MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six Ended June 30, 2019

(Expressed in Canadian Dollars, Unless Otherwise Noted)

DATE OF REPORT: SEPTEMBER 10, 2019

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 consolidated interim financial statements for the three and six months ended June 30, 2019, 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, 2018, 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 September 10, 2019, 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 is focused on precious and base metals with an emphasis on gold. On May 13, 2019, Tectonic announced a private placement issuance concurrent with the intent to list all the Company's outstanding common shares on the Toronto Venture Stock Exchange (the "TSXV").

HIGHLIGHTS AND DEVELOPMENTS

- *On May 13, 2019, the Company announced a private placement concurrent with the intent to list all of the Company's outstanding common shares on the TSXV*
- *On July 12, 2019, the Company closed the first tranche of its private placement for gross proceeds of $2,383,280*
- *During the six months ended June 30, 2019, the Company commenced a geo probe bedrock sampling program on its Northway Property*
- *During the six months ended June 30, 2019, the Company appointed Allison Rippin Armstrong to the Company's Board of Directors*

PROPOSED TRANSACTION

On May 13, 2019, the Company announced a private placement of up to 14,285,715 special warrants at $0.35 per special warrant (the "Special Warrants") concurrent with the intent to list all of the Company's outstanding common shares on the TSXV. The agents have the option to increase the private placement by 15%. Upon closing of the private placement, the Company has 120 days to obtain a receipt for a final non-offering prospectus with the TSXV or the Company will be obligated to issue an additional 10% Special Warrants to existing Special Warrant holders. Each Special Warrant entitles the holder to one common share and one warrant exercisable into one common share of the Company with an expiry of two years after the closing of the private placement and an exercise price of $0.50.

The Company will pay a cash commission of 6% of the brokered gross proceeds, compensation warrants to acquire common shares equal to 6% of the number of brokered Special Warrants sold, and a cash commission of 2% of the non-brokered gross proceeds. The Company will also pay a finance fee of $50,000 payable $25,000 (the "Cash Finance Fee") in cash and 71,428 Special Warrants (the "Warrant Finance Fee").

On July 12, 2019, the Company closed its first tranche of the private placement. The Company issued 6,809,370 Special Warrants for gross proceeds of $2,383,280. The Company issued 227,936 Broker Warrants each entitling the holder to acquire one common share with an exercise price of $0.35 expiring July 12, 2021. In connection with the first tranche closing the Company paid $100,851 cash commission, the Cash Finance Fee and issued the Warrant Finance Fee.

MANAGEMENT

During the six months ended June 30, 2019, the Company appointed Allison Rippin Armstrong to the Company's Board of Directors to replace Robert L. Carpenter. Mr. Carpenter has been appointed a technical advisor to the Company.

Allison Rippin Armstrong

Mrs. Rippin Armstrong has over 25 years of experience in permitting, regulatory processes and environmental compliance, working with Indigenous organizations, resource companies, regulatory agencies, and territorial and federal governments. She served as the Vice President of Sustainability at Kaminak until it was acquired by Goldcorp in 2016.

Ms. Rippin Armstrong served on the board of Yukon Women in Mining as Vice President for three years. She is a founding member of the Yukon University Foundation Board and served on Northwest Territories and Nunavut Chambers of Mines.

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 and 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 TCG 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 company that seven of the claims on Tibbs wholly or partially overstake their claims and that they have the senior claim. Tectonic considers the disputed claims to be non-core, and this notice will not impact Tectonic' exploration efforts going forward on the rest of the Company's Tibb 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 $40,393 ($30,000 USD) in June 2017, $64,940 ($50,000 USD) in June 2018, and $66,620 ($50,000 USD) in June 2019. The Company is committed to paying a $50,000 USD option payment each June in 2020-2027 (the "Tibbs Anniversary Payments). The Company must incur an aggregate amount of $1,000,000 USD in exploration expenditures by June 15, 2022. 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.

NORTHWAY PROPERTY

Overview

On June 1, 2018, the Company and Doyon, Limited ("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 centre is approximately 348 kilometres southeast of Fairbanks and approximately 43 kilometres 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.

Option Payments and Exploration Commitments

In consideration for the Northway Agreement, the Company paid Doyon $38,892 ($30,000 USD) in June 2018, $40,800 ($30,000 USD) in June 2019, and is committed to the following remaining option payments:

I. $30,000 USD each January in 2020–2021

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

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

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

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

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

Additionally, the Company is required to pay Doyon 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 Northway Property. During the six months ended June 30, 2019 and 2018, the Company paid Doyon the $25,000 USD scholarship payment.

