



Tectonic Metals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2025 and 2024 and the period up to February 26, 2026

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Tectonic Metals Inc. (the "Company" or "Tectonic"), together with its wholly owned subsidiaries constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2025 and 2024. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2025 and 2024 (the "Financial Statements") which have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board.

In this MD&A, unless the context otherwise dictates, a reference to "us", "we", "our", or similar terms refers to the Company. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2025 and 2024 are referred to as "FY2025" and "FY2024" respectively.

All monetary amounts in the MD&A are expressed in Canadian dollars, the presentation currency of the Company and its subsidiaries, except number of shares or as otherwise indicated. References to "USD" or "US\$" are to US dollars. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca and the Company's website at www.tectonicmetals.com. This MD&A has been prepared effective as of February 26, 2026 (the "MD&A Date").

FORWARD-LOOKING STATEMENTS

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

NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

The Financial Statements are prepared on a going concern basis, which contemplates that the Company will be able to continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. Management intends to finance its operations for the upcoming year with the proceeds from equity financing, and its current working capital.

2025-2024 EXPLORATION HIGHLIGHTS

Flat Gold Project 2024 Drill Discovery and Program Highlights

On March 3, 2025, the Company announced a significant newly drilled gold discovery at the 1.5 kilometre (“km”) by 0.5 km Alpha Bowl Target (“Alpha Bowl”), extending the confirmed mineralized strike length of the Chicken Mountain gold system (“Chicken Mountain”) from 2 km to 3 km. To date, all 86 holes drilled at Chicken Mountain intersected gold mineralization (a 100% drill success rate) and all mineralization remains open along strike and at depth. The Chicken Mountain intrusion is one of six kilometre-scale potential gold deposits at the Flat Gold Project (“Flat”).

Additional assay results from twelve holes drilled on Chicken Mountain confirmed and expanded upon known zones of gold mineralization and identified higher grade corridors within the bulk tonnage target.

Key highlights include:

- Alpha Bowl discovery drill hole CMD24-026 returned **65.53 m at 1.22 g/t Au** including **18.29m at 2.22 g/t Au with 6.10 m at 6.01 g/t Au and 1.52 m at 21.72 g/t Au**. This hole was drilled some 800 m north of the nearest Chicken Mountain drill hole (DDH97-02CM) which returned **7.01 m of 4.57 g/t Au**.
- Notable intercepts from Chicken Mountain include CMR24-020 which returned **10.67 m at 0.99 g/t Au, 12.19 m at 1.07 g/t Au and 39.62 m at 0.81 g/t Au** all contained within a broader **152.40 m interval at 0.56 g/t Au**, ending in mineralization.

Flat Gold Project 2025 Drill Discovery and Program Highlights

On June 2, 2025, the Company announced the launch of a phase one, multi-rig drill exploration program at Flat (“Phase One”). Key program targets and objectives include:

- **Alpha Bowl:** Primary 2025 drill target area, focus on building upon the Alpha Bowl discovery with a series of diamond drill holes up to 300 metres in length supplemented with Reverse Circulation (“RC”) drilling to cover the expansive area with key objectives of defining grade, continuity and establishing geological and structural controls on intrusion hosted gold mineralization discovered in 2024.
- **Chicken Mountain:** Drilling of metallurgical holes (“PQ cores”) to collect 2-inch material for additional coarser crush heap leach column testing and drilling of RC holes targeting high grade corridors and near surface mineralization.
- **Golden Apex:** Drilling of greenfields exploration holes at Golden Apex and other underexplored intrusion hosted gold targets within the Flat project area.

On September 2, 2025, the Company announced the successful completion of its 2025 Phase One drill program at Flat.

As part of the Phase One drill program, a total of 7,718 metres were drilled across 48 holes using both diamond core and RC drilling methods. Phase One drilling targeted multiple intrusion-related gold systems, including Alpha Bowl, which received the majority of drill metres, as well as Chicken Mountain, Golden Apex, Black Creek and Jam. Complementing the drilling, Tectonic also completed a 2,125 line-kilometre high-resolution drone airborne magnetic survey, providing the first modern coverage of all six priority, district-scale intrusive targets at Flat.

On September 25, 2025, the Company announced the phase two drill program at Flat ("Phase Two") which commenced on August 15, and which completed on November 12, 2025.

During the Phase Two drill program, a total of 10,654 metres were drilled across 77 holes using two diamond core rigs and one RC rig. Phase Two drilling comprised mainly sectional drilling at the Chicken Mountain target as the initial stage of resource delineation with a total of 15 diamond core and 54 RC holes completed. An additional 3 diamond core holes and 4 RC holes were completed on the Alpha Bowl target during Phase Two, as follow-up to Phase One results.

