Doyon") Native owned lands in the southern extent of the Tibbs property. A second mapping and prospecting program was also launched at the Mt. Harper Polymetallic Project ("Mt. Harper"), located 25 kilometers ("km") east of Tibbs and comprised of 49,800 acres of underexplored Doyon lands. This was the first comprehensive mapping and prospecting programs on either project 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 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 1517 metres 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 second RC drill rig was mobilized to test Pogo-like low-angle structures in the western section of Tibbs, completing a further 1515m of drilling in 9 holes. In September 2021, the Company announced initial results from the Company's 2021 mapping campaign at Tibbs, 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 ("Jorts") and trace to 7.8 g/t Au at the Jeans Ridge Prospect ("Jeans"). Mineralization at both prospects consists of granodiorite-hosted sheeted quartz veins which contain bismuthinite and rare visible gold ("VG"). Mineralization is interpreted to represent veining associated with an intrusion-related gold system.

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 campaign at the Tibbs, which include highlight intercepts containing visible gold and returning 7.69 grams per tonne gold ("g/t Au") over 6.12 metres ("m"), 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.

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.

CARRIE CREEK AND MT. HARPER PROPERTIES

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 (the "Carrie Creek and Mt. Harper Properties"). The Carrie Creek Property is comprised of a north and south block of land contiguous with the Tibbs Property and covers 15,800 acres. The nearby Mt. Harper Property is 49,800 acres in size and is located approximately 20 km to the east of the Tibbs Property.

The lease covers the mineral estate and the surface estate and grants the Company rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon is granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversary of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds. The initial lease term is for fifteen years, and the lease agreement includes renewal clauses to extend the lease period up to the entire operating operation period of a mine.

In consideration, the Company paid Doyon \$13,405 (\$10,000 USD) during the year ended December 31, 2020 and pursuant to the option agreement is required to pay:

- I. \$10,000 USD each January 2021-2024 (2021 payment made);
- II. \$40,000 USD each January 2025-2029;
- III. \$100,000 USD each January 2030 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to \$200,000 USD; and,
- IV. \$150,000 USD upon completion of a feasibility study.

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

Calendar Years	Required aggregate exploration expenditures over period (USD\$) ¹
2020 - 2022 (not yet met)	1,000,000
2023 - 2026	1,000,000
2027 - 2030	2,000,000
Each four-lease year period commencing 2031	2,000,000

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

Additionally, the Company contributes to the Doyon Foundation, an annual \$10,000 USD scholarship for the term of the lease. The scholarship amount increases to \$50,000 USD each year following the commencement of commercial production at either the Carrie Creek or Mt. Harper Property. The Company paid Doyon \$13,404 (\$10,000 USD) for a scholarship payment during the year ended December 31, 2020.

Exploration Program for Tibbs South (Carrie Creek) and Mt. Harper Properties

Tibbs South (Carrie Creek) - Concurrent with ongoing exploration activity elsewhere at Tibbs, Tectonic completed a four-week mapping program at the Tibbs South block to validate the geological mapping completed by the Stone Boy Joint Venture in the late 1990's 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 consisting of 223 rock samples in the western gneissic rocks at Tibbs. The Jorts and Jeans targets are separated by 1.3 km and are adjacent to claims owned by Northern Star Resources. Both targets are situated on the same northeastern trend that hosts Northern Star's Brink Gold Zone and the adjacent Porthos Ridge exploration target, immediately west of Jeans. Samples from the Jorts and Jeans prospects returned gold values from trace to 50.3 g/t Au and trace to 7.86 g/t Au respectively. 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 1185m while testing for Brink-style sheeted quartz veins with visible gold.

SEVENTYMILE PROPERTY

Overview

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 the Seventymile Property. The Seventymile Property is located approximately 270km east of Fairbanks, Alaska and approximately 59km 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 anniversary of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds.

