



Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2023 and 2022

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Tectonic Metals Inc. for the interim periods ended March 31, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

May 30, 2023

TECTONIC METALS INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2023	December 31, 2022
		\$	\$
ASSETS			
Current			
Cash		1,473,955	2,552,145
Amounts receivable		21,836	6,340
Prepaid expenses		158,771	205,316
		1,654,562	2,763,801
Property and equipment	3	24,164	32,394
Exploration and evaluation assets	4	573,143	573,143
Total assets		2,251,869	3,369,338
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	270,324	408,796
Lease liability	5	2,511	9,918
Total liabilities		272,835	418,714
SHAREHOLDERS' EQUITY			
Share capital	6 (b)	27,341,904	27,341,904
Reserves		4,827,409	4,799,782
Deficit		(30,190,279)	(29,191,062)
Total shareholders' equity		1,979,034	2,950,624
Total liabilities and shareholders' equity		2,251,869	3,369,338

Nature of operations and going concern (Note 1)
Subsequent event (Note 11)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Antonio Reda"
Antonio Reda

/s/ "Michael Roper"
Michael Roper

TECTONIC METALS INC.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended	
	Note	2023	March 31, 2022
		\$	\$
Operating expenses			
Accounting and legal fees	7	69,509	92,406
Corporate development and marketing		190,296	28,409
Depreciation		8,230	9,215
Employee benefits and salary	7	234,945	115,655
Exploration expenses	4,7	327,513	273,139
Finance cost		187	888
Foreign exchange loss (gain)		(5,406)	143
General and administration		52,853	30,955
Insurance		17,309	14,632
Listing and filing fees		22,160	15,165
Share-based compensation	6(e),7	27,627	5,808
Travel and meals		57,286	522
Total operating expenses		1,002,509	586,937
Other income			
Interest income		3,292	-
Loss and comprehensive loss		(999,217)	(586,937)
Loss per share:			
Basic and diluted		(0.00)	(0.00)
Weighted average number of common shares outstanding:			
Basic and diluted		240,030,490	161,677,735

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

TECTONIC METALS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	2023	March 31, 2022
	\$	\$
Operating activities:		
Loss for the period	(999,217)	(586,937)
Items not affecting cash:		
Depreciation	8,230	9,215
Finance cost	187	888
Foreign exchange (gain) loss	(1,673)	1,262
Share-based compensation	27,627	5,808
Changes in non-cash working capital:		
Amounts receivable	(15,496)	(2,879)
Prepaid expenses	45,378	(75,458)
Accounts payable and accrued liabilities	(131,593)	64,651
Cash used in operating activities	(1,066,557)	(583,450)
Financing activities:		
Lease liability payments	(7,594)	(7,594)
Cash used in financing activities	(7,594)	(7,594)
Effect of exchange rate on changes in cash	(4,039)	(1,262)
Change in cash	(1,078,190)	(592,306)
Cash, beginning of period	2,552,145	1,074,068
Cash, end of period	1,473,955	481,762
Supplemental cash flow information:		
Cash income tax paid	-	-
Cash interest paid on lease liability	187	888

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

TECTONIC METALS INC.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, December 31, 2021	161,677,735	23,676,853	3,079,699	(25,184,780)	1,571,772
Share-based compensation	-	-	5,808	-	5,808
Loss for the period	-	-	-	(586,937)	(586,937)
Balance, March 31, 2022	161,677,735	23,676,853	3,085,507	(25,771,717)	990,643
Shares issued in private placements	78,130,255	3,883,195	1,579,845	-	5,463,040
Share issuance costs	-	(269,766)	57,273	-	(212,493)
Shares issued from exercise of warrants	222,500	51,622	(13,797)	-	37,825
Share-based compensation	-	-	90,954	-	90,954
Loss for the period	-	-	-	(3,419,345)	(3,419,345)
Balance, December 31, 2022	240,030,490	27,341,904	4,799,782	(29,191,062)	2,950,624
Share-based compensation	-	-	27,627	-	27,627
Loss for the period	-	-	-	(999,217)	(999,217)
Balance, March 31, 2023	240,030,490	27,341,904	4,827,409	(30,190,279)	1,979,034

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022 ("financial statements") are prepared on a going concern basis, which contemplates that the Company will be able to continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2023, the Company incurred a net loss and comprehensive loss of \$999,217 (2022 - \$586,937). As at March 31, 2023, the Company has a deficit of \$30,190,279 (2022 - \$29,191,062) and working capital of \$1,381,727 (2022 - \$2,345,087). There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance its operations with the proceeds from equity financings, and its current working capital.