Drilling at Flat during the Phase One and Phase Two programs in 2025 totaled 18,372 metres in 125 holes. During Phase Two, infrastructure upgrades were completed on Flat to advance the project towards year-round drilling capacity.

Chicken Mountain Highlights

On November 26, 2025, the Company announced drill results from the Chicken Mountain target at Flat, which was comprised of the initial five diamond core and five RC holes drilled during the Phase One program. These Chicken Mountain drill results confirm grade, thickness, continuity and scale, reinforcing a bulk-tonnage, open-pit, heap leach opportunity.

Please refer to the November 26, 2025 news release: Tectonic Metals Intersects 1.46 g/t Au Over 26 Metres Within Broader Zone of 0.69 g/t Au Over 125 Metres in First 2025 Drill Hole at Chicken Mountain, Flat Gold Project, Alaska.

On December 22, 2025, the Company announced drill assay results from 11 drill holes completed during the 2025 drill campaign at Chicken Mountain and the Adit Zone, located within Flat. Results from 9 RC and 2 diamond drill holes outline a 550-metre-wide mineralized section across the Chicken Mountain - Adit Zone zone intersection area.

Please refer to the December 22, 2025, news release: Tectonic Metals Drills 4.05 g/t Au Over 30.48 Meters, Including 8.84 g/t Au Over 13.72 Metres at Flat Gold Project, Alaska.

On January 22, 2026, the Company announced additional drill assay results from 42 drill holes from the Chicken Mountain zone at Flat.

Please refer to the January 22, 2026, news release: Tectonic Metals Drills 9.94 g/t Au over 36.58 meters including 15.73 g/t Au over 22.86 metres with 104.23 g/t Au over 3.05 meters at Chicken Mountain, Flat Gold Project.

Assay results from 42 drill holes - 4 diamond core holes and 38 RC holes - representing approximately 3,950 metres of the 18,373 total metres, drilled as part of the Company's 2025 program, targeted step-out expansion and early-stage resource delineation in the southern portion of the Chicken Mountain intrusion. Results demonstrate continuity and predictability of the mineralized envelope at Chicken Mountain and have identified multiple emerging higher grade corridors.

On February 5, 2026, the Company announced final assay results from the 2025 drill program on Chicken Mountain at Flat. These results delivered thick, at or near-surface intercepts that reinforce Chicken Mountain as a bulk-tonnage, heap leachable RIRGS. Please refer to the February 5, 2026, news release: Tectonic Metals Drills 272 Metres of 0.50 g/t Au and 277 Metres of 0.49 g/t Au; Confirms Bulk-Tonnage Potential at Heap-Leachable Chicken Mountain, Flat Gold Project, Alaska.

The 2025 drilling program has successfully advanced Chicken Mountain from an exploration target into a kilometre-scale resource growth opportunity, expanding the continuously mineralized footprint and delineating higher-grade corridors that may support potential starter-pit development scenarios.

Assay results from 16 drill holes are reported herein: 9 diamond core holes and 7 RC holes - representing approximately 3,535 m of drilling from the Company's 18,373 m 2025 program. Drilling targeted step-out expansion and early-stage resource delineation in the central area of the Chicken Mountain intrusion and all assay results from the Company's 2025 drill program are now reported.

Alpha Bowl Highlights

On January 15, 2026, the Company announced additional assay results from 24 drill holes completed during the 2025 drill campaign at Alpha Bowl.

Please refer to the January 15, 2026, news release: Tectonic Metals Drilling Transforms Alpha Bowl from Discovery to Emerging Large-Scale Resource Growth Opportunity: 820 m × 600 m × 400 m Gold Footprint Defined.

Results from the 24 drill holes reported included 9 diamond core holes and 15 RC holes demonstrate geological and mineralized continuity between Alpha Bowl and Chicken Mountain, establishing a gold system extending more than 3 km along strike that remains open at depth and in all directions. Drilling continues to expand and define Alpha Bowl as a coherent three-dimensional mineralized body measuring approximately 820 metres along strike, 600 metres in width, and extending to at least 400 metres in depth.

While the system demonstrates bulk-tonnage potential, the presence of higher-grade intervals warrants infill and expansion drilling and presents the opportunity for multiple higher-grade starter pits that could significantly enhance project economics. These higher-grade intervals are not considered as random, current analysis models them with structural controls and fluid focusing mechanisms within the broader mineralized system.

