



## TECTONIC METALS INC.

### Management Information Circular dated September 1, 2021 for the Annual General and Special Meeting of Shareholders to be held on October 6, 2021

#### GENERAL INFORMATION

This Management Information Circular (the “**Circular**”) is furnished to the holders (the “**Shareholders**”) of the common shares (“**Common Shares**”) in the capital of Tectonic Metals Inc. (the “**Company**” or “**Tectonic**”) by the management of the Company in connection with the solicitation, by or on behalf of the management of the Company, of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held on October 6, 2021, or any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting.

All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

#### PROXIES

##### **Solicitation of Proxies**

The persons named in the accompanying form of proxy (the “**Proxy**”) are management-designated proxy holders. A registered Shareholder has the right to appoint some other person or company (who need not be a Shareholder) to represent the Shareholder at the Meeting, or any adjournment thereof, may do so either by inserting such other person’s name in the blank space provided in the Proxy Form or by completing another form of proxy. To be used at the Meeting, proxies must be received by Computershare Investor Services Inc., 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, BC V6C 3B9, fax number: 604-661-9549 by no later than 9:00 a.m. (Vancouver time) on October 4, 2021 or, if the Meeting is adjourned, by no later than 48 hours prior to the date and time on which the Meeting is reconvened, or may be deposited with the chair of the Meeting prior to the commencement of the Meeting. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The Company will bear all the costs of the solicitation.

##### **Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name (a “**Non-Registered Holder**”).

Only registered holders of Common Shares or the persons they appoint as their proxy holders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a Non-Registered Shareholder are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs” (for non-objecting beneficial owners). Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs” (for objecting beneficial owners).

**In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), the Company has elected to send the Notice of Meeting, this Circular and Proxy (collectively, the “Meeting Materials”) indirectly to NOBOs, and indirectly through Intermediaries to OBOs.** The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

**The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. Intermediaries will frequently use service companies to forward the Meeting Materials to OBOs.** Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare Investor Services Inc.; or
- (b) more typically, be given a voting instruction form (“VIF”), instead of a Proxy, which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the Meeting Materials and related documents. Accordingly, an OBO will not receive copies of the Meeting Materials and related documents unless the OBO's Intermediary assumes the costs of delivery.

**The Meeting Materials are being sent to both registered Shareholders of the Company and Non-Registered Holders. If you are a Non-Registered Holder and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.**

If the Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a Proxy Form, then by returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by the NOBO.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on the Non-Registered Holder's behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or the Non-Registered Holder's nominee, the right to attend and vote at the Meeting.

**Non-Registered Holders should return their voting instructions as specified in the VIF sent to them. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.**

Although Non-Registered Holders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Non-Registered Holder may attend the Meeting as a proxy holder for a registered Shareholder and vote Common Shares in that capacity. Non-Registered Holders who wish to attend the Meeting and indirectly vote their Common Shares as the proxy holder for the registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxy holder.

### Revocability of Proxies

A registered Shareholder who has given a Proxy may revoke it by an instrument in writing that is executed by the Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the Company, and:

- (a) received at the registered office of the Company at any time up to and including the last business day before the Meeting at which the Proxy is to be used; or
- (b) provided to the chair of the Meeting, at the Meeting, before any vote in respect of which the Proxy is to be used shall have been taken; or
- (c) in any other manner provided by law.

NOBOs who wish to revoke their voting instructions should, at least seven days prior to the Meeting, follow the instructions contained in their VIF. OBOs who wish to revoke their VIF or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instruction.

### Voting of Proxies

Common Shares represented by a properly executed and valid Proxy will be voted "For" or "Against", or withheld from voting on a particular issue in accordance with the Shareholder's instructions on any ballot that may be called for at the Meeting and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of any instructions, the Proxy agent named on the Proxy will cast the Shareholder's votes "FOR" each resolution set forth herein and in the Notice of Meeting and IN FAVOUR of all matters proposed by management at the Meeting.**

The enclosed Proxy confers discretionary authority upon the persons named therein with respect to (a) amendments or variations to matters identified in the Notice of Meeting, and (b) other matters which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

### Attending at the Meeting

To join the video meeting, please follow the link:  
<https://us02web.zoom.us/j/83783095832?pwd=KzBSUDhsNUltYXJOSWIBOWtTnI0QT09>  
Meeting ID: 837 8309 5832  
Passcode: 855153

To join the meeting by phone, please dial:  
From Canada: +1 778 907 2071  
From the US: +1 929 205 6099  
From other countries, please find your local number at:  
<https://us02web.zoom.us/j/83783095832?pwd=KzBSUDhsNUltYXJOSWIBOWtTnI0QT09>  
Meeting ID: 837 8309 5832  
Passcode: 855153

The Meeting will be hosted in person at the offices of Blake, Cassels & Graydon LLP, Suite 2600, 595 Burrard Street, Vancouver, BC, Canada, and online by way of an online video platform. A summary of the information shareholders will need to attend the online meeting is provided below. The meeting will begin at 9:00 am (Vancouver Time) on October 6, 2021.

It is important that you follow the steps herein to confirm your Zoom registration and sign in to the Meeting. When you access the link above you will be asked for your name and email. Please enter your full name to join the Meeting. This so the secretary and scrutineer can easily identify you for voting and question submissions.

The virtual Meeting room will open at 8:30 am (Vancouver Time) on October 6, 2021 allowing you time to get logged in and set up. When you first connect to the Meeting you will be in the waiting room. Please be patient while we check you off the registration list and admit you to the Meeting. At 9:00 am (Vancouver Time), the Chair will offer a brief introduction, cover technical notes and open the Meeting. If you are attending using your smartphone, please download the Zoom app from the appropriate Apple, Google or Windows store beforehand. You may join the meeting directly from the Zoom app by using the Meeting ID: 837 8309 5832, and Passcode: 855153.

After you have been admitted to the Meeting, be sure the screen name in your Zoom window is your first and last name. If it is not, you can change this by clicking Participants at the bottom of the main Zoom window, hover over your name, click More, click Rename, then change to your name. Each attendee should be logged into the Meeting from a unique device. **If more than one person is attending on a single device, only the person logged in will be able to vote. If your computer does not have a microphone or speakers, you can follow the audio by calling in on your phone while you watch on another device. You can also choose to listen by phone without watching on another device, however, without video or a means to access the Zoom polling function, you will not be able to vote.**

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. Voting at the Meeting online will only be available for Registered Shareholders and duly appointed proxy holders.

### **COVID-19 Precautions**

As of the date of this Circular, we intend to hold the Meeting both in person and online, as detailed above. However, in light of the often changing news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, Shareholders follow, among other things, the instructions of the Public Health Agency of Canada and HealthLinkBC at <https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html> and <https://www.healthlinkbc.ca/health-feature/coronavirus-disease-covid-19>, respectively, and any applicable additional federal, provincial and local instructions and guidance.

Shareholders should note that we are carefully monitoring the public health recommendations in respect of COVID-19 on a daily basis, and in the event that there are any changes to our intention of holding the Meeting in person, including, but not limited to, a decision to host the Meeting solely by virtual online format, we will notify Shareholders of the applicable details on our website and via press release.

**In the interest of safety and out of an abundance of caution, all Shareholders are strongly encouraged to vote by proxy prior to the Meeting.**

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person (i.e. Insider) of the Company, no Director Nominee (as defined below) of the Company, and no associate or affiliate of any informed person or Director Nominee has had any material interest, direct or indirect, in any transaction since January 1, 2020, or in any proposed transaction which has materially affected or would materially affect the Company.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Company consists of an unlimited number of Common Shares. Only the holders of Common Shares are entitled to receive notice of, attend and vote at any meeting of the Shareholders, with each Common Share carrying the right to one vote. The Board has fixed August 26, 2021 as the record date (the “**Record Date**”) for the determination of Shareholders entitled to receive notice of and to vote at the Meeting, and at any adjournment thereof. Only Shareholders of record at the close of business on the Record Date are entitled to vote the Common Shares registered in such shareholder’s name as at the Record Date at the Meeting. As at August 26, 2021, the Company had 161,677,735 Common Shares issued and outstanding, each carrying the right to one vote per Common Share.

Except as otherwise noted in this Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

The following table sets out the information regarding ownership of the Common Shares owned by each person who, to the knowledge of the Company, beneficially owns, controls, or directs, indirectly or directly, more than ten percent (10%) of the issued and outstanding Common Shares as of the date of this Circular.

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Issued and Outstanding Common Shares</b>
Doyon, Limited	16,390,600	10.14%

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the financial year ended December 31, 2020, report of the auditor and related management discussion and analysis (“**MD&A**”), all of which may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com), will be placed before the Meeting and have been filed with the securities commissions or similar regulatory authority in British Columbia, Alberta, Ontario and Yukon.

## **ELECTION OF DIRECTORS**

Under the Articles of the Company, directors of the Company are elected annually. Each director will hold office until the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the Company’s Articles. The Articles further provide that the number of directors of the Company will be a minimum of three and a maximum of the most recently set of: (i) the number of directors set by ordinary resolution, and (ii) the number of directors set in the event that the places of any retiring directors are not filled by an election at a meeting of shareholders. At the most recent annual general meeting of the shareholders of the Company held May 21, 2020, the shareholders passed an ordinary resolution setting the number of directors of the Company at five.

**In the absence of a contrary instruction, the person(s) designated by the management of the Company in the enclosed Proxy intend to vote “FOR” the election as directors of each proposed director nominee (the “**Director Nominees**”) whose names are set forth below, each of whom has been a director since the date indicated opposite the Director Nominee’s name.** Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies

given in favour of such nominee(s) may be voted by the person(s) designated by the management of the Company in the enclosed Proxy, in their discretion, in favour of another nominee.

The following table and the biographies below set out the name of each of the Director Nominees; all positions and offices in the Company presently held by the Director Nominee; the Director Nominee's principal occupation or employment for the last five years; the period during which the Director Nominee has served as a director; and the number of Common Shares that the Director Nominee has advised are beneficially owned by the Director Nominee, directly or indirectly, or over which control or direction is exercised, as at September 1, 2021. The information as to shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the respective Director Nominees individually.

Director Nominee name, position with the Company and place of residence	Principal occupation	Period served as a director	Aggregate number of Common Shares beneficially owned or controlled/directed
<b>Antonio Reda</b> President, CEO and Director <sup>(2)(3)</sup> British Columbia, Canada	President, CEO and Director of the Company; Vice President, Corporate Development for Kaminak Gold Company (" <b>Kaminak</b> ") from November 2005 to July 2016	Since June 9, 2017	4,666,071 <sup>(4)</sup>
<b>Curt Freeman</b> Director Alaska, USA	Director of the Company; President of Avalon Development Corp. since January 1995	Since April 13, 2018	3,887,500 <sup>(5)</sup>
<b>Allison Rippin Armstrong</b> Director <sup>(1)(3)</sup> British Columbia, Canada	Director of the Company; President of ARA Environmental Consulting Ltd. since August 2016; Vice President, Sustainability of Kaminak from 2013 to 2016	Since April 15, 2019	890,000 <sup>(6)</sup>
<b>Mel Benson</b> Chair of the Board (" <b>Chair</b> ") and Director <sup>(1)(2)(3)</sup> Alberta, Canada	Director of the Company and Chair; President, Mel E. Benson Management Services Inc. since 1999; Director of Suncor Energy Inc. from 2000 to 2021	Since September 17, 2019	1,185,714 <sup>(7)</sup>
<b>Michael Roper</b> Director <sup>(1)(2)</sup> British Columbia, Canada	Director of the Company; Director, Project Evaluations of Agnico Eagle Mines Ltd. since May 2004	Since September 17, 2019	920,000 <sup>(8)</sup>

**Notes:**

- (1) Member of the audit committee (the "**Audit Committee**") of the board of directors of the Company (the "**Board**").
- (2) Member of the Board's compensation committee (the "**Compensation Committee**").
- (3) Member of the Board's nominating and corporate governance committee (the "**Nominating and Corporate Governance Committee**").
- (4) Mr. Reda also holds 1,028,571 Common Share purchase warrants ("**Warrants**"), entitling him to acquire an additional 1,028,571 Common Shares, that are subject to an escrow agreement between the Company, Computershare Investor Services Inc., Mr. Reda, Mr. Benson, Mr. Roper, Mr. Freeman, Ms. Rippin Armstrong and certain other parties (the "**Escrow Agreement**"). Pursuant to the Escrow Agreement, 371,429 such Warrants have been released from escrow since Tectonic's listing on the TSX Venture Exchange (the "**TSXV**") on November 8, 2019 (the "**Listing Date**"), and 557,142 Warrants remain in escrow. The 4,666,071 Common Shares (of which 1,686,429 have been released from escrow since the Listing Date, and 2,529,642 remain in escrow pursuant to the terms of the Escrow Agreement) include 650,000 restricted shares of the Company (each, a "**Restricted Share**") issued pursuant to the pre-listing restricted share plan of the Company (the "**Restricted Share Plan**").
- (5) Mr. Freeman also holds 1,150,000 Warrants (of which 360,000 have been released from escrow since the Listing Date, and 540,000 remain in escrow pursuant to the terms of the Escrow Agreement), entitling him to acquire an additional 1,150,000 Common Shares. The 3,887,500 Common Shares include 3,387,500 Common Shares made subject to the Escrow Agreement

(of which 1,863,125 have been released from escrow since the Listing Date, and 1,524,375 remain in escrow, pursuant to the terms of the Escrow Agreement), and 250,000 Restricted Shares.