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

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 30, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements")

b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Functional and presentational currency

These financial statements are presented in Canadian dollars which is the functional and presentational currency of the Company. References to "USD\$" are to United States dollars.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

A summary of the Company's subsidiaries included in these financial statements as at March 31, 2023 is as follows:

	Functional currency	Ownership percentage
District Metals LLC	CAD	100%
Tectonic Resources LLC	CAD	100%

e) Reclassification of prior amounts

The Company has reclassified certain comparative information on the condensed interim consolidated statements of loss and comprehensive loss to conform with current period presentation.

f) Significant accounting policies

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.

g) Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

3. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Exploration equipment	Office and furniture	Computer equipment	Right-of-use asset	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2021	22,686	17,866	37,308	85,300	163,160
Additions	-	-	5,628	1,593	7,221
Balance, December 31, 2022	22,686	17,866	42,936	86,893	170,381
Additions	-	-	-	-	-
Balance, March 31, 2023	22,686	17,866	42,936	86,893	170,381
Accumulated depreciation					
Balance, December 31, 2021	22,154	10,425	17,511	50,815	100,905
Depreciation	160	2,232	7,205	27,485	37,082
Balance, December 31, 2022	22,314	12,657	24,716	78,300	137,987
Depreciation	28	391	1,366	6,445	8,230
Balance, March 31, 2023	22,342	13,048	26,082	84,745	146,217
Carrying value					
Balance, December 31, 2022	372	5,209	18,220	8,593	32,394
Balance, March 31, 2023	344	4,818	16,854	2,148	24,164

4. EXPLORATION AND EVALUATION ASSETS

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

	Tibbs	Seventy-mile	Carrie and Mt. Harper	Flat	Maple leaf	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	311,927	233,508	40,453	88,163	15,977	690,028
Cash acquisition payments	65,060	-	13,508	54,032	-	132,600
Impairment	-	(233,508)	-	-	(15,977)	(249,485)
Balance, December 31, 2022 and March 31, 2023	376,987	-	53,961	142,195	-	573,143

A summary of Company's exploration and evaluation expenditures for the three months ended March 31, 2023 is as follows:

	Tibbs	Carrie Creek	Flat	Project generation & support	Total
	\$	\$	\$	\$	\$
Geological and geophysical consulting	4,957	4,693	181,893	1,797	193,340
Salary and legal costs	-	-	-	2,585	2,585
Conference and conventions	-	-	-	4,643	4,643
Other camp expenses	1,762	587	19,028	-	21,377
Administrative expenses	322	305	11,882	-	12,509
Computer software	865	784	4,445	1,288	7,382
Land management	9,095	1,426	11,543	-	22,064
Drilling program/planning	-	-	17,375	-	17,375
Surveying program	-	-	8,174	-	8,174
Laboratory expenses	-	-	38,064	-	38,064
	17,001	7,795	292,404	10,313	327,513

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of Company's exploration and evaluation expenditures for the three months ended March 31, 2022 is as follows:

	Tibbs	Seventy-mile	Carrie and Mt Harper	Flat	Maple leaf	Project generation & support	Total
	\$	\$	\$	\$	\$	\$	\$
Computer software	3,267	1,499	2,033	1,499	-	12,316	20,614
Drilling program/planning	109,924	-	12,500	-	-	-	122,424
Geological consulting	10,200	6,000	19,350	10,200	-	3,600	49,350
Mapping program	2,930	744	-	764	-	-	4,438
Other camp expenses	27				74	1,529	1,630
Salary and legal costs	39,921		9,298	5,025	9,704	9,846	73,794
Surveying program	175	175	185	143	34	177	889
	166,444	8,418	43,366	17,631	9,812	27,468	273,139

a) Tibbs

On June 15, 2017, the Company entered into a mining lease and option agreement with Tibbs Creek Gold, LLC ("TCG") for a 100% interest in the surface and subsurface rights to State of Alaska Mining Claims in the Fairbanks Recording District, Alaska ("Tibbs" or "Tibbs Property"). The agreement grants TCG a 2.5% net smelter return ("NSR"), of which 1.5% can be purchased for USD\$1,500,000. The initial term of the lease is ten years.

In consideration, the Company paid TCG a total of \$376,987 (USD\$280,000) up to December 31, 2022. Pursuant to the option agreement, the Company is required to pay a USD\$50,000 option payment each June from 2021 to 2027 and was required to incur an aggregate USD\$1,000,000 in exploration expenditures by June 2022. During the year ended December 31, 2021, the Company fulfilled this exploration expenditure commitment. On June 15, 2022 the Company paid \$65,060 (USD\$50,000) for the 2022 option payment, pursuant to the option agreement.