Black Creek, Jam, Golden Apex, and Northern Extension of Alpha Bowl Highlights

On January 29, 2026, the Company announced results from 2025 regional exploration drilling at four target areas on Flat. These results are highlighted by the discovery of at-surface, high-grade gold mineralization at the Black Creek Intrusion Target located 6 km north of the Company's core Chicken Mountain intrusion.

Please refer to the January 29, 2026, news release: Tectonic Metals Drills 4.50 g/t Au over 48.77 metres with 7.79 g/t Au over 24.38 metres at New Target, Flat Gold Project, Alaska.

Tectonic drill hole CMR25-059 returned 4.50g/t Au over 48.77 m, including a high-grade core of 7.79g/t Au over 24.38 m with 15.19g/t Au over 6.10 m, starting from surface. At present, the intercepts are reported as downhole lengths, as insufficient data exists to determine true widths. Mineralization occurs as quartz veinlets and stringers hosted in hornfelsed, oxidized siltstones and intermediate dykes along the eastern contact of the Black Creek. This represents Tectonic's first-ever drilling at Black Creek and marks the first drilling in the area since 2003, confirming a significant new gold zone that expands the known footprint of Flat's reduced intrusion-related gold system ("RIRGS").

Wide-spaced exploratory drilling (four RC holes and two diamond holes) expanded Alpha Bowl mineralized footprint 500 metres north from previously reported 2025 drill assay results, extending the drilled strike length of the Chicken Mountain- Alpha Bowl system to 3.3 km.

Tectonic completed its first-ever drilling at Jam, one of the regional intrusion targets, located some 10 km north of Chicken Mountain with a two-hole RC fence targeting blind mineralized intrusion at depth along strike from the historic Nielsen Prospect showing. Both holes intersected augite basalt with quartz-sulphide veining from collar to total depth, returning multiple narrow >1.0 g/t Au intercepts within a broader 10-25 metre mineralized envelope.

CORPORATE HIGHLIGHTS

During the year ended December 31, 2025 and period to the MD&A Date

On May 20, 2025, the Company consolidated its issued share capital on a ratio of ten (10) to one (1) new post-consolidated common share (the "Share Consolidation"). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options, and warrants have been restated to give effect to this Share Consolidation.

On May 20, 2025, the Company closed a private placement (the “May 2025 Private Placement”) and issued 25,472,600 units at a price of \$0.50 per unit for gross proceeds of \$12,736,300. Each unit consists of one common share and one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.75 and expires on May 20, 2027. Pursuant to the May 2025 Private Placement, the Company incurred cash unit issuance costs of \$452,878, of which \$29,930 was to a related party, and issued 707,400 finders’ warrants. Each finders’ warrant is exercisable at a price of \$0.75 and expires on May 20, 2027. In June 2025, the Company began to use the funds from the May 2025 Private Placement to fund exploration at Flat, specifically for Alpha Bowl, and for working capital.

On May 30, 2025, the Company granted 3,860,000 stock options to certain officers, employees, and consultants.

On August 20, 2025, the Company closed a private placement (the “August 2025 Private Placement”) and issued 22,323,831 common shares at a price of \$0.95 per share for gross proceeds of \$21,207,639. Pursuant to the August 2025 Private Placement, the Company incurred cash share issuance costs of \$1,350,172, of which \$55,477 was to a related party, and issued 1,068,086 finders’ warrants. Each finders’ warrant is exercisable at a price of \$1.23 and expires on February 20, 2027. The Company began to use the funds from the August 2025 Private Placement to fund the exploration at Flat, specifically for Alpha Bowl, and for working capital.

On January 5, 2026, the Company appointed Eira Thomas, co-founder of Tectonic, as Chair of the Board of Directors.

On January 5, 2026, the Company granted 100,000 deferred share units (“DSUs”) to certain directors, which will vest on the later of: January 5, 2027; and the date of shareholder and TSXV approval of the DSU plan.

On January 5, 2026, the Company granted 25,000 restricted share units to the Company’s Chief Executive Officer, which will vest over an 18-month period in equal installments every 6 months.

Subsequent to December 31, 2025, the Company issued 999,739 shares pursuant to the exercise of 999,739 share purchase warrants for gross proceeds of \$871,859.

On February 10, 2026, the Company announced a brokered private placement, subsequently upsized on February 11, 2026, of up to 37,210,000 common shares at a price of \$2.15 per common share for gross proceeds of \$80,000,000 (the “Offering”). The Offering includes a potential overallotment of up to 15% and is expected to close in early March 2026. The net proceeds of the Offering will be used to advance the Company’s Flat Gold Project and for general corporate and working capital purposes.