- (6) Ms. Rippin Armstrong also holds 140,000 Warrants (of which 56,000 have been released from escrow since the Listing Date, and 84,000 remain in escrow pursuant to the terms of the Escrow Agreement), entitling her to acquire an additional 140,000 Common Shares. The 890,000 Common Shares (of which 356,000 have been released from escrow since the Listing Date, and 534,000 remain in escrow pursuant to the terms of the Escrow Agreement) include 250,000 Restricted Shares.
- (7) Mr. Benson also holds 285,714 Warrants (of which 114,285 have been released from escrow since the Listing Date, and 171,429 remain in escrow pursuant to the terms of the Escrow Agreement), entitling him to acquire an additional 285,714 Common Shares. The 1,185,714 Common Shares (of which 474,285 have been released from escrow since the Listing Date, and 711,429 remain in escrow pursuant to the terms of the Escrow Agreement) include 400,000 Restricted Shares.
- (8) The 920,000 Common Shares (of which 240,000 have been released from escrow since the Listing Date, and 360,000 remain in escrow pursuant to the terms of the Escrow Agreement) include 250,000 Restricted Shares.

## **Director Biographies**

### Antonio Reda, President, Chief Executive Officer and Director

As Founder, President, Chief Executive Officer (“**CEO**”) and a director of Tectonic Metals Inc., Tony is all in, working solely to create value for the Company’s Shareholders and stakeholders. His loyalty and commitment to his work are undeniable, as demonstrated by the fact that he was the longest-serving employee of Kaminak Gold Corporation (“**Kaminak**”) from inception in 2005 to the sale of the company, including the Coffee Gold Project, in 2016 to Goldcorp Inc. (now Newmont).

While at Kaminak, Tony served as Vice President, Corporate Development executing the company's strategic planning, financing, business development and marketing while overseeing the public relations and investor communications of the company. Tony was pivotal in orchestrating capital raises to primarily fund the acquisition and advancement of the Coffee Gold Project in the Yukon Territory from a grassroots discovery through to the completion of a bankable feasibility study. He was also involved in monetizing Kaminak’s other projects by forming strategic alliances, joint venture agreements and creating public and private companies resulting in a significant amount of capital being spent by third parties directly on Kaminak’s projects.

During his tenure with Kaminak, the company was ranked 8<sup>th</sup> best performing mining company from a peer group of some 1,200 mining companies, was listed as a 2015 TSX Venture 50 Company and was one of four companies selected out of 1,971 companies listed on the TSXV as Best Investor Relations by IR Magazine in 2015.

Tony personifies Tectonic’s belief that responsible mineral exploration and development can positively impact the communities in which the company lives and operates and its commitment to early and ongoing community engagement, best practices in environmental stewardship and the development of a strong safety culture.

### Curt Freeman, Director

Mr. Freeman is President of Avalon Development Corp., a mineral exploration consulting firm based in Fairbanks, Alaska. Mr. Freeman earned his Bachelor’s degree in Geology in 1978 from the College of Wooster, Ohio and his Master’s Degree in Economic Geology in 1980 from the University of Alaska in Fairbanks. Mr. Freeman is a U.S. Certified Professional Geologist with the American Institute of Professional Geologists and is a licenced geologist in the state of Alaska. Mr. Freeman is a Fellow of the Society of Economic Geologists, a member and past director of Alaska Miners Association and a member of the Geological Society of Nevada, Association for Mineral Exploration British Columbia and the Prospectors and Developers Association of Canada. Mr. Freeman also serves as Chairman of the Geological Mapping Advisory Board for the State of Alaska Division of Geological and Geophysical Surveys.

### Allison Rippin Armstrong, Director

Ms. 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 Newmont acquired Kaminak in 2016.

For the past three years, Ms. Rippin Armstrong has assisted Lucara Diamond Corp. with environmental, social and corporate governance (ESG) matters, and helped build and develop the sustainability department at the Karowe Diamond Mine in Botswana. She has served on the board of Yukon Women in Mining as Vice President for four years, is a founding member of the Yukon University Foundation Board and has served on Northwest Territories and Nunavut Chambers of Mines. Ms. Rippin Armstrong was the recipient of the 2003 BHP Billiton Corporate HSEC Award; the 2009 Kivalliq Inuit Association Expert Counsel Award; the 2011 Mike Hine Award, Nunavut; the 2014 Community Award, Yukon (Kaminak); the 2015 Robert E. Leckie Award, Yukon (Kaminak); and the 2019 BC Women in Mining HR Diversity Award.

### Mel Benson, Chair and Director

Mel Benson was elected to the board of directors of Suncor Energy Inc. ("**Suncor**"), a Toronto Stock Exchange ("**TSX**") listed issuer, in April 2000. Until May, 2021, when Mr. Benson announced his retirement from the Suncor board, he served as Suncor's longest standing director, and was a member of the board of directors' environment, health, safety and sustainable development committee and the human resources and compensation committee. Prior to joining Suncor, Mr. Benson had a long career as an operations manager and senior member of project management at Exxon International and Imperial Oil Canada. He is currently president of Mel E. Benson Management Services Inc., an international consulting firm working in various countries with a focus on First Nations and corporate negotiations.

In 2003, Mr. Benson was the recipient of a National Aboriginal Achievement Award and, in 2015, was inducted into and received the lifetime achievement award from the Aboriginal Business Hall of Fame. He has also been honoured with a Red Cross Service Award, an Alberta Aboriginal Recognition Award and a Business Development Award. He has received the Alberta Justice Crime Prevention Recognition Award from the Minister of Justice and was recognized for his contributions to the community by the Government of the Northwest Territories.

Mr. Benson is a member of Alberta's Beaver Lake Cree Nation, located in northeast Alberta.

### Michael Roper, Director

Mr. Roper has over 40 years of experience that spans the entire mineral resource development cycle from exploration to discovery, resource estimation, mine planning, feasibility studies, project construction and mine operations through reclamation, remediation and closure. Mr. Roper holds a Bachelor and Master of Science in Earth Sciences from Montana State University and is Certified with the American Institute of Professional Geologists. In the past Mr. Roper worked for Placer Dome US Inc., primarily in mine operations, and for Orvana Minerals Inc. in Latin American exploration. He recently retired after 16 years with Agnico Eagle Mines Ltd., a TSX listed issuer, as a Corporate Director, Project Evaluations.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

None of the Director Nominees is, as at the date of this Circular, or has been, within the ten years preceding the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), when such Order was issued while the person was



acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company; or

- (b) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company.

No Director Nominee is, as at the date of this Circular, or has been, within the ten years preceding the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No Director Nominee has, within the ten years preceding the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No Director Nominee has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a Director Nominee.

#### **APPOINTMENT OF AUDITOR**

Davidson & Company LLP is the current auditor of the Company, and was first appointed as auditor of the Company on May 14, 2019. At the Meeting, the Shareholders will be asked to re-appoint Davidson & Company LLP as auditors of the Company to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix the auditors' remuneration.

**In the absence of a contrary instruction, the person(s) designated by the management of the Company in the enclosed Proxy intend to vote "FOR" the re-appointment of Davidson & Company LLP as auditors of the Company to hold office until the next annual meeting of Shareholders or until a successor is appointed and the authorization of the Board to fix the remuneration of the auditors.**

#### **ADOPTION OF EQUITY INCENTIVE PLAN**

Further to a review of the Company's current stock option plan (the "**Option Plan**") and a desire to increase flexibility of granting long-term incentives to directors, officers, employees and consultants of the Company, the Board approved, as of September 1, 2021, and subject to required Shareholder and regulatory approval, a new rolling equity incentive plan (the "**Equity Incentive Plan**"), a copy of which is attached to this Circular as Schedule "A", to amend and restate the existing Option Plan. If the Equity Incentive Plan is implemented, the terms of the existing Option Plan will be amended such that it is replaced in its entirety with the terms of the Equity Incentive Plan, and all existing stock options (the "**Options**") will be governed by the terms and conditions of the Equity Incentive Plan and will no longer be subject to the terms of the Option Plan. The Equity Incentive Plan will not be implemented unless and until Shareholder approval is obtained, and until the Equity Incentive Plan is implemented, the terms of the Option Plan remain in force.

The Equity Incentive Plan provides the Company with a share-related mechanism to attract, retain and motivate qualified Eligible Persons (as defined below). Grants under the Equity Incentive Plan include a grant or right consisting of one or more Options, restricted share units ("**RSUs**"), performance share units ("**PSUs**", together with RSUs, "**Share Units**"), or such other award as may be permitted under the Equity Incentive Plan (collectively, "**Grants**"). The Equity Incentive Plan is a rolling incentive plan that sets the

number of Common Shares issuable under the Equity Incentive Plan at a maximum of 10% of the aggregate Common Shares issued and outstanding on a non-diluted basis at the time of any Grant. Based on the 161,677,735 Common Shares issued and outstanding on a non-diluted basis as of the Record Date, 16,167,774 Common Shares will be reserved for issuance under the Equity Incentive Plan. Of that number, in accordance with the policies of the TSXV, 8,100,000 Common Shares will be reserved specifically for issuance pursuant to Grants of Share Units.

The Company intends to implement the Equity Incentive Plan as soon as reasonably practicable following the Meeting, subject to receipt of the necessary approval of Disinterested Shareholders (as defined below) and acceptance by the TSXV.

### **Summary of the Equity Incentive Plan**

The principal features of the Equity Incentive Plan are as follows:

#### *Participants*

Eligible participants include directors, officers, employees and consultants of the Company, who, by the nature of their position or job are, in the opinion of the Board, in a position to contribute to the success of the Company ("**Eligible Persons**").

#### *Administration*

The Plan will be administered by such director, senior officer or employee of the Company as may be designated as administrator by the Board. The Board may delegate to the administrator or any director, officer or employee of the Company such administrative duties and powers as it sees fit.

#### *Reservation of Shares*

Subject to certain limits and adjustments, the aggregate number of Common Shares available for Eligible Persons to acquire pursuant to Grants will not at any time exceed 10% of the Company's then outstanding Common Shares.

For so long as the Common Shares are listed on the TSXV, the number of Common Shares together with shares of any other class in the share capital of the Company from time to time ("**Shares**") reserved for issuance under the Equity Incentive Plan and all of the Company's other previously established or proposed share compensation arrangements: (i) in aggregate shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis on the award date; and (ii) to any one Eligible Person to whom a Grant is made and which Grant or a portion thereof remains outstanding (a "**Participant**") within a 12-month period shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis.

For so long as the Common Shares are listed on the TSXV, the number of Shares which may be issuable under the Equity Incentive Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period: (i) to any one person, shall be no more than 5% of the issued and outstanding share capital of the Company, with the exception of a consultant who may not receive Grants of more than 2% of the issued and outstanding share capital of the Company; and (ii) to persons employed to conduct Investor Relations Activities (as defined in the Equity Incentive Plan), shall

be no more than an aggregate of 2% of the number of issued and outstanding Common Shares in the capital of the Company at any one time.

In addition, in accordance with the policies of the TSXV, the maximum number of Common Shares issuable pursuant to Grants of Share Units under the Plan will not exceed 8,100,000 Common Shares.

### *Options*

The Board may grant Options to Eligible Persons on terms and conditions consistent with the Equity Incentive Plan.

Each Option entitles the holder thereof to purchase one Common Share at the exercise price determined by the Board at the time of grant. The exercise price of an Option shall be no lower than the market value of the Common Shares as of the award date. For so long as the Common Shares are listed on the TSXV or one or more alternative organized trading facilities, the market value shall be the closing price of the Common Shares on the last trading day immediately preceding the award date. If the Common Shares are not listed on any organized trading facility, the market value will be determined by the Board, subject to the necessary approvals of the applicable regulatory authorities.

The vesting schedule of an Option is determined by the Board at the time of grant, provided that if the Common Shares are listed on the TSXV, Options granted to persons employed to conduct Investor Relations Activities (as defined in the Equity Incentive Plan), must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period. Further, persons employed to conduct Investor Relations Activities may only be granted Options under the Equity Incentive Plan, and are not entitled to Grants of Share Units or other form of share-based award.

The exercise period of an Option is determined by the Board at the time of grant, provided that the exercise period of an Option shall not be greater than 10 years following the award date, unless exercised or terminated earlier in accordance with the terms of the Equity Incentive Plan or the applicable grant agreement. Subject to certain exceptions for US Taxpayers (as defined in the Equity Incentive Plan), if the exercise period is terminated during a blackout period, the exercise period shall be extended to the date that is 10 business days following the end of such blackout period.

Subject to certain limitations, in the event a Participant's position as a director, officer, employee, or consultant of the Company or any affiliate is terminated for a reason other than the Participant's disability, death or termination for cause, Options that have not vested as at the termination date terminate and expire on the termination date, and Options that have vested as at such termination date, shall be exercisable for 90 days after the termination date and then expire.

Subject to certain limitations, if a Participant's employment or consulting agreement is terminated for cause, all outstanding Options expire on the date of such termination for cause.