During the three months ended March 31, 2023 no field work was conducted at the Tibbs Property.

During the year ended December 31, 2019, the Company received a notice from a junior mining company that seven of the claims on Tibbs wholly or partially overstate their claims, and they are asserting the senior claim. Tectonic has concluded that the disputed claims are not significant to the exploration activity occurring on Tibbs and therefore will not have a significant impact on the Company's exploration efforts on the remaining Tibbs claims.

b) Seventymile

In June 2018, the Company entered into a mining lease agreement with Doyon, Limited ("Doyon") for a 100% interest in the area of the Alaska Native regional corporation mineral estate in the Eagle Mining District, Alaska (the "Seventymile"). The lease covered the mineral estate and the surface estate and grants in which the Company has rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon was granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon was granted a 4% NSR for precious minerals and a 3% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals will be the greater of a 4% NSR or 15% of net proceeds, and the production royalty for base minerals will be the greater of a 3% NSR or 15% of net proceeds. The initial lease term was for fifteen years, and the lease agreement included renewal clauses to extend the lease period up to the entire operational period of a mine.

In consideration, the Company paid Doyon \$233,508 (USD\$180,000) for lease requirements from lease inception to December 31, 2022. noting the lease was terminated during the year.

On December 16, 2022 the Company decided not to continue with the Seventymile property and terminated the lease agreement, resulting in an impairment of exploration and evaluation assets of \$233,508.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

c) Carrie Creek and Mt. Harper

In August 2020, the Company entered into a mining lease agreement with Doyon for a 100% interest in the area of the Alaska Native regional corporation mineral estate in the Goodpaster Mining District, Alaska (“Carrie Creek and Mt. Harper”). The lease covers the mineral estate and the surface estate and grants the Company rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon was granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon was granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals will be the greater of a 4% NSR or 15% of net proceeds, and the production royalty for base minerals will be the greater of a 3% NSR or 15% of net proceeds. The initial lease term is for 15 years, and the lease agreement includes renewal clauses to extend the lease period up to the entire operational period of a mine.

In consideration, the Company paid Doyon \$53,961 (USD\$40,000) for lease requirements from lease inception to March 31, 2023 and pursuant to the lease agreement is required to pay:

- USD\$10,000 each January 2021 to 2024 (2021, 2022 and 2023 payments made)
- USD\$40,000 each January 2025 to 2029;
- USD\$100,000 each January 2030 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this payment will be increased to USD\$200,000; and
- USD\$150,000 upon completion of a feasibility study.

During the three months ended March 31, 2023 no field work was conducted at the Carrie Creek and Mount Harper Properties.

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

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

(1) Eligible expenditures include all actual direct costs incurred related to the exploration and development of Carrie Creek and Mt. Harper, including, without limitation, costs related to services performed outside of the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenditures and apply them against a future year. Tectonic is required to spend at least 25% of its required aggregate expenditures for each expenditure period for the benefit of Carrie Creek and Mt. Harper. As at March 31, 2023, the Company incurred USD\$1,068,088 in cumulative eligible expenditures on Carrie Creek and Mt. Harper.

Additionally, the Company contributes to the Doyon Foundation an annual USD\$10,000 scholarship for the term of the lease. The scholarship amount increases to USD\$50,000 each year following the commencement of commercial production at either the Carrie Creek or Mt. Harper properties. On April 24, 2023, the Company fulfilled its current year’s commitment.

d) Flat

In September 2021, the Company entered into a mining lease agreement with Doyon for a 100% interest in the Flat Gold Project (“Flat”) located in the in the Kuskokwim Mineral Belt, Alaska. The initial term of the lease is for 15 years and includes renewal clauses to extend the lease period up to the entire operational period of the mine. Doyon was granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the fifth anniversary of commencement of commercial production. Doyon was granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of the commencement of commercial production, the production royalty for precious minerals will be the greater of a 4% NSR or 15% of net proceeds, and the production royalty for base minerals will be the greater of a 3% NSR or 15% of net proceeds.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

In consideration, the Company paid Doyon \$142,195 (USD\$110,000) for lease requirements from lease inception to March 31, 2023 and is required to pay:

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

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

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

(1) Eligible expenditures include all actual direct costs incurred related to the exploration and development of Flat, including, without limitation, costs related to services performed outside of the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenditures and apply them against a future year. As at March 31, 2023, the Company incurred USD\$723,823 in cumulative expenditures on Flat.