During the year ended December 31, 2024

On November 1, 2024, the Company closed the third and final tranche of a private placement (the “2024 Private Placement”) and issued 2,819,520 units at a price of \$0.60 per unit for gross proceeds of \$1,691,712. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$1.00 and expires on November 1, 2026. The Company paid cash unit issuance costs of \$105,057, of which \$1,537 was to a related party, and issued 163,571 finders’ warrants. Each finders’ warrant is exercisable at a price of \$1.00 and expires on November 1, 2026.

On October 3, 2024, the Company closed the second tranche of the 2024 Private Placement and issued 978,033 units at a price of \$0.60 per unit for gross proceeds of \$586,820. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$1.00 and expires on October 3, 2026. The Company paid cash unit issuance costs of \$52,101, of which \$9,738 was to a related party, and issued 46,200 finders’ warrants. Each finders’ warrant is exercisable at a price of \$1.00 and expires on October 3, 2026.

On August 16, 2024, the Company closed the first tranche of the 2024 Private Placement and issued 5,117,714 units at a price of \$0.60 per unit for gross proceeds of \$3,070,639. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$1.00 and expires on August 16, 2026. The Company paid unit share issuance costs of \$186,728, of which \$23,780 was to a related party and issued 166,942 finders’ warrants. Each finders’ warrant is exercisable at a price of \$1.00 and expires on August 16, 2026. The Company used the funds from the 2024 Private Placement to fund exploration at Flat and for working capital.

SIGNIFICANT INVESTORS

The Company maintains strong relationships with several key institutional and strategic investors, including Crescat Capital (“Crescat”) and Doyon, Limited (“Doyon”).

ABOUT CRESCAT

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

At the Company’s Annual General and Special Meeting on September 21, 2023, the Company received approval from disinterested shareholders for Crescat to become a Control Person as defined by the Securities Act and in the TSXV’s policies. This allows Crescat to hold over 20% of the Company’s issued and outstanding common shares. As at December 31, 2025, Crescat held approximately 19.20% of the outstanding shares in the Company.

ABOUT DOYON

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

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

SCIENTIFIC AND TECHNICAL INFORMATION

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

DISCUSSION OF OPERATIONS

TIBBS

Overview

The Tibbs project (“Tibbs”) is located in the Goodpaster Mining District approximately 175 kilometres southeast of Fairbanks, Alaska, and 35 kilometres east of the Northern Star Resources’ Pogo Mine. The project is accessible via helicopter and historic winter trails and hosts an airstrip in the Tibbs Creek drainage. The property covers 13,480 acres of highly prospective geology hosting over 25 target areas and historic lode gold production in three locations.

Tectonic completed exploration work at the property over four consecutive campaigns beginning in 2017, with a gradual progression from grassroots methodologies such as geological mapping and power auger soil sampling, heli-portable excavator trenching, and airborne magnetic and electromagnetic geophysics through to RAB drilling campaigns in 2019 and 2020. Soil geochemical sampling in 2020 identified previously unknown, high-tenor gold, arsenic, and bismuth soil anomalies west of the previous exploration in similar host rocks as the Pogo deposit. Tectonic’s 2021 program was the first core drilled on the property since 2011 and the first oriented core in the

property's history. The program was designed to obtain structural control on high-grade mineralization drilled by the Company over the previous two seasons, while testing newly discovered exploration targets with similar structural, geological, and geochemical features as mineralization at the Pogo Gold Mine.

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

Option payments and exploration commitments

In consideration, the Company has paid TCG a total of \$581,465 (US\$430,000) up to December 31, 2025. Pursuant to the option agreement, the Company is required to pay a US\$50,000 option payment each June from 2021 to 2027 (the "Tibbs Anniversary Payments") and was required to incur an aggregate US\$1,000,000 in exploration expenses by June 2022. As of December 31, 2021, the Company had fulfilled this exploration expenditure commitment. On June 17, 2025, the Company paid TCG a total of \$68,035 (US\$50,000) pursuant to the option agreement.

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

FLAT

Overview

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

In September 2021, the Company entered into a mining lease agreement (the "Flat Lease Agreement") with Doyon for a 100% interest in Flat located 40 kilometers north of the Donlin Gold Project, owned and operated by Paulson Advisers LLC. and Novagold Resources Inc., and located in the Kuskokwim Mineral Belt, Alaska. The Flat Lease Agreement covers all aspects of exploration, development, production and royalties, including key environmental, social and governance provisions. The initial term of the Flat Lease Agreement is for 15 years and includes renewal clauses to extend the lease period up to the entire operational period of the mine. Doyon was granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the fifth anniversary of commencement of commercial production. Doyon was 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 will be the greater of a 4% NSR or 15% of net proceeds, and the production royalty for base minerals will be the greater of a 3% NSR or 15% of net proceeds.