Option Payments and Exploration Commitments

In consideration the Company paid Doyon \$118,656 to December 31, 2020 and pursuant to the option agreement the Company is required to pay:

- V. \$30,000 USD January 2021 (paid)
- II. \$60,000 USD each January 2022-2027
- III. \$200,000 USD each January 2028 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to \$300,000 USD; and,
- IV. \$600,000 USD upon completion of a feasibility study.

The Company committed to incur the following amounts for exploration expenditures on the Seventymile Property:

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

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

Additionally, the Company contributes to the Doyon Foundation a \$25,000 USD scholarship each May for the term of the lease. The scholarship amount increases to \$50,000 USD each year following the commencement of commercial production at the Seventymile Property. The Company paid Doyon \$30,713 (\$25,000) USD for a scholarship payment during the nine months ended September 30, 2021.

Exploration Program

During August and September 2020, the Company completed a RAB drill program at the Seventymile Property. This was the first drill program in over 20 years at the Seventymile Property. The 2020 drill program tested six highly prospective top-of-bedrock gold targets that coincide with gold-in-soil and geophysical anomalies within the Flume trend. The six main targets are the Flanders, East Flanders, Deep Creek, Bonanza Creek, FlumeBonanza Link, and Flume prospects. Drilling tested prospective shear structures occurring at major lithologic contacts and directly beneath high-tenor gold anomalies from 2019 top-of-bedrock sampling. The Company drilled 2,587 metres over 26 holes.

The 2020 drill program identified highlight intercepts of 2.07 g/t Au over 6.10m at the Flume-Bonanza Zone, 1.37 g/t Au over 19.81m at the Bonanza Zone, and 1.20 g/t Au over 4.57m at the Flanders Zone. Additionally, an infill hole testing extensional, tension-gash quartz-pyrite-arsenopyrite veins at Flanders returned a highlight result of 4.38 g/t Au over 6.10m.

Additionally, during August 2020, the Company conducted a geological mapping and prospecting program at the Seventymile Property. The mapping areas included Flume, Alder Creek, Deep Creek, East Flanders, and other targets located to the east long the known Seventymile trend.

FLAT

In September 2021, the Company entered into a mining lease agreement with Doyon for a 100% interest in the Flat Gold Project ("Flat") located 40km north of Donlin Gold Project, owner 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 ESG 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 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 anniversary 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.

In consideration, the Company paid Doyon \$37,059 (\$30,000 USD) on execution of the lease and is required to make the following payments:

- I. \$40,000 USD each September 2022 - 2025;
- II. \$50,000 USD each September 2026 - 2030;
- III. \$100,000 USD each September thereafter. If the Company exercises its option to extend the lease term, this annual payment shall be increased to \$200,000 USD; and
- IV. \$150,000 USD upon completion of a feasibility study.

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

Calendar Years	Amount of exploration expenditures (USD\$)
2021 - 2023 (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 - lease year period commencing 2030	2,500,000

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

The Company has committed to contributing to the Doyon Foundation an annual \$10,000 USD scholarship for the term of the lease. The scholarship amount increases to \$50,000 USD each year following the commencement of commercial production at Flat. The Company paid Doyon \$12,353 (\$10,000 USD) for a scholarship payment during the nine months ended September 30, 2021.

NORTHWAY PROPERTY

Overview

On June 1, 2018 and subsequently amended January 1, 2020, the Company and Doyon entered into a mining lease agreement (the "Northway Agreement") where Doyon granted to the Company the full and exclusive right to use, occupy, and carry out mineral exploration, development, and production on the Northway Property. The Northway Property surrounds the village of Northway, Alaska on lands located within the Tanacross Mining District. The property center is approximately 348km southeast of Fairbanks and approximately 43km west of the United States–Canada border. The Northway 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 anniversary of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds, and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds.

In consideration the Company paid Doyon \$119,613 (\$90,000 USD) to December 31, 2020, and was required to make annual payments totaling \$590,000 USD through to 2028 and an additional \$600,000 USD payment upon the completion of a feasibility study. In addition, the Company was required to make minimum exploration expenditures on the property.