Exploration Program

2019

During the six months ended June 30, 2019, the Company conducted a Geoprobe bedrock sampling across Targets, 6, 7, and, to a more limited extent, the Road Metal prospect. The program was designed to collect representative rock samples from the soil-bedrock interface in order to determine lithology and mineral potential. A total of 689 samples were collected across 9,540 metres of grid lines.

Additionally, the Company conducted a soil sampling program with the Geoprobe and collected 22 B-horizon samples. When compared to assay results from top of bedrock rock samples, soil samples obtained by the probe method generally identify the same anomalous zones. Results indicate values for Pb-Zn-Ag are spatially consistent within both surveys, but anomalous Au values are more variable, although the main anomalous trends are indicated in results from both surveys. Copper appears to demonstrate some migration from its bedrock source and appears to exhibit higher mobility than other base metals in this environment.

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 270 kilometres east of Fairbanks, Alaska and approximately 59 kilometres 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 $38,892 ($30,000 USD) in June 2018, $40,800 ($30,000 USD) in June 2019, and is committed to the following remaining option payments:

I. $30,000 USD each January in 2020-2021

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

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

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

The Company has 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	600,000
2020–2023	750,000
2024–2027	1,500,000
2028 and each calendar year thereafter	2,000,000

Additionally, the Company is required to pay Doyon 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. During the six months ended June 30, 2019 and 2018, the Company paid the annual $25,000 USD scholarship payment.

MCQ PROPERTY

Overview

In January 2018 and amended January 2019, the Company and Shawn Ryan and Wildwood Holdings Inc. (the "MCQ Option Holders") entered into an option agreement for a 100% interest in the MCQ Property, located in the Mayo District of Yukon, Canada (the "MCQ Agreement"). The MCQ Option Holders are granted a 2.0% NSR of which half is purchasable by the Company for $2,000,000.

Option Payments and Exploration Commitments

Pursuant to the MCQ Agreement, the Company is required to make the following option payments:

Year	Cash Payment	Number of common shares of the Company
January 2018	100,000 (PAID)	-
January 2019	50,000 (PAID)	150,000 (ISSUED)
November 2019	50,000	150,000
January 2020	100,000	300,000
January 2021	125,000	300,000
January 2022	150,000	300,000
January 2023	200,000	500,000

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

Year		Amount of exploration expenditures
By November 15, 2018 (commitment fully met)	$	300,000
By November 15 in each year of 2020-2021	$	500,000
By November 15, 2022	$	1,610,000

SUMMARY OF QUARTERLY RESULTS

Three Months Ended:		June 30, 2019		Mar. 31, 2019		Dec. 31, 2018		Sept. 30, 2018
Exploration expenses	$	552,040	$	181,790	$	594,137	$	1,739,788
Administrative expenses		355,153		254,419		321,129		69,226
Foreign exchange loss (gain)		5,639		(1,017)		18,357		(6,022)
Finance cost		451		700		-		-
Loss and comprehensive loss	**$**	**(913,283)**	**$**	**(435,892)**	**$**	**(933,623)**	**$**	**(1,802,992)**
Basic and diluted loss per share	**$**	**(0.03)**	**$**	**(0.01)**	**$**	**(0.03)**	**$**	**(0.05)**
Cash	**$**	**572,618**	**$**	**1,607,251**	**$**	**2,079,340**	**$**	**3,037,010**
Total assets	**$**	**1,858,522**	**$**	**2,276,345**	**$**	**2,566,738**	**$**	**3,640,099**

Three Months Ended:		June 30, 2018		Mar. 31, 2018
Exploration expenses	$	967,665	$	115,276
Administrative expenses		67,660		52,638
Foreign exchange loss (gain)		2,031		-
Loss and comprehensive loss	**$**	**(1,037,356)**	**$**	**(167,914)**
Basic and diluted loss per share	**$**	**(0.03)**	**$**	**(0.01)**
Cash	**$**	**25,247,572**	**$**	**157,210**
Total assets	**$**	**5,876,695**	**$**	**222,997**

During the three months ended June 30, 2019, the Company incurred a $913,283 loss, which was mainly due to a GeoProbe sampling program conducted on the Northway Property and higher administrative costs compared to other quarters due to increased professional fees in connection with the Company's proposed transaction of listings all of its common shares on the TSXV.