Option payments and exploration commitments

In consideration, the Company has paid Doyon \$322,624 (US\$240,000) for annual lease payments from lease inception to December 31, 2025. To retain its right to the option, the Company is required to pay annual lease payments to the lessor of:

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

On December 15, 2025, the Company paid Doyon a total of \$68,851 (US\$50,000) pursuant to the option agreement.

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

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

Eligible expenses include all actual direct costs incurred related to the exploration and development of Flat, including, without limitation, costs related to services performed outside of the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenses and apply them against a future year. As at December 31, 2025, the Company has incurred approximately US\$21,331,672 in cumulative expenses on Flat and has completed all expenditure requirements to date in accordance with the mining lease agreement.

The Company has rights to over 90,000 acres of land (the "Flat Project Lands") pursuant to the Flat Lease Agreement. Pursuant to an amendment dated February 1, 2026, the parties removed a clause which potentially required the Company to relinquish up to 50% of the Flat Project Lands, or provide sufficient geological justification to retain the entire land package (or greater than 50% thereof) by or before March 1, 2026. As there was clear geological justification to retain the entire land package, the parties agreed to simply remove the clause.

Pursuant to the mining lease agreement with Doyon, the Company has committed to contributing a US\$10,000 scholarship per year to the Doyon Foundation for the term of the lease. The scholarship amount increases to US\$50,000 each year following the commencement of commercial production at Flat. On April 30, 2025, the Company fulfilled its annual commitment.

PORTERFIELD

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

In consideration, the Company has paid \$103,418 (US\$75,000) for annual lease payments from lease inception to December 31, 2025. To keep the property lease in good standing, the Company is required to pay annual lease payments to the lessor of:

- US\$25,000 each October from 2024 to 2026 (2024 and 2025 payments were paid);
- US\$50,000 each October from 2027 to 2028; and
- US\$50,000 on each subsequent October from 2029 to 2043.

On October 18, 2025, the Company paid \$34,869 (US\$25,000) for the second anniversary payment.

At any time prior to October 18, 2029, the Company can exercise the option to purchase the claims by tendering either (i) a cash payment of US\$200,000, (ii) common shares of the Company equivalent in value to US\$200,000, or (iii) any combination of cash and common shares as elected by the Company.

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

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

As at December 31, 2025, the Company incurred US\$282,278 in cumulative expenses on Porterfield.

MFB

MFB is an area of land of approximately 4,960 acres adjacent to Flat that the Company staked in 2023 and began exploration activities on during the year ended December 31, 2024.

HEALTH AND SAFETY, ENVIRONMENT AND COMMUNITY

Health and safety

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

Environment

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

Community

As per the Flat Lease Agreement, the Company committed to contributing to the Doyon Foundation an aggregate US\$50,000 scholarship over the term of the lease. On April 30, 2025, the Company fulfilled its current year's commitment of \$10,000. The Doyon Foundation was established as a separate non-profit charitable organization in 1989 by Doyon. Doyon Foundation's mission is to provide educational, career and cultural opportunities to enhance the identity and quality of life for Doyon shareholders. Doyon Foundation carries out its mission by providing basic and competitive scholarships, works with organizations to place interns and advance traditional Native knowledge by partnering with various organizations.

EXPLORATION AND EVALUATION ASSETS AND EXPENSES

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

	Tibbs	Flat	Porterfield	Total
	\$	\$	\$	\$
Balance, December 31, 2023	445,162	512,348	34,275	991,785
Cash acquisition payments	68,268	57,240	34,274	159,782
Balance, December 31, 2024	513,430	569,588	68,549	1,151,567
Cash acquisition payments	68,035	68,851	34,869	171,755
Restoration provision	-	139,142	-	139,142
Balance, December 31, 2025	581,465	777,581	103,418	1,462,464

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to the properties is in good standing.

A summary of the Company's exploration and evaluation expenses for the year ended December 31, 2025 is as follows:

	Tibbs	Flat Porterfield	MFB	Support and other	Total
	\$	\$	\$	\$	\$
Administrative expenses	-	17,297	-	21,103	38,400
Camp expenses	-	2,103,773	21,763	-	2,131,926
Claim maintenance	-	-	5,872	2,652	8,524
Computer software	10,371	108,742	11,981	12,312	152,164
Conference and conventions	-	-	-	-	47,001
Drilling program	-	13,655,530	119,945	-	13,775,475
Geological and geophysical consulting	-	1,454,933	39,937	30,103	1,601,207
Laboratory expenses	-	847,439	5,899	-	853,338
Land management	19,325	80,859	-	-	100,955
Salaries	-	341,070	220	-	422,469
Travel and meals	-	61,532	-	-	120,274
	29,696	18,671,175	205,617	45,067	300,178
				300,178	19,251,733

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

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

The recovery of the exploration and evaluation expenses during the year ended December 31, 2024 is due to a credit arising from a recovery/reversal of laboratory expenses incurred during the year ended December 31, 2023.