During the nine months ended September 30, 2021, the Company terminated the agreement with Doyon on the Northway property and as a result incurred an impairment charge of \$135,564.

MAPLE LEAF PROPERTY

The Company staked 74 State of Alaska mining claims known as the Maple Leaf Property, located approximately 15 km east-northeast of the Tibbs Property 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 2020, the Company performed geological mapping and prospecting via rock sampling along ridgetops and priority targets at the Maple Leaf Property. 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 American Eagle prospect.

DATASET ACQUISITION

On June 25, 2020, the Company acquired a comprehensive dataset containing non-public data pertaining to both the Maple Leaf and Tibbs Properties and the greater Goodpaster mining district. The dataset consists of geological, geophysical, and geochemical information, including diamond drill logs and core from exploration work conducted at multiple prospects within the region during a \$3,000,000 multi-phase exploration campaign completed in 2007 by Rubicon Minerals Corporation ("Rubicon"). This historical dataset will allow Tectonic to fast track work at the Maple Leaf Property and refine the Company's understanding of the regional controls on mineralization. In consideration for the dataset, Tectonic issued Rubicon 300,000 common shares valued at \$73,500.

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.

During June 2020, certain officers and employees of the Company met virtually with a representative from Alaska's Occupational Health & Safety ("AKOSH"). The AKOSH representative provided an informative presentation outlining the Company's legal responsibilities regarding health & safety while working in Alaska, employee protected rights, and directed the Company to additional resources.

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 at a hotel room. The team travelled directly to the first drill site at the Tibbs Property 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 resupplies 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 is suspected of being infected, the entire camp would enter into quarantine from the community. An extraction plan was in place depending on the severity of the symptoms. The Company would coordinate and communicate with local and state officials if any cases of 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 project 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 \$25,000 USD scholarship contribution to the Doyon Foundation. The Doyon Foundation was established as a separate nonprofit 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 advances traditional Native knowledge by partnering with various organizations.

As per the Flat Agreement, during October 2021 the Company paid \$10,000 USD 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 and Vice President, Exploration, virtually met with the chiefs of select local villages in and around the Northway and Seventymile Properties to discuss potential upcoming programs, job opportunities, and to assess the current states of affairs given the ongoing COVID-19 pandemic.

Diversity

During November 2020, all employees and directors of Tectonic participated in a two-day anti-racism workshop. The awareness training developed Tectonic's collective understanding of anti-racism by providing tools to embed practices of equity, diversity and inclusion both corporately and personally with the overall mission that all members of our community feel welcomed, valued and supported to achieve their highest potential.

RESULTS OF OPERATIONS

Nine months ended September 30, 2021, compared to the nine months ended September 30, 2020

The Company recorded net loss of \$7,973,250 (\$0.07 per common share) for the nine months ended September 30, 2021 compared to net loss of \$4,572,698 (\$0.07 per common share) during the nine months ended September 30, 2020, an increase of \$3,400,552, as explained in the following paragraphs.

- Exploration expenditures were \$6,207,574 compared to \$2,891,370, during the prior period, an increase of \$3,316,204. The increase is the result of the Company's intensified drilling program which included a second drill for the current period as well as mapping and surveying programs which carried from the results it obtained during the commencement of its programs during the comparative year.
- Salaries and benefits were \$572,788 compared to \$449,574 during the prior period, an increase of \$123,214. The increase was due primarily to the hiring of new employees as the Company establishes its plan of operations.

- Accounting and legal expenses were \$287,938 compared to \$181,708 during the comparative period, an increase of 106,230 during the comparative period. The increase is due mainly to legal fees incurred in the current period related to filing and other regulatory requirements.
- General and administration were \$129,414 compared to \$101,836 during the prior period. This expense remained relatively constant with a slight increase of \$27,578 as the Company is now more established.
- Listing and filing fees were \$42,902 compared to \$83,496 during the comparative period. The decrease was due to the fact the Company was still incurring costs related to going public during the comparative period.
- Marketing costs were \$196,509 compared to \$318,620 during the comparative period, a decrease of \$122,111. The decrease is the result of the Company applying a more strategic approach to its marketing efforts as well as concentrating more of its resources to its exploration programs.
- During the nine months ended September 30, 2021 the Company recorded a loss on disposition of property of \$135,564 as a result of terminating the Northway option agreement.