In the event a Participant's position as director, officer, employee or consultant of the Company or an affiliate is terminated by reason of such Participant's disability, any vested Option held by such Participant that could have been exercised immediately prior to the Participant's termination date shall be exercisable by such Participant, or by his or her guardian, for a period of 1 year following the termination date of such Participant. All unexercised vested options shall expire on the first anniversary of the termination of service and all unvested Options shall expire on the termination date.

If a Participant's position as director, officer, employee or consultant of the Company or an affiliate is terminated as a result of his or her death, any Options held by such Participant shall pass to the Qualified Successor (as defined in the Equity Incentive Plan) of the Participant, and shall continue to vest and be exercisable by the Qualified Successor for a period of one year following such death, provided that in no case shall the exercise period of the Option extend beyond ten years from the award date. All unexercised Options shall expire on the first anniversary of the Participant's death.

### *Share Units*

The Board may Grant Share Units to Eligible Persons on such terms and conditions consistent with the Equity Incentive Plan, provided, however, that Share Units shall not be granted to persons employed to conduct Investor Relations Activities.

The Board will determine the grant value and the valuation date for each Grant of Share Units. The number of Share Units to be covered by each Grant will be determined by dividing the grant value for such Grant by the market value of a Share as at the valuation date, rounded up to the next whole number. For so long as the Common Shares are listed on the TSXV or one or more alternative organized trading facilities, the market value shall be the closing price of the Common Shares on the last trading day immediately preceding the award date. If the Common Shares are not listed on any organized trading facility, the market value will be determined by the Board, subject to the necessary approvals of the applicable regulatory authorities.

Share Units subject to a Grant and dividend-equivalent Share Units will vest as specified in the grant agreement governing such Grant, provided that the Participant has not been terminated on or before the relevant vesting date.

Share Units will be settled upon, or as soon as reasonably practicable following the vesting thereof, and in any event on or before December 31 of the third year following the year in which the Participant performed the services to which the Grant relates. Settlement will be made by way of issuance of one Share for each RSU or PSU, a cash payment equal to the market price on the date the Share Unit becomes vested for Share Units being settled in cash, or a combination of Shares and cash, all as determined by the Board, or as specified in the applicable grant agreement.

If the Share Units would be settled within a blackout period, such settlement will be postponed until the trading day following the date on which such blackout period ends (or as soon as practicable thereafter, and in any event, within 10 business days following the end of the blackout period), provided, however, that an expiry date falling within a blackout period will not be extended if the Participant is a US Taxpayer. The market price of any Share Units being settled in cash will be determined as of the trading day immediately prior to the settlement date.

If and when cash dividends are paid with respect to Common Shares to Shareholders of record during the period from the award date under the grant agreement to the date of the settlement of the Share Units, a number of dividend equivalent RSUs or PSUs, as applicable, will be credited to the share unit account of such Participant. The additional RSUs or PSUs granted to a Participant will be subject to the same terms and conditions, including vesting and settlement terms, as the corresponding Share Units.

Subject to certain limitations, where the Participant's position as a director, officer, employee, or consultant of the Company or any affiliate terminates for a reason other than the Participant's disability, death or termination for cause, all Share Units that are not vested on the termination date shall be cancelled for no consideration. If the Participant's position as an employee, consultant, director or officer of the Company or any affiliate is terminated for cause, all Share Units that have not yet been settled on the termination date shall be forfeited on the termination date for no consideration.

If a Participant dies or experiences a disability prior to Share Units vesting, such number of Share Units that would have vested in the 12 months following the Participant's termination date due to death or disability shall vest and such vested Share Units shall be settled in favour of the Participant's Qualified Successor or Guardian (as such terms are defined in the Equity Incentive Plan), subject to certain limitations.

### *Amendment and Termination Provisions*

The Board may amend the Equity Incentive Plan provided that, subject to certain exceptions, any amendment would not alter the terms or conditions of any Grant or impair any right of any Participant

pursuant to any Grant awarded prior to such amendment. The Board may also terminate the Equity Incentive Plan provided that such termination will not alter the terms or conditions of any Grant or impair any right of any Participant pursuant to any Grant awarded prior to the date of such termination which will continue to be governed by the provisions of the Equity Incentive Plan.

However, if and for so long as the Common Shares are listed on the TSXV, disinterested shareholder approval will be required for changes to the Equity Incentive Plan that: (a) increase the maximum number of Common Shares that may be reserved for issuance under the Equity Incentive Plan; (b) place limitations under the Equity Incentive Plan on the number of Options and Share Units that may be granted to any one person or any category of persons; (c) reduce the exercise price of Options, other than by a permitted adjustment; (d) grant to Insiders, within a 12 month period, an aggregate number of Options and Share Units exceeding 10% of the Company's issued Common Shares, calculated at the date the Grant is made to the Insider; (e) issue to any one Participant, within a 12 month period, a number of Common Shares exceeding 5% of the Common Shares; (f) reserve for issuance Common Shares under the Equity Incentive Plan and all of the Company's other security based compensation arrangements in existence from time to time on and after the effective date of the Equity Incentive Plan, where such reservation could result in the aggregate number of Common Shares granted to Insiders exceeding 10% of the Company's issued Common Shares; (g) materially modify the requirements as to eligibility for participation in the Equity Incentive Plan; (h) materially increase the benefits accruing to participants under the Equity Incentive Plan; (i) modify the method for determining the exercise price of the Options; (j) modify the maximum term of any Grant made under the Equity Incentive Plan, subject to certain exceptions; (k) modify the expiry and termination provisions applicable to Options and Share Units; (l) expand the types of awards which may be granted under the Plan; or (m) extend the duration of the Equity Incentive Plan.

A copy of the Equity Incentive Plan is available for inspection by Shareholders at Tectonic's registered and records office located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3 during normal business hours.

### **Approval of the Equity Incentive Plan**

In accordance with the policies of the TSXV, the Equity Incentive Plan must be approved by a simple majority of the votes cast by the Shareholders at the Meeting, excluding those Shareholders eligible to receive Grants pursuant to the Equity Incentive Plan and their affiliates and associates (the "**Disinterested Shareholders**"). The Disinterested Shareholders will be asked at the Meeting to consider, and if thought appropriate, pass, with or without amendment, an ordinary resolution approving the Equity Incentive Plan (the "**Equity Incentive Plan Resolution**"), the full text of which is as follows:

#### **"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. Subject to receipt of any applicable regulatory approvals, including the approval of the TSX Venture Exchange, the amendment of the Company's stock option plan dated effective as of May 21, 2020 (the "**Stock Option Plan**"), such that it is replaced in its entirety by the equity incentive plan (the "**Equity Incentive Plan**") in the form approved by the Board of directors of the Company (the "**Board**") on September 1, 2021, and the full text of which is set out in Schedule "A" to the Company's management information circular dated September 1, 2021 (the "**Information Circular**") is hereby approved, ratified, and confirmed, effective as of the date hereof, and shall hereafter continue and remain in effect until ratification is required pursuant to the rules of the TSX Venture Exchange or other applicable regulatory requirements.
2. The maximum number of common shares of the Company ("**Common Shares**") authorized and reserved for issuance under the Equity Incentive Plan and all of the Company's other equity incentive plans, in existence from time to time, shall be fixed limit of up to 10% of the issued and outstanding Common Shares, from time to time, and the maximum number of Common Shares available for issuance pursuant to Share Units (as such term is defined in the Equity Incentive Plan) will be fixed at 8,100,000 Common Shares.

3. Subject to the effectiveness of the Equity Incentive Plan, all existing stock options of the Company issued under the Stock Option Plan shall be amended such that they are governed by the terms of the Equity Incentive Plan and no longer governed by the terms of the Stock Option Plan.
4. All unallocated options, rights or other entitlements to acquire Common Shares available under the Equity Incentive Plan are hereby authorized and approved.
5. Any one director or officer of the Company is authorized and directed to make any changes to the Equity Incentive Plan, if required by the TSX Venture Exchange.
6. Any one director or officer of the Company is authorized and directed, on behalf of the Company to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.”

To be approved, the Equity Incentive Plan Resolution must be passed by a majority of the votes cast by the Disinterested Shareholders at the Meeting. Based on the present shareholdings of the insiders to whom awards may be granted under the Equity Incentive Plan and their affiliates and associates, a total of up to 13,107,785 Common Shares will be excluded from voting on the Equity Incentive Plan Resolution, representing 8.11% of the issued and outstanding Common Shares of the Company as of the Record Date.

**The Board unanimously recommends that the Disinterested Shareholders vote IN FAVOUR of the Equity Incentive Plan Resolution. In the absence of a contrary instruction, the person(s) designated by the management of the Company in the enclosed Proxy intend to vote “FOR” the Equity Incentive Plan Resolution. The Board can revoke the Equity Incentive Plan Resolution before it is acted on, even if it is passed by Disinterested Shareholders, in its sole discretion and without further notice to or approval of Shareholders.**

**Should the Equity Incentive Plan Resolution not receive the required Disinterested Shareholder approval at the Meeting, the Equity Incentive Plan will not be adopted by the Company.**

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **COMPENSATION DISCUSSION AND ANALYSIS**

##### **Named Executive Officers**

Securities legislation requires the disclosure of the compensation received by each named executive officer of the Company (collectively, the “**NEOs**” or “**Named Executive Officers**”). “Named Executive Officer” is defined by securities legislation to mean:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

During the Company's financial year ended December 31, 2020, the Named Executive Officers of the Company were Antonio Reda (President, CEO and director of the Company), Krysta Chapman (CFO)<sup>1</sup> and Eric Buitenhuis (Vice President, Exploration).

### **Compensation Philosophy**

The Board has established a Compensation Committee to consider and advise on the compensation of its directors and officers, in light of Tectonic's corporate and strategic goals.

In determining the compensation to be paid or awarded to its executives, the Compensation Committee seeks to encourage the advancement of the Company's exploration projects, with a view to enhancing Shareholder value. To achieve these objectives, the Company believes it is critical to create and maintain a compensation program that attracts and retains committed, highly qualified personnel by providing appropriate rewards and incentives that align the interest of its executives with those of its Shareholders. In addition, as Tectonic, currently, has no revenues from operation and operates with limited financial resources, the Compensation Committee needs to consider not only the Company's financial situation at the time of determining executive compensation but also the Company's estimated financial situation in the mid and long term.

The Company's executive compensation program consists of a combination of base salary and long-term incentives in the form of participation in the Option Plan. In making its determinations regarding the various elements of executive grants of Options, the Company seeks to meet the following objectives:

- (a) to attract, retain and motivate talented executives who create and sustain Tectonic's continued success within the context of compensation paid by other companies of comparable size engaged in similar business in appropriate regions;
- (b) to align the interests of the NEOs with the interests of the Shareholders; and
- (c) to incent extraordinary performance from the Company's key employees.

The Company is an early-stage exploration company and may not generate revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Company to be appropriate in the evaluation of the performance of its executive officers. The Company does not conduct peer group evaluations in assessing director and NEO compensation.

### **Director Compensation**

During the financial year ended December 31, 2020, directors of the Company who were not officers or employees of the Company were not paid any annual fees. Directors are also eligible to participate in the Option Plan. Directors are entitled to be reimbursed for expenses incurred by them in their capacity as directors. Directors who are also officers or employees of the Company were not paid any amount as a result of their serving as directors of the Company.

### **Elements of Compensation**

#### Base Salary

The base salary for each executive is established by the Board, on the recommendation of the Compensation Committee, based upon the position held by such executive, competitive market conditions, such executive's related responsibilities, experience and the NEO's skill base, the functions performed by

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<sup>1</sup> Ms. Chapman ceased being CFO and Corporate Secretary on April 7, 2021.

such executive and the salary ranges for similar positions in comparable companies. Individual and corporate performance is also be taken into account in determining base salary levels for executives.

### Cash Bonuses

Cash bonuses do not form a normal part of Tectonic's executive compensation. However, the Company may elect to utilize such incentives where the role-related context and competitive environment suggest that such a compensation modality is appropriate. When and if utilized, the amount of cash bonus compensation will normally be paid on the basis of timely achievement of specific pre-agreed milestones. Each milestone will be selected based upon consideration of its impact on Shareholder value creation and the ability of the Company to achieve the milestone during a specific interval. The amount of bonus compensation will be determined based upon achievement of the milestone, its importance to the Company's near and long term goals at the time such bonus is being considered, the bonus compensation awarded to similarly situated executives in similarly situated exploration-stage junior mining companies or any other factors the Compensation Committee may consider appropriate at the time such performance-based bonuses are decided upon. The quantity of bonus will normally be a percentage of base salary not to exceed 100%. However, in exceptional circumstances, the quantity of bonus paid may be connected to Shareholder value creation embodied in the pre-agreed milestones. The Company's determination to pay cash bonuses going forward will be evaluated on an ongoing basis by the Compensation Committee.

### Options

The Company adopted the Option Plan on April 10, 2019. The purpose of the Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward those individuals from time to time for their contributions toward the long terms goals of the Company and to enable and encourage those individuals to acquire Common Shares as long term investments. Because many of the most capable individuals in the mining industry work for companies who can offer attractive cash and bonus compensation and a high level of employment security, Options represent a compensation element that balances the loss of employment security that such individuals must accept when moving to a junior exploration company such as Tectonic. Options are also an important component of aligning the objectives of Tectonic's executive officers and consultants with those of its Shareholders, while encouraging them to remain associated with the Company.