SUMMARY OF QUARTERLY RESULTS

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

Quarter ending	Exploration and evaluation assets	Working capital	Net loss and comprehensive loss	Basic and diluted loss per share
	\$	\$	\$	\$
December 31, 2025	1,462,464	12,590,799	(5,903,754)	(0.07)
September 30, 2025	1,219,602	18,410,757	(10,622,358)	(0.14)
June 30, 2025	1,219,602	8,250,751	(5,738,598)	(0.11)
March 31, 2025	1,151,567	1,490,678	(833,126)	(0.02)
December 31, 2024	1,151,567	2,180,170	(1,287,829)	(0.02)
September 30, 2024	1,060,053	1,200,750	(2,345,292)	(0.07)
June 30, 2024	1,060,053	602,088	(646,738)	(0.01)
March 31, 2024	991,785	1,295,919	(810,915)	(0.09)

The summary of the last eight quarters reflects significant losses most notably in Q3 2025 which occurred as a result of the higher exploration and evaluation expenses on the Company's 2025 Flat drill program. Working capital increased in Q3 2025 mainly due to closing of the August 2025 Private Placement, the Company's largest financing to date, for gross proceeds of \$21,207,639. These funds enabled the Company to conduct a large-scale targeted drill program at Flat, which in turn contributed to higher net loss and comprehensive loss in Q2, Q3, and Q4 2025.

The working capital of the Company fluctuates depending upon the cash inflows from private placements and the cash outflows from the exploration and evaluation expenses noted above. Exploration and evaluation assets are made up of capitalized option payments and remediation liabilities, offset by any impairments recognised when projects are discontinued.

SELECTED ANNUAL INFORMATION

	FY2025	FY2024	FY2023
	\$	\$	\$
Exploration and evaluation expenses	19,251,733	2,897,789	7,544,972
Operating expenses	4,024,718	2,197,619	2,068,176
Net loss and comprehensive loss	(23,097,836)	(5,090,774)	9,599,008
Basic and diluted loss per share	(0.35)	(0.14)	(0.30)
Total assets	15,209,722	3,779,110	3,745,238
Total non-current liabilities	523,068	390,642	348,258

The Company's net loss and comprehensive loss and operating expenses increased in FY2025 primarily due to the exploration and evaluation activities conducted during the Company's largest drill program to date at Flat. Non-current liabilities increased due the accretion expense, foreign exchange loss and change in estimate recognized on the restoration provision related to future costs for camp and infrastructure removal at Flat. Total assets increased due to financings completed in Q2 and Q3 2025.

PERFORMANCE

	Q4 2025	Q4 2024	FY2025	FY2024
			\$	\$
Operating expenses				
Accounting and legal fees	99,094	57,823	327,499	260,593
Accretion expense	3,302	2,905	12,058	11,197
Corporate development	180,302	185,764	631,376	423,626
Depreciation	35,740	1,171	50,294	3,654
Employee benefits and salaries	150,847	116,429	601,864	488,291
Exploration and evaluation expenses	4,756,444	542,611	19,251,733	2,897,789
General and administration	64,723	35,139	242,941	147,011
Insurance	8,681	11,647	46,520	48,115
Investor relations	53,897	72,684	162,195	258,709
Listing and filing fees	13,682	16,655	60,813	54,145
Share-based compensation	591,540	201,756	1,734,906	348,020
Travel and meals	23,868	35,212	154,252	154,258
	5,982,120	1,279,796	23,276,451	5,095,408
Other income (expenses)				
Foreign exchange loss	(15,655)	(23,117)	(18,314)	(22,712)
Interest income	94,021	15,084	196,929	27,346
Net loss and comprehensive loss	(5,903,754)	(1,287,829)	(23,097,836)	(5,090,774)

Q4 2025 compared to Q4 2024

The Company recorded a net loss and comprehensive loss of \$5,903,754 compared to \$1,287,829 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Depreciation increased to \$35,740 from \$1,171 in Q4 2024 due to depreciation applied to a grader, purchased in the current period, to be used on the Flat 2026 drill program.
- Employee benefits and salaries increased to \$150,847 from \$116,429 in Q4 2024 mainly due to the hiring of additional full-time employees to assist with business administration.
- Exploration and evaluation expenses increased to \$4,756,444 from \$542,611 in Q4 2024 due to the Company's largest drill program to date at Flat, following the financing closings in Q2 and Q3 2025.
- General and administration increased to \$64,723 from \$35,139 in Q4 2024 mainly due to improvements in the IT infrastructure, and general increase in overall administrative costs consistent with the significant funds raised and the largest exploration campaign to date.
- Share-based compensation increased to \$591,540 from \$201,756 in Q4 2024 due to the vesting of a large number of stock options granted to directors, employees, and consultants in Q2 2025.