Three months ended September 30, 2021, compared to the three months ended September 30, 2020

The Company recorded net loss of \$5,621,735 (\$0.03 per common share) for the three months ended September 30, 2021 compared to net loss of \$3,020,510 (\$0.03 per common share) during the three months ended September 30, 2020, an increase of \$2,601,225, as explained in the following paragraphs.

- Exploration expenditures were \$4,944,495 compared to \$2,446,615, during the prior period, an increase of \$2,497,880. The increase is the result of the Company's intensified drilling program which included a second drill for the current period as well as mapping and surveying programs which carried from the results it obtained during the commencement of its programs during the comparative year.
- Salaries and benefits were \$134,800 compared to \$153,779 during the prior period, a decrease of \$18,979. The decrease resulted from the comparative period includes wages paid to the CFO as an employee of the company while during the current period the CFO's fees are paid to a firm for which the new CFO works and are included as accounting fees.
- Accounting and legal expenses were \$148,936 compared to \$51,056 during the comparative period, an increase of \$97,880. The increase is in part due to increased legal fees related to additional filing and regulatory requirements incurred during in the current period and in part due to the new CFO's fees being included as accounting fees instead of salaries and wages.
- General and administration were \$41,611 compared to \$30,381 during the prior period. This expense remained relatively consistent with an increase of \$11,230.
- Listing and filing fees were \$17,040 compared to \$34,484 during the comparative period. The decrease was due to the fact the Company was still incurring costs related to going public during the comparative period.
- Marketing costs were \$73,159 compared to \$94,173 during the comparative period. While there was a decrease of \$21,014, marketing costs were relatively consistent with the comparative period.
- During the three months ended September 30, 2021 the Company recorded a loss on disposition of property of \$135,564 as a result of terminating the Northway option agreement.

QUARTERLY RESULTS

Three Months Ended:	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Exploration and evaluation assets	\$ 549,492	\$ 647,997	\$ 585,122	\$ 534,194
Working capital	2,366,856	7,845,565	2,665,740	3,256,604
Loss and comprehensive loss	(5,621,735)	(1,697,804)	(653,712)	(809,698)
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	(0.01)

Three Months Ended:	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019
Exploration and evaluation assets	\$ 519,249	\$ 519,249	\$ 452,104	\$ 373,219
Working capital	3,952,341	6,880,355	832,044	1,517,785
Loss and comprehensive loss	(3,020,510)	(824,974)	(727,214)	(1,512,184)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.03)

During the three months ended June and September 30, 2021, the Company incurred a loss of \$1,697,804 and \$5,621,735 respectively which were mainly due to exploration expenditures incurred mainly through its drilling program in the Tibbs property.

During the three months ended March 31, 2021, the Company incurred a \$653,712 loss, which was mainly as a result of cost savings in exploration, marketing & corporate development and travel & meals due to less activity due to COVID 19 restrictions.

During the three months ended December 31, 2020, the Company incurred a \$809,698 loss, which was mainly due to higher administrative costs of being a public company

During the three months ended September 30, 2020, the Company incurred a \$3,020,510 loss, which was mainly due to the 2020 exploration field programs conducted during this period. There was a RAB drilling program on both the Tibbs and Seventymile Properties, mapping and prospecting on the Tibbs, Seventymile, Maple Leaf, Carrie Creek and Mt. Harper Properties, and a soil sampling program on the Tibbs Property.

During the three months ended June 30, 2020, the Company incurred a \$824,974 loss, which was mainly due to higher administrative costs of being a public company. Additionally, the Company incurred \$73,500 for the Rubicon dataset acquisition, which was expensed to exploration expenses.