Tectonic provides significant Option positions to its executive officers and consultants. The precise amount of Options to be offered is governed by the importance of the role within the Company, by the competitive environment within which Tectonic operates, and by the regulatory limits on Option grants that cover organizations such as Tectonic. When considering an award of Options to an executive officer, consideration of the number of Options previously granted to the executive may be taken into account, however, the extent to which such prior grants remain subject to resale restrictions will generally not be a factor.

### **Hedging by Named Executive Officers or Directors**

The Company has no policy with respect to NEOs or directors purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### **Compensation Risks**

In making its compensation-related decisions, the Compensation Committee and Board carefully consider the risks implicitly or explicitly connected to such decisions. These risks include the risks associated with employing executives who are not world-class in their capabilities and experience, the risk of losing capable but under-compensated executives, and the financial risks connected to the Company's operations, of which executive compensation is an important part.



In adopting the compensation philosophy described above, the principal risks identified by the Company are:

- (a) that the Company will be forced to raise additional funding (causing dilution to Shareholders) in order to attract and retain the calibre of executive employees that it seeks; and
- (b) that the Company will have insufficient funding to achieve its objectives.

## DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

### Director and Named Executive Officer Compensation Excluding Compensation Securities

The following table sets forth all compensation earned by each of the Company's NEOs and directors during the financial year ended December 31, 2020.

Compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Antonio Reda</b> President, CEO and Director	2020	240,000	Nil	Nil	Nil	Nil	240,000
<b>Krysta Chapman</b> CFO and Corporate Secretary	2020	150,000	Nil	Nil	Nil	Nil	150,000
<b>Eric Buitenhuis</b> Vice President, Exploration	2020	150,000	Nil	Nil	Nil	Nil	150,000
<b>Mel Benson</b> Chair and Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
<b>Curt Freeman</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
<b>Allison Rippin Armstrong</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
<b>Michael Roper</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil

### Stock Options and Other Compensation Securities

There were no compensation securities granted or issued to the Company's NEOs and directors during the financial year ended December 31, 2020.

## Exercise of Options and Other Compensation Securities

As at the date of this Circular, there has been no exercise of Options or other compensation securities by any NEO or director of the Company.

## Stock Option Plans and Other Incentive Plans

### Option Plan

See “*Approval of Stock Option Plan – Summary of the Option Plan*” for a summary of the general terms and conditions of the Option Plan.

### Restricted Share Plan

On July 29, 2019, the Board adopted the Restricted Share Plan. The purpose of the Restricted Share Plan was to establish a vehicle by which equity-based incentives may be awarded to qualified directors, officers, employees and consultants to recognize and reward their ongoing significant contributions to the long-term success of the Company and to align those individuals’ interests more closely with the Shareholders’.

Pursuant to the terms of the Restricted Share Plan, no Restricted Shares may be granted once the securities of the Company are listed or quoted on an organized trading facility. **Accordingly, as of the date of the Company’s listing on the TSXV, the Company shall no longer grant Restricted Shares under the terms of the Restricted Share Plan.** As there are no further Restricted Shares issuable thereunder, the Restricted Share Plan does not, nor will it in future, require Shareholder approval.

Under the Restricted Share Plan, the Board had the authority to determine the terms and conditions of grants including, without limitation, (a) the number of Restricted Shares subject to a grant; (b) the applicable vesting period(s); (c) the vesting conditions, including terms relating to performance conditions and/or other vesting conditions and the performance period; (d) the circumstances upon which a Restricted Share shall be forfeited, cancelled or expire; (e) the consequences of a termination with respect to a Restricted Share; (f) the manner and time of the distribution of vested Restricted Shares; and (g) whether the terms upon which any Common Shares distributed upon the vesting of a Restricted Share must continue to be held by a participant for any specified period.

The eligible participants under the Restricted Share Plan are the directors, officers, employees and consultants of the Company (including any subsidiary of the Company) who, in the opinion of the Board, is in a position to contribute to the success of the Company. Pursuant to the Restricted Share Plan, the participant is not be permitted to sell, assign, transfer, pledge or otherwise encumber the Restricted Shares until the expiration of the applicable vesting period.

Subject to certain terms of a participant’s employment agreement with the Company, in the event that a participant’s employment is terminated by the Company or that Participant resigns, Restricted Shares that have been granted but not vested and distributed prior to the date of termination or resignation, as the case may be, shall not vest and shall be forfeited immediately.

As of November 8, 2019, the date of the Company’s listing on the TSXV, there were 2,575,000 Restricted Shares issued and outstanding, all granted to directors and officers of the Company and requiring two years of continuous employment to vest. All such Restricted Shares were granted with a deemed fair market value of \$0.35 per Restricted Share.

As of the date of this Circular, there are 2,150,000 Restricted Shares issued and outstanding, of which 967,500 Restricted Shares remain in escrow pursuant to the Escrow Agreement.

## Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out information on the Company’s equity compensation plans under which Common Shares are authorized for issuance as at December 31, 2020.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders <sup>(1)</sup>	Nil	Nil.	16,167,773
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	Nil	Nil	16,167,773

**Notes:**

(1) Option Plan approved by the Shareholders on May 21, 2020.

**Employment, Consulting and Management Agreements**

The Company's general compensation strategy for NEOs is discussed above under "Compensation Discussion and Analysis – Compensation Philosophy". During the most recently completed financial year, the significant terms of each NEOs employment agreement or arrangement were as follows:

Antonio Reda, President, Chief Executive Officer and Director

In the event of termination without cause, Mr. Reda is entitled to a lump sum payment equal to twelve months of salary plus one additional month of salary for each completed year of service, up to a maximum of 24 months. Assuming Mr. Reda's employment had been terminated by the Company without cause, effective December 31, 2020, the Company would have been required to make a payment to Mr. Reda in the aggregate amount of \$297,534 pursuant to the terms of his employment agreement.

Mr. Reda may terminate his employment with 60 days' advance notice. In the event of termination or resignation for good reason within twelve months subsequent to a change of control, Mr. Reda is entitled to a lump sum payment equal to two times his annual compensation, which includes his current salary plus the average of any bonuses paid to Mr. Reda within the last three years. Any termination or resignation following a change of control requires two months' notice. Assuming Mr. Reda's employment was terminated or he resigned during the most recently completed financial year following a change of control, the Company would have been required to make a payment to Mr. Reda in the aggregate amount of \$486,905 pursuant to the terms of his employment agreement.

In the event that Tectonic is no longer liquid and cannot pay its debts, Mr. Reda waives his entitlement to any lump sum payment beyond any amounts he is entitled to under the *Employment Standards Act* (British Columbia) due to termination without cause.

The employment agreement with Mr. Reda also contains a non-solicitation clause, which applies for six months after termination.

Krysta Chapman, Chief Financial Officer

In the event of termination without cause, Ms. Chapman was entitled to a lump sum payment equal to one month of salary plus one additional month of salary for each completed year of service, up to a maximum of four months. Assuming Ms. Chapman's employment had been terminated by the Company without cause, effective December 31, 2020, the Company would have been required to make a payment to Ms. Chapman in the aggregate amount of \$25,000 pursuant to the terms of her employment agreement.

Ms. Chapman was entitled to terminate her employment with 30 days' advance notice. Her employment agreement did not contain any change of control provisions.

#### Eric Buitenhuis, Vice President, Exploration

In the event of termination without cause, Mr. Buitenhuis is entitled to a lump sum payment equal to two weeks of salary for each completed year of service, up to a maximum of two months. Assuming Mr. Buitenhuis' employment had been terminated by the Company without cause, effective December 31, 2020, the Company would have been required to make a payment to Mr. Buitenhuis in the aggregate amount of \$18,965 pursuant to the terms of his employment agreement.

Mr. Buitenhuis may terminate his employment with 30 days' advance notice. His employment agreement does not contain any change of control provisions.

#### **External Management Companies**

The Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or directors and the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

#### **Pension Benefits**

The Company does not currently provide a pension to any NEO or director, nor does it currently anticipate having any deferred compensation plan or pension plan that provide for payments or benefits at, following or in connection with retirement.

#### **Indebtedness of Directors and Executive Officers**

None of the directors, executive officers or employees of the Company or former directors, executive officers or employees of the Company or its subsidiaries had any indebtedness outstanding to the Company or any of the subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the subsidiaries as at the date hereof. Additionally, no individual who is, or at any time during the Company's last financial year was, a director or executive officer of the Company, proposed management nominee for director of the Company or associate of any such director, executive officer or proposed nominee is as at the date hereof, or at any time since the beginning of the Company's last financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including indebtedness for security purchase or any other programs.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as disclosed herein, none of the directors or executive officers of the Company, no Director Nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

#### **MANAGEMENT CONTRACTS**

No management functions of the Company are to any substantial degree performed other than by the directors and executive officers of the Company.

## STATEMENT ON CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company. The Company's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at meetings held as required.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company's approach to corporate governance is set forth below.

### **Board of Directors**

The Board is composed of five directors, three of whom qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with Tectonic, as defined in National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of the directors, Mel Benson, Michael Roper and Allison Rippin Armstrong are considered independent for the purposes of NI 58-101. Antonio Reda, as President and CEO of the Company, is not considered independent for the purposes of NI 58-101. Curt Freeman is not considered independent for the purposes of NI 58-101 as a company of which he is an officer received compensatory fees during the year ended December 31, 2019 for exploration services provided to the Company.

### **Directorships**

The following table sets out the directors of the Company that currently serve on the boards of directors of other reporting issuers in Canada.

<u>Director</u>	<u>Reporting Issuer</u>
Mel Benson	Winalta Inc. Pan-Global Energy Ltd.
Antonio Reda	Kootenay Silver Inc.

The Board has determined that these concurrent directorships do not adversely impact the effectiveness of Mr. Benson and Mr. Reda on the Board or create any potential for conflicts of interest.

### **Mandate of the Board**

The Board assumes responsibility for the stewardship of the Company and the enhancement of shareholder value. Pursuant to the mandate of the Board (the "**Board Mandate**") the Board is responsible for:

- (a) adopting a strategic plan for the Company and reviewing the plan in light of management's assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products;

- (b) ensuring that the risk management of the Company is prudently addressed;
- (c) reviewing the Company's approach to human resource management and overseeing succession planning for management;
- (d) reviewing the Company's approach to corporate governance, including an evaluation of the adequacy of the mandate of the Board, director independence standards and compliance with the Company's Code of Business Conduct and Ethics; and
- (e) upholding a comprehensive policy for communications with shareholders and the public at large.

The frequency of meetings of the Board and the nature of agenda items may change from year to year, depending upon the activities of Tectonic. The Board intends to meet at least annually, and at each meeting there is a review of the business of Tectonic.

The Board of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board being held to obtain an update on significant corporate activities and plans, both with and without members of the Company's management being in attendance.

The Board Mandate is attached as Schedule "B".

### **Orientation and Education**

Each new director participates in the Company's initial orientation program and each director participates in the Company's continuing director development programs. The Board reviews the Company's initial orientation program and continuing director development programs. Tectonic provides new directors copies of relevant financial, technical, geological and other information regarding its properties and meetings with management. Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records.

### **Ethical Business Conduct**

Tectonic has adopted a written Code of Business Conduct and Ethics, which emphasizes the importance of matters relating to honest and ethical conduct, conflicts of interest, confidentiality of corporate information, protection and proper use of corporate assets and opportunities, compliance with applicable laws, rules and regulations and the reporting of any illegal or unethical behaviour.

### **Nomination of Directors**

The Nominating and Corporate Governance Committee is comprised of Allison Rippin Armstrong (Chair), Mel Benson and Antonio Reda. In consultation with the Chair, the Nominating and Corporate Governance Committee identifies and recommends to the Board potential nominees for election or re-election to the Board as well as individual directors to serve as members and chairs of each committee. The Nominating and Corporate Governance Committee establishes and reviews with the Board the appropriate skills and characteristics required of members of the Board, taking into consideration the Board's short-term needs and long-term succession plans. In addition, the Nominating and Corporate Governance Committee develops, and annually updates, a long-term plan for the Board's composition, taking into consideration the

characteristics of independence, age, skills, experience and availability of service to the Company of its members, as well as opportunities, risks, and strategic direction of the Company.

### **Compensation**

Compensation matters are currently determined by the Board upon the recommendation of the Compensation Committee. See "Compensation Committee".

### **Other Board Committees**

The Board has no committees, other than the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

### **Assessments**

The Nominating and Corporate Governance Committee is responsible for establishing criteria for, and annually implementing, an evaluation process for the Board, the Chair, each committee of the Board, and individual directors in order to assess the effectiveness of the Board as a whole, the Chair, each committee and the contribution of individual directors. The Board reviews and assesses the adequacy of its mandate on, at a minimum, an annual basis to ensure compliance with any rules or regulations promulgated by any regulatory body.

## **AUDIT COMMITTEE**

The Audit Committee is comprised of Michael Roper (Chair), Mel Benson and Allison Rippin Armstrong, all of whom are "financially literate" and independent as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

The Audit Committee assists the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditors of the Company report directly to the Audit Committee. The Audit Committee's principal responsibilities include (i) recommending the external auditor to be nominated for the purpose of audit, review or attest services for the Company, (ii) recommending the compensation of the external auditor, (iii) overseeing the work of the external auditor in performing audit, review or attest services for the Company, (iv) reviewing the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information, and (v) establishing procedures for addressing complaints or concerns regarding accounting, internal control or auditing matters.