The Company has committed to contributing to the Doyon Foundation an USD\$10,000 scholarship for the term of the lease. The scholarship amount increases to USD\$50,000 each year following the commencement of commercial production at the Flat Property. On April 24, 2023, the Company fulfilled its current year's commitment.

e) Maple Leaf

The Company staked certain claims in the state of Alaska located near the Tibbs Property ("Maple Leaf").

During the year ended December 31, 2022, the Company decided not to continue with Maple Leaf resulting in an impairment of exploration and evaluation assets of \$15,977.

5. LEASE LIABILITY

A summary of the Company's lease liability is as follows:

	\$
Balance, December 31, 2021	37,771
Lease payments	(30,376)
Finance cost	2,523
Balance, December 31, 2022	9,918
Lease payments	(7,594)
Finance cost	187
Balance, March 31, 2023	2,511
Current portion	2,511
Non-current portion	-

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

6. SHARE CAPITAL AND RESERVES

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued share capital

As at March 31, 2023, 240,030,490 common shares were issued and outstanding.

c) Share issuances

During the three months ended March 31, 2023, the Company did not have any share transactions.

During the year ended December 31, 2022, the Company had the following share transactions:

On May 30, 2022, the Company issued 32,185,666 units at a price of \$0.06 per unit for gross proceeds of \$1,931,140 as it completed the first tranche of a private placement. Each unit is comprised of one common share and a one-half share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.10 and expires on May 30, 2024. The gross proceeds attributed to the warrants was \$323,660. The Company paid \$47,607 of share issuance costs and issued 94,140 finders' warrants with a fair value of \$1,706. Each finders' warrant is exercisable at a price of \$0.10 and expires May 30, 2024. The warrants are subject to an acceleration clause whereby if the volume-weighted average trading price of the Company's common shares on the TSXV is \$0.20 or greater for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry day of the warrants to 30 days from the date of issuance of a news release announcing the accelerated exercise period.

On July 08, 2022, the Company issued 7,183,339 units at a price of \$0.06 per unit for gross proceeds of \$431,000 following the close of the second tranche of the private placement. Each unit is comprised of one common share and a one-half share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.10 and expires on July 08, 2027. The gross proceeds attributed to the warrants was \$79,516. The Company paid \$43,576 of share issuance costs and issued 415,000 finders' warrants with a fair value of \$9,388. Each finders' warrant is exercisable at a price of \$0.10 and expires July 08, 2027. The warrants are subject to an acceleration clause whereby if the volume-weighted average trading price of the Company's common shares on the TSXV is \$0.20 or greater for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry day of the warrants to 30 days from the date of issuance of a news release announcing the accelerated exercise period.

On November 17, 2022, the Company issued 38,761,250 units at a price of \$0.08 per unit for gross proceeds of \$3,100,900 as it completed an additional private placement. Each unit is comprised of one common share and a one share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.12 and expires on November 17, 2024. The gross proceeds attributed to the warrants was \$1,176,669. The Company paid \$121,310 of share issuance costs and issued 604,125 finders' warrants with a fair value of \$46,179. Each finders' warrant is exercisable at a price of \$0.12 and expires November 17, 2024.

d) Share purchase warrants

A summary of Company's warrant activity is as follows:

	Warrants outstanding and exercisable	Weighted average exercise price
	#	\$
Balance, December 31, 2021	60,969,248	0.24
Warrants issued	58,445,753	0.12
Finders' warrants issued	1,113,265	0.10
Warrants expired	(22,600,380)	0.36
Warrants exercised	(222,500)	0.17
Balance, December 31, 2022 and March 31, 2023	97,705,386	0.14

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

6. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's warrants outstanding as at March 31, 2023, is as follows:

Expiry date	Warrants outstanding and exercisable #	Weighted average exercise price \$	Weighted average remaining years
June 23, 2023	38,146,368	0.17	0.23
May 30, 2024	16,186,973	0.10	1.17
July 8, 2024	4,006,670	0.10	1.27
November 17, 2024	39,365,375	0.12	1.63
	97,705,386	0.14	0.99

e) Stock options

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

A summary of Company's stock option activity is as follows:

	Stock options outstanding #	Weight average exercise price \$
As at December 31, 2021	1,050,000	0.24
Granted	4,250,000	0.10
Forfeited	(650,000)	0.15
Expired	(100,000)	0.20
Balance, December 31, 2022 and March 31, 2023	4,550,000	0.12

A summary of the Company's assumptions used in the Black-Scholes option pricing model to calculate the fair value of stock options granted for the three months ended March 31, 2023 and 2022 is as follows:

