



Tectonic Metals Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

(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, 2025 and 2024

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, 2025 and 2024, 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 29, 2025

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

	Note	March 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	15	1,210,808	1,971,424
Amounts receivable		9,358	12,902
Prepaid expenses and deposits	5	562,661	631,264
		1,782,827	2,615,590
Property and equipment	6	11,057	11,953
Exploration and evaluation assets	7	1,151,567	1,151,567
Total assets		2,945,451	3,779,110
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	292,149	435,420
		292,149	435,420
Restoration provision	9	393,234	390,642
Total liabilities		685,383	826,062
SHAREHOLDERS' EQUITY			
Share capital	10(b)	38,141,029	38,141,029
Reserves		8,833,009	8,692,863
Deficit		(44,713,970)	(43,880,844)
Total shareholders' equity		2,260,068	2,953,048
Total liabilities and shareholders' equity		2,945,451	3,779,110

Nature of operations and going concern (Note 1)
Subsequent event (Note 15)

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

/s/ "Antonio Reda"
Antonio Reda

/s/ "Michael Roper"
Michael Roper

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

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	2025	March 31, 2024
		\$	\$
Operating expenses (income)			
Accounting and legal fees	11	75,606	78,297
Accretion expense	9	2,940	2,709
Corporate development		126,882	53,103
Depreciation		896	610
Employee benefits and salaries	11	107,299	79,170
Exploration and evaluation expenses	8,11	257,015	423,617
Foreign exchange loss (gain)		2,166	(1,075)
General and administration		34,397	30,601
Insurance		13,231	11,619
Investor relations		54,076	56,507
Listing and filing fees		14,405	15,402
Share-based compensation	10(d),11	140,146	56,107
Travel and meals		13,589	12,083
		842,648	818,750
Other income			
Interest income		9,522	7,835
Net loss and comprehensive loss		(833,126)	(810,915)
Net loss per share:			
Basic and diluted (Note 1)		(0.02)	(0.02)
Weighted average number of common shares outstanding:			
Basic and diluted (Note 1)		41,985,370	33,070,103

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 March 31,	
	2025	2024
	\$	\$
Operating activities		
Net loss for the period	(833,126)	(810,915)
Adjustments for:		
Accretion expense	2,940	2,709
Depreciation	896	610
Unrealized foreign exchange loss	1,034	9,946
Share-based compensation	140,146	56,107
Changes in non-cash working capital:		
Amounts receivable	3,544	23,805
Prepaid expenses and deposits	68,603	(68,376)
Accounts payable and accrued liabilities	(144,653)	(292,267)
Cash used in operating activities	(760,616)	(1,078,381)
Change in cash and cash equivalents	(760,616)	(1,078,381)
Cash and cash equivalents, beginning of period	1,971,424	2,381,310
Cash and cash equivalents, end of period	1,210,808	1,302,929
Supplemental cash flow information:		
Cash interest paid	-	-
Cash interest earned on cash and cash equivalents	9,522	-
Cash income tax paid	-	-
Recovery of share issuance costs	-	42,129

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 (Note 1)	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, December 31, 2023	33,070,103	34,160,529	7,277,929	(38,790,070)	2,648,388
Recovery of share issuance costs	-	42,129	-	-	42,129
Share-based compensation	-	-	56,107	-	56,107
Net loss and comprehensive loss	-	-	-	(810,915)	(810,915)
Balance, March 31, 2024	33,070,103	34,202,658	7,334,036	(39,600,985)	1,935,709
Units issued in private placements	8,915,267	4,376,995	972,176	-	5,349,171
Share issuance costs	-	(438,624)	94,738	-	(343,886)
Share-based compensation	-	-	291,913	-	291,913
Net loss and comprehensive loss	-	-	-	(4,279,859)	(4,279,859)
Balance, December 31, 2024	41,985,370	38,141,029	8,692,863	(43,880,844)	2,953,048
Share-based compensation	-	-	140,146	-	140,146
Net loss and comprehensive loss	-	-	-	(833,126)	(833,126)
Balance, March 31, 2025	41,985,370	38,141,029	8,833,009	(44,713,970)	2,260,068

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, 2025 and 2024**

(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 1400 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The Company is listed on the TSX Venture Exchange 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. 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 condensed interim consolidated financial statements for the three months ended March 31, 2025 and 2024 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue operations 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, 2025, the Company incurred a net loss and comprehensive loss of \$833,126 (2024 - \$810,915). As at March 31, 2025, the Company has a deficit of \$44,713,970 (December 31, 2024 - \$43,880,844) and working capital of \$1,490,678 (December 31, 2024 - \$2,180,170). Management intends to finance its operations with the proceeds from equity financings, and its current working capital. 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.

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.

On May 20, 2025, the Company closed a private placement (the "2025 Private Placement") and issued 25,472,600 units at a price of \$0.50 per unit for gross proceeds of \$12,736,300. Pursuant to the 2025 Private Placement, the Company incurred cash share issuance costs of \$335,700 and issued 671,400 finders' warrants.

Share consolidation

On May 20, 2025, the Company consolidated its issued share capital on a ratio of ten (10) to one (1) new post-consolidated common share. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation (the "Share Consolidation") (Note 15).