### **Relevant Education and Experience**

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

### Michael Roper, Chair

Mr. Roper has experience with accounting principles, corporate financing reporting, budgeting and accruals and provisions, as well as, supporting the preparation, auditing and evaluation of financial statements related to corporate accounting requirements, for various junior mining companies, including adherence to internal corporate controls and procedures with respect to financial reporting requirements. Based on his experience, Mr. Roper has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable him to discharge his duties as an audit committee member.

### Mel Benson

Mr. Benson has been involved in publicly traded companies and has served on the audit committee for several public companies, including Suncor. Mr. Benson is very familiar with managing junior listed companies, including financing and compliance with reporting requirements. Mr. Benson has served on a number of publicly traded companies internal and operational audit teams and has experience with managing various operational and reporting requirements, including the reporting of internal financial reporting requirements and economic projections. Based on his experience, Mr. Benson has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable him to discharge his duties as an audit committee member.

### Allison Rippin Armstrong

Ms. Armstrong has various experience with budgeting, economic assessments, and financial reporting through roles at various private and publicly traded companies. Ms. Armstrong is familiar with managing junior mining companies, including financing and compliance with reporting requirements. Based on her experience, Ms. Armstrong has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable her to discharge her duties as an audit committee member.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

The Company may rely upon the exemption provided by section 6.1 of NI 52-110, pursuant to which the Company is not required to comply with Part 5 (Reporting Obligations) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee is responsible for the pre-approval of all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor or the external auditor of the subsidiaries, unless such pre-approval is otherwise appropriately delegated by the Audit Committee, or if the Audit Committee adopts appropriate policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees by Category**

The fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries (if any) were as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees<sup>(1)</sup></u>	<u>Tax Fees<sup>(2)</sup></u>	<u>All Other Fees<sup>(3)</sup></u>
December 31, 2020	\$29,860	\$18,220	Nil	\$4,049
December 31, 2019	\$67,958	Nil	Nil	Nil



**Notes:**

- (1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

## **COMPENSATION COMMITTEE**

The Compensation Committee is comprised of Mel Benson (Chair), Michael Roper and Antonio Reda. Mr. Benson and Mr. Roper are considered “independent” and Mr. Reda, as President and CEO of the Company, is not considered “independent”, pursuant to NI 52-110. The responsibilities, powers and operation of the Compensation Committee are set out in the committee charter.

As described in its charter, the Compensation Committee is responsible for, among other things, the following matters:

- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and other executive officers (including NEOs), evaluating the performance of the CEO and the other executive officers in light of those goals and objectives and approving their annual compensation levels, including salaries, bonuses, and stock option grants based on such evaluation; and
- reviewing the compensation of directors for service on the Board and its committees and recommending to the Board the annual Board member compensation package, including retainer, committee member and chair retainers, Board and committee meeting attendance fees and any other form of compensation, such as stock option grants or stock awards.

While the Board is ultimately responsible for determining all forms of compensation to be awarded to the CEO, other executive officers and directors, the Compensation Committee will when appropriate review the Company’s compensation philosophy, policies, plans and guidelines and recommend any changes to the Board.

**AVAILABLE INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements and MD&A for its most recently completed financial year.

Shareholders of the Company may request copies of the Company's financial statements and MD&A by contacting Xavier Wenzel, Chief Financial Officer of the Company, at [info@tectonicmetals.com](mailto:info@tectonicmetals.com).

\* \* \* \* \*

**DIRECTORS' APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

DATED the 1<sup>st</sup> day of September, 2021.

Vancouver, BC

(s) "*Antonio Reda*"

ANTONIO REDA  
President, CEO and Director

**SCHEDULE “A”**

**TECTONIC METALS INC.**

**AMENDED AND RESTATED EQUITY INCENTIVE PLAN**

**PART I – GENERAL PROVISIONS**

**ARTICLE 1  
PURPOSE**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Eligible Persons. The Board may award Options and/or Share Units to Eligible Persons from time to time to recognize their contributions, incentivize and align their interests with the long-term goals of the Company, and to enable and encourage such Eligible Persons to acquire Common Shares as long-term investments (as such terms are defined below).

**ARTICLE 2  
DEFINITIONS AND INTERPRETATION**

**2.1 Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) **“Affiliate”** has the meaning ascribed to it in the policy manual of the TSXV.
- (b) **“Administrator”** means such director, senior officer or employee of the Company as may be designated as Administrator by the Board from time to time.
- (c) **“Award Date”** means the date on which the Board awards a particular Option or Share Unit, or such other effective award date determined by the Board.
- (d) **“Blackout Period”** means a period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any holder of a Grant.
- (e) **“Board”** means the board of directors of the Company.
- (f) **“Cause”** means:
  - (i) Cause as such term is defined in the written employment agreement between the Company and the Participant; or
  - (ii) in the event there is no written employment agreement between the Company and the Participant or Cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the Participant is employed.
- (g) **“Code”** means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.

- (h) **“Common Share”** or **“Common Shares”** means, as the case may be, one or more common shares in the capital of the Company.
- (i) **“Consultant”** means an individual or a consultant company, other than an Employee or a Director, that:
  - (i) is engaged to provide services on a *bona fide* basis to the Company or an Affiliate, other than services provided in relation to a distribution of securities of the Company or an Affiliate;
  - (ii) provides the services under a written contract with the Company or an Affiliate;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention to the affairs and business of the Company or an Affiliate; and
  - (iv) has a relationship with the Company or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Company.

For the purposes of this definition, **“consultant company”** means, with respect to an individual consultant, either (i) a company of which the individual consultant is an employee or shareholder; or (ii) a partnership of which the individual consultant is an employee or partner.

- (j) **“Company”** means Tectonic Metals Inc., a company incorporated under the laws of British Columbia.
- (k) **“Director”** means a director of the Company, or a director of an Affiliate of the Company.
- (l) **“Disability”** means:
  - (i) subject to (ii) below, a Participant’s physical or mental incapacity that cannot be accommodated and that prevents him or her from substantially fulfilling his or her responsibilities on behalf of the Company or, if applicable, an Affiliate as determined by the Board, for 180 calendar days, whether or not consecutive, out of any 12 consecutive months; or
  - (ii) where a Participant has a written employment agreement with the Company or an Affiliate, **“Disability”** as defined in such employment agreement, if applicable.
- (m) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by the Company’s shareholders at a duly constituted shareholders meeting, excluding votes attached to the Common Shares beneficially owned by Insiders to whom Options or Share Units may be granted under the Plan and their associates and affiliates.
- (n) **“Eligible Person”** means a Director, Officer, Employee and Consultant, who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Company.
- (o) **“Employee”** means an individual who is considered an employee of the Company or its subsidiaries under the Income Tax Act (Canada). An individual who is not actively rendering services to the Company or its subsidiaries due to vacation, temporary illness, maternity or parental leave or leave on account of Disability or other authorized leave of absence (provided, in the case of a US Taxpayer, that the Participant has not incurred a

“Separation From Service”, within the meaning of Section 409A of the Code). “**Employed**” and “**Employment**” have the corresponding meaning.

- (p) “**Exercise Notice**” means the notice respecting the exercise of an Option, in the form attached hereto, duly executed by the Participant.
- (q) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.
- (r) “**Exercise Price**” means the price at which an Option may be exercised as determined in accordance with Section 8.3.
- (s) “**Expiry Date**” means the date determined in accordance with Section 8.2 and after which a particular Option cannot be exercised.
- (t) “**Grant**” means a grant or right granted under the Plan consisting of one or more Options, RSUs or PSUs, or such other award as may be permitted hereunder.
- (u) “**Grant Agreement**” means an agreement between the Company and a Participant evidencing a Grant of RSUs or PSUs and setting out the terms under which such Grant is made, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.
- (v) “**Grant Value**” means the dollar amount allocated to an Eligible Person in respect of a Grant of Share Units.
- (w) “**Guardian**” means the guardian, if any, appointed for a Participant.
- (x) “**Insider**” has the meaning ascribed to it in the policy manual of the TSXV.
- (y) “**Investor Relations Activities**” has the meaning ascribed to it in the policy manual of the TSXV.
- (z) “**Market Value**” means the fair market value of the Common Shares on a particular date calculated as follows:
  - (i) if the Common Shares are listed on the TSXV or one or more alternative organized trading facilities, the Market Value will be the closing trading price of the Common Shares on the last trading day immediately preceding the Award Date or such other date of determination; and
  - (ii) if the Common Shares are not listed on any organized trading facility, then the Market Value will be, subject to the necessary approvals of the applicable Regulatory Authorities, such value as is determined by the Board.

Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities as would apply to the Award Date in question.

- (aa) “**Officer**” means any individual who is serving as a duly appointed officer of the Company.
- (bb) “**Option**” means an option to acquire Common Shares, awarded to an Eligible Person under the Plan.

- (cc) **“Option Certificate”** means the certificate, in the form attached hereto, evidencing an Option.
- (dd) **“Other Securityholders”** has the meaning given to that term under section 8.2(d).
- (ee) **“Participant”** means an Eligible Person to whom a Grant is made and which Grant or a portion thereof remains outstanding.
- (ff) **“Performance Conditions”** means such financial, personal, operational or transaction-based performance criteria as may be determined by the Board in respect of a Grant of PSUs to any Participant and set out in a Grant Agreement. Performance Conditions may apply to the Company, an Affiliate, the Company and Affiliates as a whole, a business unit of the Company or group comprised of the Company and some Affiliates or a group of Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target or milestone, pre-established target or milestone, to previous years’ results or to a designated comparator group, or otherwise, and may incorporate multipliers or adjustments based on the achievement of any such performance criteria.
- (gg) **“Performance Share Unit”** or “PSU” means a right granted to an Eligible Person to receive a Common Share or a cash payment equal to the Market Price of a Common Share, as determined by the Board, that generally becomes Vested after satisfying certain Performance Conditions.
- (hh) **“Person”** means any individual, partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, trust, trustee, executor, administrator, or other legal personal representatives, regulatory body or agency, government or governmental agency, authority or entity howsoever designated or constituted.
- (ii) **“Plan”** means this Tectonic Metals Inc. Equity Incentive Plan, including any schedules or appendices hereto, as may be amended from time to time.
- (jj) **“Restricted Share Unit”** or “RSU” means a right granted to an Eligible Person to receive a Common Share or a cash payment equal to the Market Price of a Common Share, as determined by the Board, that generally becomes Vested after satisfying Time Vesting Conditions.
- (kk) **“Purchase Offer”** has the meaning given to that term under section 8.2(d).
- (ll) **“Purchaser”** has the meaning given to that term under section 8.2(d).
- (mm) **“Qualified Successor”** means a Person who is entitled to ownership of an Option or Share Unit upon the death of a Participant, pursuant to a will or the applicable laws of descent and distribution upon death.
- (nn) **“Regulatory Authorities”** or **“Regulatory Authority”** means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company.
- (oo) **“Selling Shareholders”** has the meaning given to that term under section 8.2(d).
- (pp) **“Share”** or **“Shares”** means, as the case may be, one or more Common Shares or shares of any other class in the share capital of the Company from time to time.

- (qq) **“Share Unit”** means either an RSU or a PSU, as the context requires.
- (rr) **“Share Unit Account”** has the meaning set out in Section 11.1.
- (ss) **“Termination Date”** means:
  - (i) in the case of an Employee, the date on which the Employee ceases to render services with the Company or an Affiliate for any reason, whether lawful or otherwise (including, without limitation, by reason of resignation, retirement, death, frustration of contract, termination for cause, termination without cause, Disability or constructive dismissal), without giving effect to any pay in lieu of notice (paid by way of lump sum or salary continuance), severance pay, benefits continuance, or other termination related payments or benefits to which an Employee may be entitled pursuant to the common law or otherwise (except as may be required to satisfy the minimum requirements of applicable employment or labour standards legislation). For greater certainty, an Employee shall not cease to be Employed with the Company or an affiliate during a period of vacation, temporary illness, maternity or parental leave, or any other authorized leave of absence; provided, in each case, that, in the case of a US Taxpayer, the termination constitutes a “Separation From Service”, within the meaning of Section 409A of the Code; or
  - (ii) in the case of a Director, the date on which the Director ceases to hold office; or
  - (iii) in the case of a Consultant, the date that is designated by the Company or an Affiliate or by the Consultant as the case may be, in a written notice of termination as the date on which the Participant’s consulting agreement or arrangement is terminated for any reason.
- (tt) **“Time Vesting”** means any conditions relating to the passage of time or continued service with the Company for a period of time in respect of a Grant, as may be determined by the Board.
- (uu) **“TSXV”** means the TSX Venture Exchange.
- (vv) **“US Taxpayer”** means an individual who is subject to tax under the Code in respect of any Grants, amounts payable or Shares deliverable under this Plan.
- (ww) **“Valuation Date”** means the date as of which the Market Price is determined for purposes of calculating the number of Share Units included in a Grant, which unless otherwise determined by the Board shall be the Award Date.
- (xx) **“Vested”** means, with respect to any Option, Share Unit, or other award included in a Grant, that the applicable conditions with respect to Time Vesting, achievement of Performance Conditions and/or any other conditions established by the Board have been satisfied or, to the extent permitted under the Plan, waived (and any applicable derivative term shall be construed accordingly).
- (yy) **“Vesting Date”** means, with respect to a Grant of Share Units, the date on which a Share Unit becomes or can become Vested.