During the three months ended March 31, 2019, the Company incurred a $435,892 loss which consisted primarily of payroll costs and professional fees. This quarter was the first full quarter of payroll for the Company's current seven employees.

During the three months ended December 31, 2018, the Company incurred a $933,623 loss. Exploration expenses for the period were $594,137 as a result of an airborne survey and GeoProbe sampling conducted on the MCQ Property and a CanDig trenching program on the Seventymile Property. Administrative expenses for the period were $321,129, which were higher than earlier quarters due to the hiring of 3 full-time employees during this period and increased corporate activity.

During the three months ended September 30, 2018, the Company incurred a $1,802,922, which was mainly due to an exploration expense of $1,739,788.. During this period the Company completed a surface sampling program on the Northway Property, an auger soil sampling program on the Seventymile Property, and a CanDig trenching and soil sampling program on the Tibbs Property.

During the three months ended June 30, 2018, the Company incurred a $1,037,356 loss, which was mainly due to an exploration expense of $967,665. During this period the Company commenced its 2018 exploration program by performing a Phase I program on the Tibbs Property, which involved geological mapping, prospecting of new ground, rock sampling, limited soil sampling and a CanDig trenching program.

During the three months ended March 31, 2018, the Company incurred a $167,914 loss. Exploration expenses for the period were $115,276 which resulted mainly due from payroll from its three full-time employees.

Cash and total assets increased June 30, 2018, from March 31, 2018 due to the Company completing a private placement April 13, 2018 and raising gross proceeds of $6,294,825 (the "April 2018 Private Placement"). The Company spent partial of the proceeds raised for the 2018 exploration program and general working capital.

The Company has not prepared quarterly financial statements for the period April 7–December 31, 2017.

The following table details the nature of exploration expense per property:

	MCQ	Tibbs	Seventymile	Northway	Project Support	For the 3 months ended June 30, 2019
Scholarship fees	$ -	$ -	$ 33,558	$ 33,558	$ -	$ 67,116
GeoProbe Sampling	-	-	2,383	292,290	-	294,673
Geological consulting	-	335	5,233	8,171	26,155	39,894
Salary & legal costs	4,703	5,450	20,564	50,481	32,328	113,526
Other	1,096	1,550	6,328	19,479	8,378	36,831
Total exploration expenditures	**$ 5,799**	**$ 7,335**	**$ 68,066**	**$ 403,979**	**$ 66,861**	**$ 552,040**

	MCQ	Tibbs	Seventymile	Northway	Project Support	For the 3 months ended June 30, 2018
Registration fees	$ -	$ -	$ -	$ -	$ 195	$ 195
Scholarship fees	-	-	33,265	33,265	-	66,530
Trenching & helicopter	-	215,321	100,720	-	-	316,041
Pre-season work	-	47,552	-	-	-	47,552
Sampling	100,000	-	61,210	4,473	-	165,683
Surveying	15,693	60,484	66,450	-	-	142,627
Geological consulting	1,775	2,173	1,945	1,263	2,612	9,768
Salary & legal costs	22,147	64,823	54,339	57,794	-	199,103
Other	6,736	4,429	4,472	477	4,052	20,166
Total exploration expenditures	**$146,351**	**$394,782**	**$ 322,401**	**$ 97,272**	**$ 6,859**	**$ 967,665**

	MCQ	Tibbs	Seventymile	Northway	Project Support	For the 6 months ended June 30, 2019
Registration fees	$ -	$ -	$ -	$ 19,976	$ -	$ 19,976
Scholarship fees	-	-	33,558	33,558	-	67,116
GeoProbe Sampling	-	-	2,383	292,290	-	294,673
Geological consulting	-	335	5,233	8,171	54,865	68,604
Salary & legal costs	11,256	15,862	43,248	91,593	75,449	237,408
Other	2,059	2,513	7,424	19,479	14,578	46,053
Total exploration expenditures	**$ 13,315**	**$ 18,710**	**$ 91,846**	**$ 465,067**	**$ 144,892**	**$ 733,830**

	MCQ	Tibbs	Seventymile	Northway	Project Support	For the 6 months ended June 30, 2018
Registration fees	$ 194	$ 13,862	$ -	$ -	$ 195	$ 14,251
Scholarship fees	-	-	33,265	33,265	-	66,530
Trenching & helicopter	-	215,321	100,720	-	-	316,041
Pre-season work	-	57,681	-	-	-	57,681
Sampling	100,000	-	61,210	4,473	-	165,683
Surveying	15,693	60,484	66,450	-	-	142,627
Geological consulting	1,775	2,173	1,945	1,263	2,612	9,768
Salary & legal costs	35,301	91,238	76,791	86,004	-	289,334
Other	6,736	5,287	4,472	477	4,052	21,024
Total exploration expenditures	**$159,699**	**$446,046**	**$ 344,853**	**$ 125,482**	**$ 6,859**	**$ 1,082,939**