Partially offsetting the increase in net loss and comprehensive loss was an increase in interest income to \$94,021 from \$15,084 due to interest generated on the Company's cash proceeds from financings in Q2 and Q3 2025.

FY2025 compared to FY2024

The Company recorded a net loss and comprehensive loss of \$23,097,836 compared to \$5,090,774 in the prior year. The primary drivers of this increase in net loss were as follows:

- Accounting and legal fees increased to \$327,499 from \$260,593 in FY2024 mainly due to increased legal and corporate secretarial fees incurred to implement the Company's new management incentive plan and enact the Share Consolidation as well as increased accounting support to process a higher volume of transactions and provide strategic financial guidance.
- Corporate development increased to \$631,376 from \$423,626 in FY2024 due to additional corporate advisory services to promote the profile of the Company in addition to corporate retreats attended to support strategic planning and leadership alignment in the current year.
- Depreciation increased to \$50,294 from \$3,654 in FY2024 due to depreciation applied to a grader, purchased in the current period, to be used on the Flat 2026 drill program.
- Employee benefits and salaries increased to \$601,864 from \$488,291 in FY2024 due to the hiring of additional full-time employees to assist with business administration and exploration activities.
- Exploration and evaluation expenses increased to \$19,251,733 from \$2,897,789 in FY2024 due to the completion of the Company's largest drill program to date at Flat, following the financing closings in Q2 and Q3 2025.
- General and administration increased to \$242,941 from \$147,011 in FY2024 mainly due to increased recruiting costs for strategic corporate hires, improvements to the IT infrastructure for the business, and some general increases in overall administrative costs consistent with the significant funds raised and the largest exploration campaign to date.
- Share-based compensation increased to \$1,734,906 from \$348,020 in FY2024 due to the vesting of a large number of stock options granted to directors, employees, and consultants in Q2 2025.

Partially offsetting the increase in net loss and comprehensive loss was an increase in income and decrease in expenses as follows:

- Investor relations decreased to \$162,195 from \$258,709 in FY2024 due to the hiring of full-time employees to replace investor relations consultants. In addition, the Company migrated to a new, lower cost investor relations software provider.
- Interest income increased to \$196,929 from \$27,346 in FY2024 due to interest generated on the Company's cash proceeds from financings in Q2 and Q3 2025.

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 Financial Statements were prepared on a going concern basis, which implies that the Company will realize its assets and discharge its liabilities in the normal course of business. The Financial Statements do not reflect adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

As at December 31, 2025, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue future operations.

Cash flow activities

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

	FY2025	FY2024
	\$	\$
Cash used in operating activities	(20,978,317)	(5,105,238)
Cash used in investing activities	(868,118)	(167,262)
Cash provided by financing activities	32,417,203	4,862,614
Net change in cash	10,570,768	(409,886)
Cash, beginning of year	1,971,424	2,381,310
Cash, end of year	12,542,192	1,971,424

Cash used in operating activities increased to \$20,978,317 compared to \$5,105,238 in FY2024 due to higher exploration and evaluation expenses incurred during the Company's largest drill program to date at Flat in FY2025.

Cash used in investing activities increased to \$868,118 compared to \$167,262 in FY2024 mainly due to purchases of exploration equipment and a guaranteed investment certificate ("GIC") in the current year.

Cash provided by financing activities increased to \$32,417,203 compared to \$4,862,614 in FY2024 due to the May 2025 Private Placement and the August 2025 Private Placement, which closed on May 20, 2025 and August 20, 2025 for gross proceeds of \$12,736,300 and \$21,207,639, respectively. The 2024 Private Placement closed on August 16, 2024 for gross proceeds of \$3,070,639.