## 2.2 Choice of Law

The Plan and any Grants pursuant to the Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and with respect to Participants who are US Taxpayers, with the Code and applicable federal laws of the US. The Board

may provide that any dispute to any Grant shall be presented and determined in such forum as the Board may specify, including through binding arbitration. Any reference in the Plan, in any Option Certificate or Grant Agreement issued pursuant to the Plan or in any other agreement or document relating to the Plan to a provision of law or rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability. To the extent applicable, with respect to Participants who are US Taxpayers, this Plan shall be interpreted in accordance with the requirements of Code Sections 409A and the regulations, notices, and other guidance of general applicability issued thereunder.

### **2.3 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## **ARTICLE 3 PARTICIPATION**

### **3.1 Participation**

The Board may, from time to time and in its sole discretion determine those Eligible Persons, if any, to whom Grants are to be awarded.

### **3.2 Notification of Award**

Following the approval by the Board of the awarding of a Grant, the Administrator will notify the Participant in writing of the award and enclose with such notice the Option Certificate or Grant Agreement, as applicable, representing the Option or Share Unit so awarded.

### **3.3 Copy of Plan**

Each Participant, concurrently with the notice of the award of the Grant, will be provided with a copy of the Plan. Notice of any amendment to the Plan affecting any outstanding Grant will be promptly provided by the Administrator to each Participant.

### **3.4 Limitations**

The Plan does not give any Participant that is a Director or Officer the right to serve or continue to serve as a Director or Officer of the Company nor does it give any Participant that is an Employee the right to be or to continue to be employed with the Company, nor does it give any Participant that is a Consultant the right to have a consulting relationship with the Company or provide services to the Company.

If and for so long as the Common Shares are listed on the TSXV, an Eligible Person whose role and duties primarily consist of Investor Relations Activities shall only be entitled to receive Grants of Options, and no Grant of Share Units or such other award as may be permitted hereunder shall be made to any Eligible Person whose role and duties primarily consist of Investor Relations Activities.

## **ARTICLE 4 TAX WITHHOLDING**

So as to ensure that the Company will be able to comply with the applicable obligations under any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Company shall withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary to permit the Company to so comply. The Company may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Company may determine in its sole discretion, including by requiring the Participant to (a) cause a broker to sell on such Participant's behalf, any Shares acquired under the Plan, and retain any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale and to remit such amount



directly to the Company, or (b) requiring, as a condition to the delivery of Shares hereunder, that such Participant make such arrangements as the Company may require so that the Company can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Company in advance, or reimburse the Company for, any such withholding obligations.

## **ARTICLE 5 ADMINISTRATION**

### **5.1 Administration**

The Plan will be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such policies not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such policies will form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Company such administrative duties and powers as it may see fit.

### **5.2 Interpretation**

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Participant. No member of the Board or any person acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **ARTICLE 6 TERMS AND CONDITIONS OF GRANTS**

### **6.1 Board to Issue Common Shares**

The Common Shares to be issued to Participants in connection with Grants made under the Plan will be authorized and unissued Common Shares, the issuance of which will have been authorized by the Board.

### **6.2 Share Reserve**

- (a) Subject to the limits set out in section 6.2(b), (c) and (d), and to adjustment as provided for in section 7.10 of the Plan, the number of Common Shares that will be available for Eligible Persons to acquire pursuant to Grants made under the Plan will not at any time exceed 10% of the Company's then outstanding Common Shares, inclusive of all Common Shares presently reserved for issuance pursuant to previously granted stock options.
- (b) Notwithstanding section 6.2(a), the maximum number of Common Shares issuable pursuant to Grants of Share Units under the Plan shall not exceed 8,100,000 Common Shares, unless Disinterested Shareholder Approval is obtained in accordance with Section 7.3 hereof.
- (c) If, and for so long as, the Common Shares are listed on the TSXV, the number of Shares reserved for issuance under the Plan and all of the Company's other previously established or proposed share compensation arrangements:
  - (i) in aggregate shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis on the Award Date; and
  - (ii) to any one Participant within a 12 month period shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis.

- (d) If, and for so long as, the Common Shares are listed on the TSXV, the number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:
  - (i) to any one Person, shall be no more than 5% of the issued and outstanding share capital of the Company, with the exception of a Consultant who may not receive grants of more than 2% of the issued and outstanding share capital of the Company; and
  - (ii) in respect of Options granted to Persons employed to conduct Investor Relations Activities, shall be no more than an aggregate of 2% of the number of issued and outstanding Common Shares in the capital of the Company at any one time.
- (e) For purposes of computing the total number of Shares available for grant under the Plan or the Company's other previously established or proposed share compensation arrangements, Shares subject to any Grant (or any portion thereof) that are forfeited, surrendered, cancelled or otherwise terminated, prior to the issuance of such Shares shall again be available for grant under the Plan.

## **ARTICLE 7 AMENDMENT, TERMINATION AND NOTICE**

### **7.1 Prospective Amendment**

Subject to Section 7.3, the Board may, from time to time and in accordance with any third party obligations of the Company, amend the Plan and the terms and conditions of any Grant thereafter to be made and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Grant or the Common Shares, or for any other purpose which may be permitted by all relevant laws, regulations, rules and policies provided always that any such amendment (with the exception of an amendment pursuant to section 8.2(d)) will not alter the terms or conditions of any Grant or impair any right of any Participant pursuant to any Grant awarded prior to such amendment.

### **7.2 Retrospective Amendment**

Subject to Section 7.3, the Board may from time to time retrospectively amend the Plan and, with the consent of the affected Participants, retrospectively amend the terms and conditions of any Grants which have been previously granted.

### **7.3 Termination and Amendment**

Notwithstanding Section 7.1, 7.2 and 7.6, and if for so long as the Common Shares are listed on the TSXV, the Plan can only be terminated or amended in accordance with the terms of this Section 7.3.

#### **(a) Power of the Board to Terminate or Amend Plan**

Subject to the acceptance of the TSXV and any other applicable Regulatory Authorities and the requirements of the policy manual of the TSXV and any other applicable Regulatory Authority, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Sections 9.1 and 12.3 hereof, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval by the affirmative votes of the holders of a majority of the voting securities of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable corporate laws, and, where required, by way of Disinterested Shareholder Approval:

- (i) increase the maximum number of Common Shares that may be reserved under the Plan for issuance (other than pursuant to Section 7.10 and Section 8.6);
- (ii) place limitations under the Plan on the number of Options and Share Units that may be granted to any one Person or any category of Persons;
- (iii) reduce the exercise price of Options, except as set forth in Section 7.10;
- (iv) grant to Insiders, within a 12 month period, an aggregate number of Options and Share Units exceeding 10% of the Company's issued Common Shares, calculated at the date the Grant is made to the Insider;
- (v) issue to any one Participant, within a 12 month period, a number of Common Shares exceeding 5% of the Company's Common Shares;
- (vi) reserve for issuance Common Shares under the Plan and all of the Company's other security based compensation arrangements in existence from time to time on and after the effective date of the Plan, where such reservation could result in the aggregate number of Common Shares granted to Insiders exceeding 10% of the Company's issued Common Shares;
- (vii) materially modify the requirements as to eligibility for participation in the Plan;
- (viii) materially increase the benefits accruing to participants under the Plan;
- (ix) modify the method for determining the exercise price of the Options;
- (x) modify the maximum term of any Grant made under the Plan, except pursuant to Section 9.1 and Section 12.3;
- (xi) modify the expiry and termination provisions applicable to Options and Share Units;
- (xii) expand the types of awards which may be granted under the Plan;
- (xiii) extend the duration of the Plan; or
- (xiv) modify the provisions of this Section 7.3.

however, the Board may, without shareholder approval:

- (xv) make any amendment of a typographical, grammatical, clerical or administrative nature or clarification correcting or rectifying any ambiguity, immaterial inconsistency, defective provision, mistake, or error or omission in this Plan or any Grant;
- (xvi) make any addition to, deletion from or alteration of the provisions of this Plan or any Grant that are necessary to comply with applicable law or the requirements of any regulatory or governmental agency or applicable stock exchange and to avoid unanticipated consequences deemed by the Board to be inconsistent with the purpose of this Plan; or
- (xvii) make any amendments to clarify existing provisions of this Plan or any Grant provided that such changes do not have the effect of altering the scope, nature and intent of this Plan or any Grant.

(b) No Grant During Suspension of Plan

No Grant may be made during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Participant, alter or impair any rights or obligations under any Grant previously made.

**7.4 Approvals**

The Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities. If, and for so long as, the Common Shares are listed on the TSXV, the provisions of the Plan are and will be subject to the relevant policies of the TSXV.

**7.5 Termination**

Subject to 7.3, the Board may terminate the Plan at any time provided that such termination will not alter the terms or conditions of any Grant or impair any right of any Participant pursuant to any Grant awarded prior to the date of such termination which will continue to be governed by the provisions of the Plan.

**7.6 Agreement**

The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

**7.7 Agreement**

The Company and every Grant awarded hereunder will be bound by and subject to the terms and conditions of the Plan. By accepting a Grant awarded hereunder, the Participant has expressly agreed with the Company to be bound by the terms and conditions of the Plan.

**7.8 Notice**

Any notice or other communication contemplated under the Plan to be given by the Company to a Participant will be given by the Company delivering or faxing the notice to the Participant at the last address for the Participant in the Company's records. Any such notice will be deemed to have been given on the date on which it was delivered, or in the case of fax, the next business day after transmission. A Participant may, at any time, advise the Company of a change in the Participant's address or fax number.

**7.9 Change of Control**

If the Company proposes to amalgamate, merge or consolidate with any other corporation (otherwise than pursuant to an internal corporate reorganization that would not affect control of the Company) or to liquidate, dissolve or wind-up, or in connection with any proposed sale or conveyance of all or substantially all of the property or assets of the Company or any proposed offer to acquire all of the outstanding Common Shares or any other proposed transaction involving the Company (in each case, a "**Change of Control**"), the Board may, in its discretion, permit and authorize the accelerated vesting and early exercise of all or any portion of the then outstanding Grants in connection with the completion of such Change of Control.

**7.10 Adjustments**

Notwithstanding any other provision of the Plan, except Section 7.11, and subject to applicable law, in the event of any change in the Shares by reason of any dividend (other than dividends in the ordinary course), split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other relevant changes to the authorized or issued capital of the Company, if the Board shall determine that an equitable adjustment should be made, such adjustment shall, subject to applicable law, be made by the Board to (i) the number

of Shares subject to the Plan; (ii) the securities into which the Shares are changed or are convertible or exchangeable; (iii) any Options then outstanding; (iv) the Exercise Price, as appropriate in respect of such Options; and/or (v) with respect to the number of Share Units outstanding under the Plan, and any such adjustment shall be conclusive and binding for all purposes of the Plan.

#### **7.11 Fractional Shares**

The Company shall not be required to issue fractional Common Shares in satisfaction of its obligations under the Plan. Any fractional interest in a Common Share that would, except for the provisions of this Section 7.11, be deliverable upon the exercise of any Option shall be cancelled and not be deliverable by the Company.

## PART II – OPTIONS

### ARTICLE 8 TERMS AND CONDITIONS OF OPTIONS

#### 8.1 Option Details

The Board may, from time to time, make one or more Grants of Options to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine. Subject to the provisions of this Plan, the Board shall specify the following terms of the Option in the Option Certificate, which terms shall include the following:

- (a) the Award Date;
- (b) the number of Options granted;
- (c) the Exercise Price, provided that the Exercise Price shall not be less than the Market Value;
- (d) any vesting schedule contained in the Option Certificate upon which the exercise of an Option is contingent;
- (e) subject to Section 8.5, the term of the Option, provided that the Exercise Period shall in no event be greater than ten (10) years following the Award Date; however, if the Exercise Period is terminated during a Blackout Period, the Exercise Period shall be extended to the date that is ten (10) business days following the end of such Blackout Period (the "**Extension Period**"), provided that, notwithstanding the foregoing, the Exercise Period shall not be extended if the Participant holding such Option is a US Taxpayer;
- (f) if the Participant in respect of an Option grant is an Employee or Consultant, a representation by the Company that the Participant is a bona fide Employee or Consultant; and
- (g) such other terms and conditions as the Board deems advisable and are consistent with the purposes of this Plan.

A Participant may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.

#### 8.2 Termination

To the extent not earlier exercised or terminated in accordance with Section 8.5 hereof, the Expiry Date of an Option will be the earlier of the following dates:

- (a) Fixed Expiry Date

The fixed expiry date specified for such Option in the Option Certificate; provided that, if the expiry date occurs during a Blackout Period, such expiry date shall be extended to the date that is ten (10) business days following the end of such Blackout Period; provided further that, notwithstanding the foregoing, an expiry date falling within a Blackout Period shall not be extended if the Participant holding such Option is a US Taxpayer.