The administration expenses for the Company are as follows:

	3 months ended June 30, 2019	3 months ended June 30, 2018	6 months ended June 30, 2019	6 months ended June 30, 2018
Employee benefits and salary	$ 112,936	$ 35,032	$ 218,155	$ 65,578
Professional fees	39,499	11,200	102,153	11,200
Travel and meals	27,273	7,921	45,423	15,345
Insurance	4,254	2,775	7,543	5,146
Marketing	34,857	4,302	72,402	13,527
Direct listing costs	112,804	-	112,804	-
Other	14,794	5,194	34,514	8,021
Depreciation	8,736	1,236	16,578	1,481
Total administration expenses	**$ 355,153**	**$ 67,660**	**$ 609,572**	**$ 120,298**

LIQUIDITY AND CAPITAL RESOURCES

Summary of cash position and changes in cash

	3 months ended June 30, 2019	3 months ended June 30, 2018	6 months ended June 30, 2019	6 months ended June 30, 2018
Cash flow used in operating activities	$ (898,539)	$ (667,766)	$ (1,256,243)	$ (752,599)
Cash flow used in investing activities	(116,620)	(162,275)	(225,487)	(316,215)
Cash flow (used in) provided by financing activities	(14,115)	5,458,650	(18,675)	6,159,176
Effect of foreign exchange on cash	(5,359)	-	(6,317)	-
Net change	**(1,034,633)**	**4,628,609**	**(1,506,722)**	**5,090,362**
Cash — end of period	**$ 572,618**	**$ 5,248,572**	**$ 572,618**	**$ 5,247,572**

As at June 30, 2019, the Company had working capital of $331,164 compared to working capital of $4,819,881 as at June 30, 2017. The decrease in working capital resulted from a decrease in net cash.

Cash flow used in operations was higher during the three and six months ended June 30, 2019 compared to 2018 due to an increase in administrative costs.

Cash flow used in investing activities was similar for the three and six months ended June 30, 2019 compared to 2018 as the acquisition payments required for the exploration and evaluation assets for both periods were similar on all four properties.

Cash flow provided by financing activities was higher during the three and six months ended June 30, 2018 compared to 2019 as a result of the April 2018 Private Placement.

Going concern

The condensed interim consolidated 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 condensed interim consolidated 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 undiscounted rent amounts for the remainder of the year ended December 31, 2019 of $14,010 and for the year ended December 31, 2020 of $9,214.

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 share capital and warrants.

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 six months ended June 30, 2019.

SHAREHOLDER'S EQUITY

Tectonic is authorized to issue an unlimited number of common shares without par value. As of June 30, 2019 and date of this report:

	Common Shares	Share purchase warrants
As of June 30, 2019	35,160,059	4,100,000
Restricted share issuance	2,400,000	-
As of date of report	**37,560,059**	**4,100,000**

2019 Issuance

On January 19, 2019, the Company issued 150,000 common shares valued at $52,500 pursuant to the MCQ Property Agreement.

Subsequent Issuance

Subsequent to June 30, 2019, the Company approved a restricted share plan (the "Plan"). Shares issued under the Plan to employees are common shares in the Company (the "Restricted Shares"). 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.

On July 29, 2019, the Company granted 2,400,000 Restricted Shares to certain employees and directors at a value of $0.35 per Restricted Share. As determined by the Board, the Restricted Shares require a two year employment period from the date of the grant to satisfy the performance restriction.