	2023	2022
Weighted average risk-free interest rate	N/A	2.02%
Weighted average expected stock price volatility	N/A	117%
Expected dividend yield	N/A	0.00%
Expected life	N/A	5 years

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

6. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's stock options outstanding and exercisable as at March 31, 2023, is as follows:

Expiry date	Stock options outstanding	Weighted average exercise price	Weighted average remaining years
	#	\$	Years
July 27, 2025	400,000	0.33	2.33
March 11, 2027	300,000	0.10	3.95
July 8, 2027	2,700,000	0.10	4.27
August 4, 2027	500,000	0.10	4.35
October 1, 2027	400,000	0.10	4.51
April 30, 2031	250,000	0.16	8.09
Outstanding	4,550,000	0.12	4.32
Exercisable	1,125,000		

On March 11, 2022, the Company granted 300,000 stock options to a consultant. Each stock option has an exercise price of \$0.10 and vests over a three-year period as follows: 100,000 stock options will vest March 11, 2023, and an additional 100,000 stock options will vest on the two subsequent anniversary dates thereafter. The stock options expire on March 11, 2027.

On July 8, 2022, the Company granted 3,050,000 stock options to employees, consultants, and directors of the Company. Each stock option has an exercise price of \$0.10 and vests over a two-year period as follows: 762,500 stock options will vest January 8, 2023, and an additional 762,500 stock options will vest on the three subsequent six month anniversary dates thereafter. The stock options expire on July 8, 2027. As of March 31, 2023, 350,000 of these options were forfeited.

On August 4, 2022, the Company granted 500,000 stock options to a director. Each stock option has an exercise price of \$0.10 and vests over a two-year period as follows: 125,000 stock options will vest February 4, 2023, and an additional 125,000 stock options will vest on the three subsequent six-month anniversary dates thereafter. The stock options expire on August 4, 2027.

On October 1, 2022, the Company granted 400,000 stock options to an officer. Each stock option has an exercise price of \$0.10 and vests over a four-year period as follows: 100,000 stock options will vest October 01, 2023, and an additional 100,000 stock options will vest on the three subsequent anniversary dates thereafter. The stock options expire on October 1, 2027.

During the three months ended March 31, 2023, the Company recorded share-based compensation related to options granted of \$27,627, respectively (2022 - \$5,808).

7. RELATED PARTY TRANSACTIONS

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions with its key management personnel during the three months ended March 31, 2023 and 2022, is as follows:

	2023	2022
	\$	\$
Accounting and legal fees	41,769	-
Employee benefits and salary	206,315	60,000
Exploration expenses	78,750	67,556
Share-based compensation	22,091	3,283
	348,925	130,839

As at March 31, 2023 the Company had an outstanding accounts payable balance with related parties of \$10,763 (December 31, 2022 - \$10,763).

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

8. SEGMENTED INFORMATION

The Company operates in one reportable segment, the exploration and evaluation of unproven exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in Alaska, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues. All corporate expenses are incurred in Canada.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2023, the Company's financial instruments consist of cash, accounts payable and accrued liabilities and lease liability, all of which are measured at amortized cost.

The carrying value of cash and accounts payable and accrued liabilities and lease liability approximate their fair values due to their short-term to maturity.

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

a) Credit risk

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

b) Interest rate risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at March 31, 2023, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations.

d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A summary of the Company's financial instruments that are denominated in USD is as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Cash	228,550	394,367
Accounts payable and accrued liabilities	(183,658)	(157,108)
Net financial assets	44,892	237,259

As at March 31, 2023, a 5% change in the foreign exchange rates would result in an impact of approximately \$10,806 (December 31, 2022 - \$11,863) to the financial instruments denominated in USD. The Company has no hedging agreements in place with respect to foreign exchange rates.

10. CAPITAL MANAGEMENT

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

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

11. SUBSEQUENT EVENT

On May 9, 2023 the Company announced a brokered private placement for gross proceeds of up to \$6,000,000 through the issuance of units at a price of \$0.11 per unit (the "Offering"). Each unit will consist of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.15 for a period of 24 months following the closing date of the Offering.

The Offering has been structured to take advantage of the Listed Issuer Financing Exemption ("LIFE") whereby common shares issued pursuant to the exemption will be freely tradeable listed equity securities not subject to any hold period (the "LIFE Units") and the accredited investor exemption for the balance of the Offering (the "Hold Units"). Purchasers under the Offering will receive a fixed ratio of LIFE Units to Hold Units, being 5:1. Each subscriber must purchase one Hold Unit for every 5 LIFE Units purchased.