- (b) Without Cause Termination

Unless determined otherwise by the Board, where the Participant's position as a Director,

Officer, Employee, or Consultant of the Company or any Affiliate terminates for a reason other than the Participant's Disability, death, or termination for Cause, (i) Options that have not vested as at the Termination Date terminate and expire on the Termination Date, and (ii) Options that have vested as at such Termination Date, shall be exercisable for 90 days after the Termination Date and then expire;

provided that if a Participant's position with the Company changes from one of the said categories to another category, such change shall not constitute termination for the purpose of this Section 8.2.

(c) For Cause Termination

If the Participant's employment is terminated for Cause or the Participant's consulting agreement is terminated for cause, all outstanding Options expire on the Termination Date.

(d) Substantial Sale

(i) If Shareholders holding Shares representing at least 66 2/3% of the outstanding Shares (the "**Selling Shareholders**") irrevocably agree to transfer to one or more Persons acting as principal and who is or are independent of the Selling Shareholders (a "**Purchaser**") all or some portion of the Shares held or beneficially owned by the Selling Shareholders pursuant to a bona fide offer (a "**Purchase Offer**") from or with the Purchaser, which Purchase Offer is approved by the Board, the Selling Shareholders shall have the right, but not the obligation, to require each of the other holders or beneficial owners of Shares (the "**Other Securityholders**") to sell the same proportion of Shares beneficially owned by such Other Securityholders to the Purchaser. If the Purchaser offers to purchase any Shares underlying the outstanding Options or requires that there be no Options outstanding following completion of the transactions contemplated in the Purchase Offer, then the Company may, in its sole discretion, deliver a notice to the Participant requiring the exercise of the vested portion of such Options and the sale of the Shares received on exercise to the Purchaser.

(ii) If the Purchaser offers to buy the Shares underlying the Options of a Participant and the Participant does not exercise the vested portion of the Options and sell the Shares received to the Purchaser as contemplated above, then that Participant's Options will expire, terminate, and be cancelled on completion the transaction contemplated in the Purchase Offer.

Notwithstanding anything else contained in the Plan and subject to any necessary approval from the Company's shareholders and the Regulatory Authorities, the Board may in its discretion (a) extend the Expiry Date of any Option, provided that in no case will an Option be exercisable later than the tenth anniversary of the Award Date of the Option; or (b) accelerate the expiry or vesting terms applicable to an Option. A Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any Options that do not become Vested, that have been forfeited, or that are not exercised before the date on which the Options expire, whether related or attributable to any contractual or common law termination entitlements or otherwise.

### 8.3 Exercise Price

The price at which a Participant may purchase a Common Share upon the exercise of an Option will be as set forth in the Option Certificate issued in respect of such Option and in any event will not be less than the Market Value of the Common Shares as of the Award Date.

#### **8.4 Additional Terms**

Subject to all applicable securities laws and regulations and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) subject to Section 8.1(e), providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events other than as provided for herein; and
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a friendly or hostile takeover bid for the Company.

#### **8.5 Assignment of Options**

Subject to this Section 8.5, Options may not be assigned or transferred.

(a) Death of Participant

If the employment of a Participant as an Employee or Consultant of the Company or any Affiliate, or the position of a Participant as a Director or Officer of the Company or any Affiliate, terminates as a result of his or her death, any Options held by such Participant shall pass to the Qualified Successor of the Participant, and shall continue to vest be exercisable by the Qualified Successor for a period of 1 year following such death, provided that in no case shall the Exercise Period of the Option extend beyond ten years from the Award Date. All unexercised Options shall expire on the first anniversary of the Participant's death.

(b) Disability of Participant

If the employment of a Participant as an Employee or Consultant of the Company or any Affiliate, or the position of a Participant as a Director or Officer of the Company or any Affiliate, is terminated by the Company or any Affiliate by reason of such Participant's Disability, any Vested Option held by such Participant that could have been exercised immediately prior to the Participant's Termination Date shall be exercisable by such Participant, or by his or her Guardian, for a period of 1 year following the Termination Date of such Participant. All unexercised Vested Options shall expire on the first anniversary of the termination of service. All unvested Options shall expire on the Termination Date.

(c) Disability and Death of Participant

If a Participant who has ceased to be employed by the Company or any Affiliate by reason of such Participant's Disability dies within 30 days after the termination of such employment, any Option held by such Participant that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Participant, and shall be exercisable by the Qualified Successor for a period of 1 year following the death of such Participant, provided that in no case shall the Exercise Period of the Option extend beyond ten years from the Award Date.



(d) Deemed Non-Interruption of Employment

Employment shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Participant's right to reemployment with the Company or any Affiliate is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Participant's reemployment is not so guaranteed, then his or her employment shall be deemed to have terminated on the ninety-first day of such leave.

**8.6 Effect of a Take-Over Bid**

If a bona fide offer (the "Offer") for Common Shares is made to Participant or to shareholders generally or to a class of shareholders which includes the Participant, which Offer constitutes a take-over bid within the meaning of Section 92 of the *Securities Act* (British Columbia), as amended from time to time, the Company shall, immediately upon receipt of notice of the Offer, notify each Participant of full particulars of the Offer, whereupon any Vested Option held by a Participant may, conditional on completion of the Offer, be exercised in whole or in part by the Participant so as to permit the Participant to tender the Common Shares received upon such exercise to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Shares to be tendered by the Participant pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Options or, in the case of clause (b) above, the portion of the Options for which the underlying Shares would not be taken up, shall not have been exercised and the Company shall refund the Exercise Price to the Participant for such Options.

**8.7 Acceleration of Expiry Date**

If at any time when an Option granted under the Plan remains unexercised with respect to any unissued Shares, an Offer is made by an offeror, the Board may, upon notifying each Participant of full particulars of the Offer, declare all Options granted under the Plan, vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Common Shares must be tendered pursuant to the Offer. The Directors shall give each Participant reasonable notice of the acceleration of the Options under this section, except that not less than 5 business days' notice is required and more than 30 days' notice is not required.

**8.8 Option Grant and Vesting Terms**

Unless otherwise determined by the Board in accordance with the terms and conditions of this Plan, Options will be granted by the Board. The Board may determine and impose terms upon which each Option shall become vested, provided that, if the Common Shares are listed on the TSXV, Options granted to Persons employed to conduct Investor Relations Activities, must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period.

## **ARTICLE 9 EXERCISE OF OPTION**

### **9.1 Exercise of Option**

An Option may be exercised only by the Participant or the Guardian of the Participant. A Participant or the Guardian of the Participant may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to "**Tectonic Metals Inc.**" in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option. An Option may only be exercised if the Participant has made arrangements with the Company to satisfy any withholding tax obligations, pursuant to Article 4.

In the event that the Expiry Date of an Option falls during, or within five (5) trading days of, a trading blackout period imposed by the Company (the "**Blackout Period**"), the Expiry Date of such Option shall automatically be extended for the Extension Period; provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Option within ten (10) trading days following the end of the last imposed Blackout Period.

### **9.2 Issue of Share Certificates**

As soon as practicable following the receipt of the Exercise Notice, if required, the Administrator will, in his sole discretion, either cause to be delivered to the Participant a certificate for the Common Shares purchased by the Participant or cause to be delivered to the Participant a copy of such certificate and the original of such certificate will be placed in the minute book of the Company. If the number of Common Shares in respect of which the Option was exercised is less than the number of Common Shares subject to the Option Certificate surrendered, the Administrator will forward a new Option Certificate to the Participant concurrently with delivery of the share certificate for the balance of the Common Shares available under the Option.

### **9.3 Condition of Issue**

The Options and the issue of Common Shares by the Company pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Common Shares, and to all applicable securities laws and regulations. The Participant agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Company any information, reports or undertakings required to comply with, and to fully cooperate with, the Company in complying with such laws, regulations, rules and policies.

## PART III – SHARE UNITS

### ARTICLE 10 GRANT OF SHARE UNITS

#### 10.1 Eligibility and Grant Determination

- (a) The Board may from time to time make one or more Grants of Share Units to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine, provided that, in determining the Eligible Persons to whom Grants are to be made and the Grant Value for each Grant, the Board shall take into account the terms of any written employment agreement or contract for services between an Eligible Person and the Company and may take into account such other factors as it shall determine in its sole and absolute discretion.
- (b) The Board shall determine the Grant Value and the Valuation Date (if different from the Award Date) for each Grant under this Part III. The number of Share Units to be covered by each such Grant shall be determined by dividing the Grant Value for such Grant by the Market Price of a Share as at the Valuation Date for such Grant, rounded up to the next whole number.
- (c) Each Grant Agreement issued in respect of Share Units shall set forth, at a minimum, the type of Share Units and Award Date of the Grant evidenced thereby, the number of RSUs or PSUs subject to such Grant, the applicable Vesting conditions, the applicable Vesting Date(s) and the treatment of the Grant upon the Participant's termination and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in a Grant Agreement under this Part III terms or conditions pertaining to confidentiality of information relating to the Company's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of Share Units.

### ARTICLE 11 ACCOUNTS AND DIVIDEND EQUIVALENTS

#### 11.1 Share Unit Account

An account, called a "**Share Unit Account**", shall be maintained by the Company for each Participant who has received a Grant of Share Units and will be credited with such Grants of Share Units as are received by a Participant from time to time pursuant to Section 10 and any dividend equivalent Share Units pursuant to Section 11.2. Share Units that fail to Vest to a Participant and are forfeited pursuant to Section 12.5 and Section 12.6, or that are paid out to the Participant or his or her beneficiary, shall be cancelled and shall cease to be recorded in the Participant's Share Unit Account as of the date on which such Share Units are forfeited or cancelled under the Plan or are paid out, as the case may be. For greater certainty, where a Participant is granted both RSUs and PSUs, such RSUs and PSUs shall be recorded separately in the Participant's Share Unit Account.

#### 11.2 Dividend Equivalent Share Units

Except as otherwise provided in the Grant Agreement relating to a Grant of RSUs or PSUs, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Shares to shareholders of record as of a record date occurring during the period from the Award Date under the Grant Agreement to the date of settlement of the RSUs or PSUs granted thereunder, a number of dividend equivalent RSUs or PSUs, as the case may be, shall be credited to the Share Unit Account of the Participant who is a party to such Grant Agreement. The number of such

additional RSUs or PSUs will be calculated by dividing the aggregate dividends or distributions that would have been paid to such Participant if the RSUs or PSUs in the Participant's Share Unit Account had been Shares by the Market Price on the date on which the dividends or distributions were paid on the Shares. The additional RSUs or PSUs granted to a Participant will be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding RSUs or PSUs, as the case may be.

## **ARTICLE 12 VESTING AND SETTLEMENT OF SHARE UNITS**

### **12.1 Vesting**

Subject to this Section 12.1 and the applicable Grant Agreement, Share Units subject to a Grant and dividend equivalent Share Units credited to the Participant's Share Unit Account in respect of such Share Units shall Vest in such proportion(s) and on such date(s) as may be specified in the Grant Agreement governing such Grant provided that the Participant has not experienced a Termination Date on or before the relevant Vesting Date.

### **12.2 Settlement**

A Participant's RSUs and PSUs, adjusted in accordance with the applicable multiplier, if any, as set out in the Grant Agreement, and rounded down to the nearest whole number of RSUs or PSUs, as the case may be, shall be settled, by a distribution as provided below to the Participant or his or her beneficiary following the Vesting thereof in accordance with Section 12.1, as the case may be, subject to the terms of the applicable Grant Agreement. In all events, unless the Grant Agreement specifies that RSUs and PSUs must be settled through the issuance of Common Shares, settlement will occur upon or as soon as reasonably practicable following Vesting and, in any event, no later than December 31 of the third year following the year in respect of which the Share Unit is granted. Settlement shall be made by the issuance of one Share for each RSU or PSU then being settled, a cash payment equal to the Market Price on the date the Share Unit becomes Vested for RSUs or PSUs being settled in cash (subject to Section 12.3), or a combination of Shares and cash, all as determined by the Board in its discretion, or as specified in the applicable Grant Agreement, and subject to payment or other satisfaction of all related withholding obligations in accordance with Article 4.

For greater certainty, settlement for Participants who are US Taxpayers shall be made on such dates or during such period as provided in the related Grant Agreement.

### **12.3 Postponed Settlement**

Except if the Participant is a US Taxpayer, if a Participant's Share Units would, in the absence of this Section 12.3, be settled within a Blackout Period applicable to such Participant, such settlement shall be postponed until the Trading Day following the date on which such Blackout Period ends (or as soon as practicable thereafter, and in any event, within 10 business days following the end of the Blackout Period), and the Market Price of any Share Units being settled in cash will be determined as of the Trading Day immediately prior to the settlement date.

### **12.4 Failure to Vest**

Subject to the terms of the Grant Agreement and this Article 12, all Share Units that are not Vested and do not become Vested on the Participant's Termination Date shall be immediately forfeited. The Participant shall have no further entitlement to RSUs or PSUs and no right to receive Shares or a cash payment, as compensation, damages or otherwise, following the Termination Date and waives any claim to damages in respect thereof whether related or attributable to any contractual

or common law notice period or otherwise, with respect to any RSUs or PSUs that do not become Vested or are forfeited hereunder.

#### **12.5 Without Cause Termination**

Unless determined otherwise by the Board and subject to the terms of a Participant's Grant Agreement, where the Participant's position as a Director, Officer, Employee, or Consultant of the Company or any Affiliate terminates for a reason other than the Participant's Disability, death or termination for Cause, all Share Units that are not Vested on the Termination Date shall be cancelled for no consideration.