During the three months ended March 31, 2020, the Company incurred a \$727,214 loss, which was mainly due to higher costs of being a public company.

Cash and total assets increased September 30, 2021 from March 31, 2021 due to the Company completing a non-brokered private placement raising gross proceeds of \$7,176,056.

Cash and total assets decreased March 31, 2020 from December 31, 2019 due to the Company's administrative and exploration costs incurred during this period.

Cash and total assets increased June 30, 2020 from March 31, 2020 due to the Company completing the Doyon Private Placement and the Non-Brokered Private Placement and raising gross proceeds of \$7,017,699.

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

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

	Tibbs	Seventymile	Northway	Maple Leaf	Carrie Creek / Mt. Harper	Project Generation	Project Support	For the 3 months ended Sept 30, 2020
Computer software	\$ 2,161	\$ 5,273	\$ 1,414	\$ 225	\$ 174	\$ -	\$ 2,725	\$ 11,972
Drilling program	937,916	1,091,528	-	-	-	-	-	2,029,444
Geological consulting	-	200	-	-	200	26,905	400	27,705
Mapping program	19,868	12,375	-	26,290	18,379	-	284	77,196
Other	5,123	797	334	53	1,490	-	222	8,019
Reclamation	(7,400)	20,000	-	-	-	-	-	12,600
Registration fees	6,300	75	1,855	2,910	75	-	-	11,215
Salary & legal costs	28,187	29,141	576	2,056	2,413	1,698	7,672	71,743
Sampling program	102,302	-	-	-	-	-	-	102,302
Scholarship fees	-	-	-	-	13,404	-	-	13,404
Surveying program	81,015	-	-	-	-	-	-	81,015
Total exploration expenditures	\$ 1,175,472	\$ 1,159,389	\$ 4,179	\$ 31,534	\$ 36,135	\$ 28,603	\$11,303	\$ 2,446,615

	Tibbs	Seventymile	Flat	Carrie Creek / Mt. Harper	Other	Project Generation	Project Support	For the 9 months ended September 30, 2021
Drilling program	\$ 4,083,279	\$ 1,417	\$ -	\$ 843,515	\$ -	\$ -	\$ -	\$ 4,928,211
Geological consulting	50,722	57,189	-	3,051	4,405	26,941	142	142,450
Mapping program	9,148	1,350	2,625	281,067	10,248	-	-	304,438
Other	98,175	29,281	-	18,927	2,207	505	714	149,809
Registration fees	561	-	-	1,123	39,599	-	-	41,283
Salary & legal costs	94,351	16,899	6,988	19,719	3358	3,115	57,221	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
Total exploration expenditures	\$ 4,716,709	\$ 141,113	\$ 21,966	\$1,177,692	\$ 60,469	\$ 30,561	\$ 59,064	\$6,207,574

	Tibbs	Seventymile	Northway	Maple Leaf	Carrie Creek / Mt. Harper	Project Generation	Project Support	For the 9 months ended Sept 30, 2020
Computer software	\$ 4,539	\$ 10,280	\$ 7,945	\$ 299	\$ 174	\$ 6,670	\$ 5,915	\$ 35,822
Drilling program	941,147	1,094,052	-	-	-	-	-	2,035,199
Geological consulting	450	950	300	-	200	49,543	4,450	55,893
Geologist dataset acquisition	7,350	-	-	44,100	-	22,050	-	73,500
Mapping program	19,868	12,375	-	26,290	18,379	-	284	77,196
Other	6,941	2,928	2,630	414	1,490	196	748	15,347
Reclamation	(7,400)	20,000	-	-	-	-	-	12,600
Registration fees	25,161	263	27,316	13,905	75	-	1,283	68,003
Salary & legal costs	43,711	77,892	19,160	9,310	2,413	39,035	89,245	280,766
Sampling program	103,244	-	4,216	-	-	-	-	107,460
Scholarship fees	-	35,165	-	-	13,404	-	-	48,569
Surveying	81,015	-	-	-	-	-	-	81,015
Total exploration expenditures	\$ 1,226,026	\$ 1,253,905	\$ 61,567	\$ 94,318	\$ 36,135	\$ 117,494	\$101,925	\$ 2,891,370