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 — June 30, 2019 and date of report	4,100,000	4,100,000	0.22

Warrants outstanding as at June 30, 2019 and September 04, 2019 are as follows:

Number outstanding	Exercise price per share		Expiry date
720,000	$	0.10	June 16, 2022
3,380,000	$	0.25	June 16, 2022
4,100,000			

REGULATORY DISCLOSURES

Related Party Transactions

The Company's related parties include its subsidiaries 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 June 30, 2019	3 months ended June 30, 2018	6 months ended June 30, 2019	6 months ended June 30, 2018
EMPLOYEE SALARIES AND BENEFITS				
Exploration expense	$ 89,047	$ 28,364	$ 182,906	$ 51,588
Administration expense	38,734	92,459	79,053	140,693
Direct listing costs (1)	3,848	-	3,848	-
Exploration expense (1)	20,869	423,476	20,869	423,476

1) *The Company paid Avalon Development Corp. ("Avalon") for exploration services received. Avalon's President is Curt Freeman, who is also a director of the Company.*

New Accounting Policy Adopted

IFRS 16: LEASES

The IASB issued IFRS 16 to replace IAS 17: Leases. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. The Company adopted IFRS 16 retrospectively from January 1, 2019. No adjustments were necessary to the Company's opening deficit as a result of the adoption of this standard. With respect to the Company's office lease, a $30,027 right of use asset and a corresponding liability for the same amount were recognized as at January 1, 2019. The right of use asset and liability were measured at the present value of the lease payments discounted using the Company's incremental borrowing rate as of January 1, 2019. The right of use asset is amortized over the life of the lease on a straight-line basis. The right of use asset and lease liability are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less of the underlying asset has a low value.

FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

The Company's financial assets, which consist of cash, 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 June 30, 2019 and December 31, 2018 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 six months ended June 30, 2019.

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

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.

No Mineral Resources

Currently, there are no mineral resources (within the meaning of NI 43-101) on any of the properties in which the Company has an interest. Only those mineral deposits for which there are reasonable prospects for eventual economic extraction, based on a comprehensive evaluation of form, grade or quality and quantity, are considered mineral resources.

No Mineral Reserves

Currently, there are no mineral reserves (within the meaning of NI 43-101) on any of the properties in which the Company has an interest. Only those mineral deposits that the Company can economically and legally extract or produce, based on a comprehensive evaluation of cost, grade, recovery and other factors, are considered mineral reserves.

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.

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 licences, 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 licence will be granted with respect to exploration territory. There can also be no assurance that any exploration licence will be renewed or if so, on what terms. These licences 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 licence 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.

Limited Operating History

The Company has a limited operating history, and it's 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.

Title Risks

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys on all of the claims in which it holds direct or indirect interests. The Company's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be constrained. A successful challenge to the Company's title to a property or to the precise area and location of a property could cause delays or stoppages to the Company's exploration, development or operating activities without reimbursement to the Company. Any such delays or stoppages could have a material adverse effect on the Company's business, financial condition and results of operations.

Laws and Regulation

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

Environmental Risks

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

Social and Environmental Activism

There is an increasing level of public concern relating to the effects of mining on the natural landscape, in communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which its operations, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

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.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in the U.S., and as such, a large portion of its expenses are incurred in U.S. dollars, which could cause a significant change in the results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

First Nations Land Claims

Certain of the Company's mineral properties may now or in the future be the subject of First Nations land claims. The legal nature of First Nations land claims is a matter of considerable complexity. The impact of any such claim on the Company's material interest in the Company's mineral properties and/or potential ownership interest in the Company's mineral properties in the future, cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of First Nations rights in the areas in which the Company's mineral properties are located, by way of negotiated settlements or judicial pronouncements, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of First Nations interests in order to facilitate exploration and development work on the Company's mineral properties, there is no assurance that the Company will be able to establish practical working relationships with the First Nations in the area which would allow it to ultimately develop the Company's mineral properties.

Many lands in the U.S. and elsewhere are or could become subject to First Nations land claims to title, which could adversely affect the Company's title to its properties.

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 Company's 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 consolidated 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.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Company's mineral properties. If the adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's mineral properties will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

Exploration operations depend on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are necessary to explore and develop mineral projects. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including the price of gold on world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Climate Change Risks

The Company acknowledges climate change as an international and community concern, and it supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. However, in addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, the Company expects that this could result in increased costs at some of its operations in the future.

The Company and the mining industry are facing continued geotechnical challenges, which could adversely impact the Company's production and profitability. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, floods, seismic activity, droughts and pit wall failures, may occur in the future, and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and considerable rainfall. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could cause one or more of the Company's projects to be less profitable than currently anticipated and could result in a material adverse effect on the Company's business results of operations and financial position.

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.

Information Systems and Cyber Security

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

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 presentation, 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 pro forma capitalization tables, the size and use of proceeds of any proposed financings, the discovery and development of gold deposits, potential size of a mineralized zone, potential expansion of mineralization 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; timing and likelihood of deployment of additional drill rigs; successful delivery of results of metallurgical testing; 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 licences and permits and obtaining required licences 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.