#### **12.6 For Cause Termination**

Unless determined otherwise by the Board, if the Participant's position as an Employee, Consultant, Director or Officer of the Company or any Affiliate is terminated for Cause, all Share Units that have not yet been settled on the Termination Date shall be forfeited on the Termination Date for no consideration.

#### **12.7 Death or Disability**

Unless determined otherwise by the Board and subject to the terms of a Participant's Grant Agreement, if a Participant dies or experiences a Disability prior to Share Units Vesting, such number of Share Units that would have vested in the 12 months following the Participant's Termination Date due to death or Disability shall vest and such Vested Share Units shall be settled in favour of the Participant's Qualified Successor or Guardian pursuant to Section 12.2.

#### **12.8 Substantial Sale**

- (a) If Shareholders holding Shares representing at least 66 2/3% of the outstanding Shares (the "**Selling Shareholders**") irrevocably agree to transfer to one or more Persons acting as principal and who is or are independent of the Selling Shareholders (a "Purchaser") all or some portion of the Shares held or beneficially owned by the Selling Shareholders pursuant to a bona fide offer (a "**Purchase Offer**") from or with the Purchaser, which Purchase Offer is approved by the Board, the Selling Shareholders shall have the right, but not the obligation, to require each of the other holders or beneficial owners of Shares (the "**Other Securityholders**") to sell the same proportion of Shares beneficially owned by such Other Securityholders to the Purchaser. If the Purchaser offers to purchase any outstanding Share Units or requires that there be no Share Units outstanding following completion of the transactions contemplated in the Purchase Offer, then the Company may, in its sole discretion, deliver a notice to the Participant requiring the sale of such Share Units to the Purchaser.
- (b) If the Purchaser offers to buy the Share Units of a Participant and the Participant does not sell the Participant's Share Units to the Purchaser as contemplated above, then that Participant's Share Units will expire, terminate and be cancelled on completion the transaction contemplated in the Purchase Offer.

**ARTICLE 13  
SHAREHOLDER RIGHTS**

**13.1 No Rights to Shares**

Share Units are not Shares and a Grant of Share Units will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

**13.2 Issue of Share Certificates**

As soon as practicable following the settlement of the Vested Share Units, the Administrator will, in his or her sole discretion, either cause to be delivered to the Participant a certificate for the Common Shares acquired by the Participant or cause to be delivered to the Participant a copy of such certificate and the original of such certificate will be placed in the minute book of the Company.

**13.3 Condition of Issue**

The issuance of Common Shares by the Company pursuant to a Grant of Share Units is subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Share Units and the issuance and distribution of such Common Shares, and to all applicable securities laws and regulations. The Participant agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Company any information, reports or undertakings required to comply with, and to fully cooperate with, the Company in complying with such laws, regulations, rules and policies.

***[Remainder of page intentionally left blank]***

**Exhibit “A”**  
**Tectonic Metals Inc. Equity Incentive Plan**  
**Special Provisions Applicable to US Taxpayers**

This Exhibit sets forth special provisions of the Tectonic Metals Inc. Equity Incentive Plan (the “Plan”) that apply to Participants who are US Taxpayers. This Exhibit shall apply to such Participants notwithstanding any other provisions of the Plan. Terms defined elsewhere in the Plan and used herein shall have the meanings set forth in the Plan, as may be amended from time to time.

**Definitions**

“**Cause**” means, for the purpose of a Participant’s rights and entitlements under this Plan and not for any other purpose or entitlement, the occurrence of any one or more of the following events:

- (a) the Participant’s material breach of the Participant’s obligations under his or her employment agreement;
- (b) the Participant’s willful and gross misconduct in the performance of his or her duties (other than by reason of his or her Disability);
- (c) the Participant’s commission of an act of fraud or material dishonesty resulting in reputational, economic or financial injury to the Company;
- (d) the Participant’s commission of, including any entry by the Participant of a guilty or no contest plea to, a felony or other crime involving moral turpitude; or
- (e) a material breach by the Participant of his or her fiduciary duty to the Company which results in reputational, economic or other injury to the Company.

“**Disability**” means, solely with respect to an award that constitutes deferred compensation subject to Section 409A of the Code, a “disability” as defined under Section 409A of the Code.

“**Eligible Person**” means an individual Director, Officer, Employee or Consultant (and not consultant company), who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Company.

“**Market Price**” means, solely with respect to the terms “Exercise Price”, (a) if the Common Shares are listed on the Stock Exchange, the closing price per Common Share on the Stock Exchange on the Award Date; (b) if the Common Shares are listed on more than one Stock Exchange, the fair market value as determined in accordance with paragraph (a) above for the primary Stock Exchange on which the Common Shares are listed, as determined by the Board; and (c) if the Common Shares are not listed for trading on a Stock Exchange, a price which is determined by the Board in good faith to be the fair market value of the Common Shares in compliance with the Code Section 409A.

“**Separation From Service**” means such employment or service with the Company and any entity that is to be treated as a single employer with the Company for purposes of United States Treasury Regulation Section 1.409A-1(h) terminates such that it is reasonably anticipated that no further services will be performed.

“**Specified Employee**” means a US Taxpayer who meets the definition of “specified employee,” as defined in Section 409A(a)(2)(B)(i) of the Code.

### **Change in Control Treatment**

Notwithstanding anything to the contrary, if the Change in Control event does not constitute a change in ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company under Section 409A of the Code, and if the Company determines any award under the Plan constitutes deferred compensation subject to Section 409A of the Code, then as determined in the sole discretion of the Board, the vesting of such award may be accelerated as of the effective date of the Change in Control, but the Company shall pay such award on its original payment date, but in no event more than ninety (90) days following the original payment date.

### **Compliance with Section 409A**

The intent of the parties is that payments and benefits under this Plan comply with or be exempt from the provisions of Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Participant shall not be considered to have terminated employment with the Company for purposes of this Plan unless the Participant would be considered to have incurred a Separation from Service from the Company. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan (or any other plan or agreement of the Company) during the six (6) month period immediately following the Specified Employee's Separation from Service shall instead be paid on the first business day after the date that is six (6) months following the Specified Employee's Separation from Service (or death, if earlier). The Plan and any award agreements issued thereunder may be amended in any respect deemed by the Board to be necessary in order to preserve compliance with Section 409A of the Code. The Company makes no representation that any or all of the payments described in this Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. Each Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.



**TECTONIC METALS INC.**  
**EQUITY INCENTIVE PLAN**  
**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the Tectonic Metals Inc. (the "**Company**") Equity Incentive Plan (the "**Plan**") and evidences that ● is the holder (the "**Participant**") of an option (the "**Option**") to purchase up to ● Common Shares Without Par Value (the "**Common Shares**") in the capital of the Company. The Exercise Price of the Option is Cdn. \$● per Common Share.

Subject to the provisions of the Plan:

- (f) the Award Date of the Option is ●, ●; and
- (g) the Fixed Expiry Date of the Option is ●, ●.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to "**Tectonic Metals Inc.**" in an amount equal to the aggregate of the Exercise Price of the Common Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Participant hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company will prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate will have the meanings given to them under the Plan.

Dated this ● day of ●, ●.

**TECTONIC METALS INC.**

Per: \_\_\_\_\_

Administrator, Equity Incentive Plan

**TECTONIC METALS INC.**  
**OPTION CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Option represented by this Certificate are as follows:

1. The Participant acknowledges that the terms and conditions of the Plan include the treatment of Options on a termination of employment and the Participant agrees that by participating in the Plan a portion of the Options may be forfeited on the applicable Termination Date for no consideration and the Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any Options that do not become Vested and are forfeited.
  
2. ●.

**TECTONIC METALS INC.**

Per: \_\_\_\_\_  
Administrator, Equity Incentive Plans

**TECTONIC METALS INC. EQUITY INCENTIVE PLAN**  
**NOTICE OF EXERCISE OF OPTION**

TO: The Administrator, Equity Incentive Plan  
Tectonic Metals Inc.  
744 Hastings Street West, Suite 312  
Vancouver, BC V6C 1A5  
Attention: Xavier Wenzel  
E-mail: xavier@tectonicmetals.com

The undersigned hereby irrevocably gives notice, pursuant to Tectonic Metals Inc. Equity Incentive Plan (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Common Shares; or
- (b) \_\_\_\_\_ of the Common Shares,

which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft (circle one) payable to "**Tectonic Metals Inc.**" in an amount equal to the aggregate Exercise Price of the aforesaid Common Shares and directs the Company to issue the certificate evidencing said Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By executing this Notice of Exercise of Option the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan, including without limitation Section 9.3. All terms not otherwise defined in this Notice of Exercise of Option will have the meanings given to them under the Option Certificate.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Participant

## SCHEDULE "B"

### BOARD MANDATE

#### **1. Purpose**

The members of the Board of Directors (the "**Board**") have the duty to supervise the management of the business and affairs of Tectonic Metals Inc. (the "**Company**"). The Board, directly and through its committees and the Chair of the Board (the "**Chair**"), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

#### **2. Duties and Responsibilities**

The Board shall have the specific duties and responsibilities outlined below.

##### ***Strategic Planning***

###### **(a) Strategic Plans**

The Board will adopt a strategic plan for the Company. The Board shall review and, if advisable, approve the Company's strategic planning process and the Company's annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management's assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products.

###### **(b) Business and Capital Plans**

The Board shall review and, if advisable, approve the Company's annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

###### **(c) Monitoring**

The Board shall review management's implementation of the Company's strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

##### ***Risk Management***

###### **(d) General**

The Board shall review reports provided by management of principal risks associated with the Company's business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

###### **(e) Verification of Controls**

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management.

##### ***Human Resource Management***

###### **(f) General**

At least annually, the Board shall review a report of the Compensation Committee concerning the Company's approach to human resource management and recommendations for executive compensation.

(g) **Succession Review**

At least annually, the Board shall review the succession plans of the Company for the Chair, the Lead Director (if applicable), the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

(h) **Integrity of Senior Management**

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Company and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Company.

**Corporate Governance**

(i) **General**

At least annually, the Board shall review a report of the Nominating and Corporate Governance Committee concerning the Company's approach to corporate governance.

(j) **Director Independence**

At least annually, the Board shall review a report of the Nominating and Corporate Governance Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

(k) **Ethics Reporting**

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") applicable to directors, officers and employees of the Company. At least annually, the Board shall review the report of the Nominating and Corporate Governance Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review reports from the Nominating and Corporate Governance Committee concerning investigations and any resolutions of complaints received under the Code.

(l) **Board of Directors Mandate Review**

At least annually, the Board shall review and assess the adequacy of its Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

**Communications**

(m) **General**

The Board has adopted a Disclosure Policy for the Company. The Board shall periodically review the Company's Disclosure Policy, including management's compliance with such policy.

(n) **Shareholders**

The Company endeavors to keep its shareholders informed of its progress through an annual information form, quarterly interim reports, periodic press releases and investor presentations. Directors and

management shall meet with the Company's shareholders at the annual general meeting and shall be available to respond to questions at that time.

### **3. Composition**

#### ***General***

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; quorum requirements; meeting procedures and notices of meetings are required by the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), the *Securities Act* (British Columbia) (the "**Act**") and the articles of the Company, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Company's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Nominating and Corporate Governance Committee.

#### ***Independence***

A majority of the Board must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Policy 58-201 *Corporate Governance Guidelines*, as may be amended from time to time.

#### ***Chair of the Board***

The Chair shall be an independent director unless the Board determines that it is in the best interest of the Company to have a non-independent Chair. If the Chair is not independent, then the independent directors shall select a director who will act as "Lead Director" and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

### **4. Committees of the Board**

The Board has established the following committees: the Compensation Committee, the Audit Committee, and the Nominating and Corporate Governance Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

#### ***Committee Mandates***

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. Each mandate shall be reviewed by the Nominating and Corporate Governance Committee and any suggested amendments brought to the Board for consideration and approval.

#### ***Delegation to Committees***

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

### ***Consideration of Committee Recommendations***

As required by applicable law, by applicable committee Mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

### ***Board/Committee Communication***

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

## **5. Meetings**

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board shall be conducted in accordance with the Company's articles.

### ***Secretary and Minutes***

The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.

### ***Meetings Without Management***

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

### ***Directors' Responsibilities***

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

### ***Access to Management and Outside Advisors***

The Board shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

### ***Service on Other Boards and Audit Committee***

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

## **6. Management**

### ***Position Descriptions for Directors***

The Board has approved position descriptions for the Chair, the Lead Director (if applicable) and the chair of each Board committee. At least annually, the Board shall review such position descriptions.

### ***Position Description for CEO***

The Board has approved a position description for the Chief Executive Officer, which includes delineating management's responsibilities. The Board has also approved the corporate goals and objectives that the Chief Executive Officer has responsibility for meeting. At least annually, the Board shall review a report of the Compensation Committee reviewing this position description and such corporate goals and objectives.

## **7. Director Development and Evaluation**

Each new director shall participate in the Company's initial orientation program and each director shall participate in the Company's continuing director development programs. The Board shall review the Company's initial orientation program and continuing director development programs.

## **8. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's articles, it is not intended to establish any legally binding obligations.

Adopted: September 17, 2019