LIQUIDITY AND CAPITAL RESOURCES

Summary of cash position and changes in cash

	9 months ended September 30, 2021	9 months ended September 30, 2020
Cash flow used in operating activities	\$ (6,729,545)	\$ (2,843,965)
Cash flow used in investing activities	(122,340)	(165,150)
Cash flow provided by (used in) financing activities	6,781,760	6,707,714
Effect of foreign exchange on cash	16,654	(97,610)
Net change	(53,471)	3,600,989
Cash - beginning of period	3,423,212	1,791,241
Cash — end of period	\$ 3,369,741	\$ 5,392,230

As at September 30, 2021, the Company had a working capital of \$2,366,856 compared to working capital of \$3,256,604 as at December 31, 2020. The decrease in working capital resulted from an increase in net cash from the closing of the Non-Broker Private Placements and increase loss for the period related to the Company's drilling program on its exploration properties.

Cash flow used in operations during the nine months ended September 30, 2021 was significantly higher than the comparative period in 2020 due to the Company's increased exploration program on its properties.

Cash flow used in investing activities relates to option payments made on its properties during both the nine months ended September 30, 2021 and 2020.

Cash flow provided by financing activities during the nine months ended September 30, 2021 were a result of the closing non-brokered private placement while the cash flow provided during the nine months ended September 30, 2020 was to the Doyon and Non-Broker Private Placements.

Going concern

The Financial Statements and financial results discussed herein of the Company were prepared assuming Tectonic will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. The Financial Statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Commitments

The Company signed an office lease agreement to pay rent as follows:

Calendar Years	Rental Payment
2021	\$ 7,594
2022	30,376
2023	10,126
Total	\$ 48,096

Capital Management

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

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such the Company has historically relied on the equity markets to fund its activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the nine months ended September 30, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SHAREHOLDER'S EQUITY

Tectonic is authorized to issue an unlimited number of common shares without par value. As at September 30, 2021 and date of this report the Company had 161,677,735 common shares outstanding.

Restricted Shares

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

On July 29, 2019, the Company granted 2,400,000 Restricted Shares, and on September 17, 2019, the Company granted 950,000 Restricted Shares. Both grants were to certain employees and directors at a value of \$0.35 per Restricted Share. The performance restricted set by the Board was a two-year employment period from the date of grant. On April 3, 2020, 450,000 Restricted Shares were forfeited and the shares were cancelled.

Stock Options

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

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

	Number of options	Shares to be issued upon exercise of the options	Weighted-average exercise price (\$)
Balance — December 31, 2019	-	-	\$ -
issued	400,000	400,000	0.33
Balance — December 31, 2020	400,000	400,000	0.42
issued	1,050,000	1,050,000	0.18
Cancelled	(400,000)	(400,000)	0.18
Balance — September 30, 2021	1,050,000	1,050,000	\$ 0.24

Expiry date	Number outstanding	Exercise price per share (\$)
July 27, 2025	400,000	\$ 0.33
August 4, 2026	400,000	\$ 0.20
April 30, 2031	250,000	\$ 0.16
Outstanding	1,050,000	\$ 0.24
Exercisable	100,000	\$ 0.33

On July 27, 2020, the Company granted 400,000 stock options to an employee. Each stock option has an exercise price of \$0.33 and vest over a three-year period as follows: 100,000 stock options will vest July 27, 2021, 100,000 stock options will vest July 27, 2022, and 200,000 stock options will vest July 27, 2023. The stock options expire July 27, 2025.

On April 7, 2021, the Company granted 400,000 stock options to a former CFO. These options were cancelled unvested during the same period.