Capital resources

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

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

RELATED PARTY TRANSACTIONS

Key management personnel are those with the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions with its key management personnel during the year ended December 31, 2025 and 2024 is as follows:

	FY2025	FY2024
	\$	\$
Accounting and legal fees	234,534	180,663
Employee benefits and salaries	389,478	375,000
Exploration and evaluation expenses	185,000	205,000
Share-based compensation	1,137,085	121,738
Share issuance costs	55,477	-
Unit issuance costs	29,930	35,055
	2,031,504	917,456

As at December 31, 2025, accounts payable and accrued liabilities contain amounts due to related parties of \$148,020 (December 31, 2024 - \$190,269). The amounts have no specified terms of repayment and are due upon demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2025 and as at the MD&A date.

PROPOSED TRANSACTIONS

The Company had no proposed transactions as at December 31, 2025 and as at the MD&A date, other than those disclosed elsewhere in the MD&A.

CHANGES IN ACCOUNTING POLICY

All material accounting policies are disclosed in Note 3 of the Financial Statements. A summary of pronouncements that have been issued but are not yet effective are disclosed in the notes to the Financial Statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

As at December 31, 2025, the Company's financial instruments consist of cash and cash equivalents, short-term investment, deposits, and accounts payable and accrued liabilities, all of which are measured at amortized cost.

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

Financial instruments risk

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and cash equivalents, short-term investment and deposits. The risk exposure is limited because the Company places its cash and cash equivalents and short-term investment in institutions of high credit worthiness within Canada. In addition, the Company holds its deposits with reputable companies in the drilling industry that it has engaged previously. These deposits will be offset against the exploration expenses incurred on the Flat drill program.

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. As at December 31, 2025, the Company had sufficient cash on hand to discharge its financial liabilities as they become due and has assessed liquidity risk as minimal.

Commodity price risk

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

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's current exploration and evaluation assets are located in Alaska, USA, with related expenses incurred primarily in US dollars, while the functional and presentational currency of the Company and its subsidiaries is the Canadian dollar. The exchange rate from January 1, 2025 to December 31, 2025, has ranged from US\$0.738 to US\$0.685 per Canadian dollar (C\$1.3558 to C\$1.4603 per US dollar).

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

	December 31,	December 31,
	2025	2024
	\$	\$
Cash	1,098,951	100,016
Deposits	178,178	263,685
Accounts payable and accrued liabilities	(58,881)	(60,086)
	1,218,248	303,615

As at December 31, 2025, a 5% change in the foreign exchange rates would result in a change in net loss and comprehensive loss of \$60,912 (December 31, 2024 - \$15,181). The Company has no hedging agreements in place with respect to foreign exchange rates.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. The Company had the following outstanding securities (as impacted by the 10 to 1 Share Consolidation):

	December 31,	MD&A
	2025	Date
	#	#
Common shares	90,137,767	91,157,406
Stock options	5,880,000	6,640,100
Warrants	31,776,459	30,776,720
Deferred share units	-	100,000
Restricted share units	-	25,000

Subsequent to the year ended December 31, 2025

On January 5, 2026, the Company granted 780,000 stock options to certain officers, directors and employees. Each option has an exercise price of \$0.90 per share and expires on January 5, 2031, vesting over an 18-month period in equal installments every 6 months.

On January 5, 2026, the Company granted 100,000 DSUs to certain directors, which will vest on the later of: January 5, 2027; and the date of shareholder and TSXV approval of the DSU plan.

On January 5, 2026, the Company granted 25,000 restricted share units to the Company's Chief Executive Officer, which will vest over an 18-month period in equal installments every 6 months.

Subsequent to December 31, 2025, the Company issued 488,219 common shares pursuant to the exercise of 488,219 share purchase warrants at an exercise price of \$1.00 per share for proceeds of \$488,219.

Subsequent to December 31, 2025, the Company issued 511,520 common shares pursuant to the exercise of 471,600 share purchase warrants at an exercise price of \$0.75 per share for proceeds of \$383,640.

Subsequent to December 31, 2025, the Company issued 9,900 common shares pursuant to the exercise of stock options at an exercise price of \$0.75 per share for gross proceeds of \$7,425.

Subsequent to December 31, 2025, the Company issued 10,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.90 per share for gross proceeds of \$9,000.

RISKS AND UNCERTAINTIES

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

Exploration stage company

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

Mineral exploration and development

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

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

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

Competition and mineral exploration

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

Limited operating history

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

Negative cash flow from operating activities

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

Going concern risk

The Financial Statements have been prepared on a going concern basis under which the Company is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future.

The Financial Statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Additional funding

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

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

Permits and government or regulatory approvals

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

Laws and regulations

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

Environmental risks

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

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

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

and, in particular, the proposed exploration and mining by the Company within the state of Alaska.

Dependence on management and key personnel

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

Material contract obligations

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