On April 30, 2021, the Company granted 250,000 stock options to consultants. Each stock option has an exercise price of \$0.155 and vest over a two-year period as follows: 125,000 stock options will vest April 30, 2022 and 125,000 stock options will vest April 30, 2023. The stock options expire April 30, 2031.

On August 4, 2021, the Company granted 400,000 stock options to an employee. Each stock option has an exercise price of \$0.20 and vest over a 4 year period as follows: 100,000 stock options will vest on August 4, 2022 and an additional 100,000 stock options will vest on the three subsequent anniversary dates thereafter. The stock options expire August 4, 2026.

Escrow

The Company entered into an escrow agreement pursuant to which 19,272,071 common shares and 4,275,642 warrants have been placed in escrow. The escrow agreement provides that 10% of the escrowed securities will be released upon the Company's listing date and that an additional 15% will be released every six months after, over a period of 36 months. As of the date of this report, there were 8,672,433 common shares and 1,924,041 warrants held in escrow.

Share Purchase Warrants

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

	Number of warrants	Shares to be issued upon exercise of the warrants	Weighted-average exercise price (\$)
Balance — December 31, 2019	21,257,330	21,257,330	0.44
Doyon Warrants issued	5,236,500	5,236,500	0.40
Non-Broker Warrants issued	12,307,750	12,307,750	0.40
Finders Warrants issued	956,130	956,130	0.20
Balance — December 31, 2020	39,757,710	39,757,710	0.42
Non-Broker Warrants issued	35,880,280	35,880,280	0.17
Finders Warrants issued	2,488,588	2,488,588	0.17
Expired	(17,157,330)	(17,157,330)	0.50
Balance — September 30, 2021	60,969,248	60,969,248	0.24

Warrants outstanding as at date of this report are as follows:

Expiry date	Number outstanding	Exercise price per share (\$)
April 17, 2022	5,236,500 ¹	0.40
June 16, 2022	720,000	0.10
June 16, 2022	3,380,000	0.25
June 30, 2022	12,307,750 ¹	0.40
June 30, 2022	956,130	0.20
June 23, 2023	35,880,280 ¹	0.17
June 23, 2023	2,488,588	0.17
	60,969,248	

1. Warrants are subject to the Acceleration Clause

REGULATORY DISCLOSURES

Related Party Transactions

The Company's related parties include its subsidiaries District Metals LLC and Tectonic Resources LLC, and key management personnel which include officers, directors, or companies with common directors of the Company. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with key management personnel as follows:

	3 months ended September 30, 2021	3 months ended September 30, 2020	6 months ended September 30, 2021	6 months ended September 30, 2020
Employee salaries – administration expense	\$ 80,020	\$ 97,500	\$ 389,292	\$ 300,694
Employee salaries– exploration expense	87,500	37,500	162,500	116,597
Share based compensation – restricted shares	53,470	109,138	249,609	325,816

- During the nine months ended September 30, 2021, the Company paid \$280,000 (2020 - \$180,000) in salaries and bonus for the year prior to Tony Reda, the Company's CEO.
- The Company is party to a consulting agreement with a firm for which Xavier Wenzel works to provide services as the Company's Chief Financial Officer, as well as financial consulting services, accounting and bookkeeping services to the Company. For the nine months ended September 30, 2021, the total fees incurred under this agreement are \$25,721 (2020 - \$nil).
- During the nine months ended September 30, 2021, the Company paid \$162,500 (2020 - \$112,500) in salaries and bonus for the year prior to Eric Buitenhuis, the Company's VP Exploration.

- During the nine months ended September 30, 2021, the Company paid \$50,522 (2020 - \$112,500) to Krysta Rehaag and \$58,770 (2020 - \$nil) to Paul Charlish in salaries, two former executive officers of the Company.

SIGNIFICANT ACCOUNTING POLICIES

The Company's condensed interim consolidated financial statements have been prepared using accounting policies, judgments and estimates consistent with those used in the consolidated financial statements for the years ended December 31, 2020 and 2019. Refer to the audited consolidated financial statements for the years ended December 31, 2020 and 2019 for additional information.

New Accounting Standards Issued but not yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

The Company's financial assets, which consist of cash and accounts receivable, and financial liabilities, which consist of trade and other payables, are both classified as amortized cost. The value of cash and trade and other payables approximates their carrying values as at September 30, 2021 and December 31, 2020 due to their short-term nature.

Financial Risk Factors

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

Credit risk

The Company is exposed to industry credit risks arising from its cash. The Company manages credit risk by holding cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the nine months ended September 30, 2021.

Foreign currency risk

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

Price risk

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

RISKS TO TECTONIC

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, which is 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 which, 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 which are beyond the control of the Company and which 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, 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 the orderly development of ore bodies or the processing of 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 large established mining 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 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 an entity 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.

Government or Regulatory Approvals

Exploration and development activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents, 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.

Permits and Government Regulation

The future operations of 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 U.S. 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. Before development and production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance, with changes in governmental regulations, has the potential to reduce the profitability of operations. 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 current global uncertainty with respect to the spread of the COVID-19 coronavirus ("COVID-19"), the rapidly evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on the Company and its ability to

continue exploration activities at its properties. While the precise impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct impacts on businesses in Canada and around the world and could result in travel bans, post-travel quarantines, closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention all of which in turn could have a negative impact on the Company. In particular, the current pandemic spread of the COVID-19 virus and the current review of closing cross-country border crossings and the reduction in available commercial flights between the U.S. and Canada has increased mobility and infrastructure risks for the Company to send its employees to Alaska to conduct exploration work during the year ended December 31, 2020. The Company may need to rely entirely on U.S. contractors to complete the remaining current year exploration program and meet minimum exploration expenditures, which may result in higher costs. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company, including its ability to raise additional financing.

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.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com and the Company's website at www.tectonicmetals.com.

CAUTIONARY STATEMENTS

Forward-looking Information

All statements in this MD&A, other than statements of historical fact, are "forward-looking statements" or "forward looking information" with respect to Tectonic within the meaning of applicable securities laws, including statements that address the impact of general business and economic conditions, the use of proceeds of any financings, and timing of exploration and development plans. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions regarding timing of exploration and development plans at the Company's mineral projects; timing and completion of proposed financings; the release of an initial resource report on any of our properties; assumptions about future prices of gold, copper, silver, and other metal prices; currency exchange rates and interest rates; metallurgical recoveries; favourable operating conditions; political stability; obtaining governmental approvals and financing on time; obtaining renewals for existing licenses and permits and obtaining required licenses and permits; labour stability; stability in market conditions; availability of equipment; accuracy of historical information; successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of the Company, and there is no assurance they will prove to be correct.

Such forward-looking information involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, but not limited to, the cost, timing and success of exploration activities generally, including the development of new deposits; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; uses of funds in general including future capital expenditures, exploration expenditures and other expenses for specific operations; the timing, timeline and

possible outcome of permitting or license renewal applications; government regulation of exploration and mining operations; environmental risks; the uncertainty of negotiating with foreign governments; expropriation or nationalization of property without fair compensation; adverse determination or rulings by governmental authorities; delays in obtaining governmental approvals; possible claims against the Company; the impact of archaeological, cultural or environmental studies within property areas; title disputes or claims; limitations on insurance coverage; the interpretation and actual results of historical operators at certain of our exploration properties; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; and delays in obtaining financing. The Company's forward-looking information reflect the beliefs, opinions and projections on the date the statements are made. The Company assumes no obligation to update forward-looking information or beliefs, opinions, projections, or other factors, should they change, except as required by law.

Scientific and Technical Information

Scientific and technical information presented in this MD&A above has been approved by Eric Buitenhuis, M.Sc., P.Geo, Vice President, Exploration, a qualified person who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a Qualified Person as defined in NI 43-101.