2. BASIS OF PREPARATION**a) Statement of compliance**

These financial statements were approved by the Company's Board of Directors and authorized for issuance on May 29, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") 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, 2024 and 2023 (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.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)

c) Functional and presentational currency

These financial statements are presented in Canadian dollars ("CAD") which is the functional and presentation currency of the Company and its subsidiaries. References to "USD" or "US\$" are to US dollars.

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, 2025 is as follows:

	Country of incorporation	Percentage ownership	Functional currency	Principal activity
District Metals LLC	USA	100%	CAD	Holding company
Tectonic Resources LLC	USA	100%	CAD	Holding company

3. MATERIAL ACCOUNTING POLICIES

The same accounting policies and methods of computation are followed in these financial statements as compared with the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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, 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 the notes to the Annual Financial Statements.

5. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	March 31, 2025	December 31, 2024
	\$	\$
Exploration program deposits	263,447	263,685
Prepaid consulting fees	159,612	233,737
Prepaid conference fees	47,987	36,308
Other prepaid expenses	91,615	97,534
	562,661	631,264

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

6. PROPERTY AND EQUIPMENT

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

	Exploration equipment	Office and furniture	Computer equipment	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2023	22,686	15,598	11,897	50,181
Additions	-	-	7,480	7,480
Balance, March 31, 2025 and December 31, 2024	22,686	15,598	19,377	57,661
Accumulated depreciation				
Balance, December 31, 2023	22,426	12,414	7,214	42,054
Depreciation	78	955	2,621	3,654
Balance, December 31, 2024	22,504	13,369	9,835	45,708
Depreciation	14	167	715	896
Balance, March 31, 2025	22,518	13,536	10,550	46,604
Carrying value				
Balance, December 31, 2024	182	2,229	9,542	11,953
Balance, March 31, 2025	168	2,062	8,827	11,057

7. EXPLORATION AND EVALUATION ASSETS

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

	Tibbs	Flat	Porterfield	Total
	\$	\$	\$	\$
Balance, December 31, 2023	445,162	512,348	34,275	991,785
Cash acquisition payments	68,268	57,240	34,274	159,782
Balance, March 31, 2025 and December 31, 2024	513,430	569,588	68,549	1,151,567

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

a) 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 US\$1,500,000. The initial term of the lease is ten years.

In consideration, the Company has paid TCG a total of \$513,430 (US\$380,000) up to March 31, 2025. Pursuant to the option agreement, the Company is required to pay a US\$50,000 option payment each June from 2021 to 2027 and was required to incur an aggregate US\$1,000,000 in exploration expenses by June 2022. As of December 31, 2021, the Company had fulfilled this exploration expenditure commitment. During the three months ended March 31, 2025, no field work was conducted at the Tibbs Property.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)**b) Flat**

In September 2021, the Company entered into a mining lease agreement with Doyon, Limited ("Doyon") for a 100% interest in the Flat Gold Property ("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 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.

In consideration, the Company has paid Doyon \$253,773 (US\$190,000) for annual lease payments from lease inception to March 31, 2025. To retain its right to the option, the Company is required to pay annual lease payments to the lessor of:

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

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

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

Eligible expenses include all actual direct costs incurred related to the exploration and development of Flat, including, without limitation, costs related to services performed outside of the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenses and apply them against a future year. As of March 31, 2025, the Company has incurred approximately US\$7,900,000 in cumulative expenses on Flat and has completed all expenditures in accordance with the mining lease agreement.

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

c) Porterfield

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

In consideration, the Company has paid \$68,549 (US\$50,000) for annual lease payments from lease inception to March 31, 2025. To keep the property lease in good standing, the Company is required to pay annual lease payments to the lessor of:

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

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

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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

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

As at March 31, 2025, the Company has incurred US\$136,442 in cumulative expenses on Porterfield.

d) MFB

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

8. EXPLORATION AND EVALUATION EXPENSES

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

	Tibbs	Flat	Porterfield	MFB	Support and other	Total
	\$	\$	\$	\$	\$	\$
Administrative expenses	-	-	-	-	4,475	4,475
Camp expenses	1,065	355	780	-	-	2,200
Claim maintenance	-	-	275	275	-	550
Computer software	2,540	8,950	2,540	3,540	1,885	19,455
Conference and conventions	-	-	-	-	18,884	18,884
Geological and geophysical consulting	-	101,704	771	-	6,101	108,576
Laboratory expenses	-	14,081	-	-	-	14,081
Land management	-	449	-	-	-	449
Salaries	-	25,965	220	-	17,177	43,362
Travel and meals	-	1,179	-	-	43,804	44,983
	3,605	152,683	4,586	3,815	92,326	257,015

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

	Tibbs	Flat	Porterfield	Support and other	Total
	\$	\$	\$	\$	\$
Administrative expenses	-	-	2,569	6,893	9,462
Camp expenses	2,692	16,045	-	-	18,737
Computer software	-	2,575	282	8,857	11,714
Conference and conventions	-	-	-	8,714	8,714
Geological and geophysical consulting	7,868	95,278	634	11,562	115,342
Laboratory expenses	1,209	166,537	-	-	167,746
Salary	-	-	-	43,348	43,348
Sponsorship expense	-	-	-	15,000	15,000
Travel and meals	-	-	-	33,554	33,554
	11,769	280,435	3,485	127,928	423,617

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

9. RESTORATION PROVISION

As at March 31, 2025, the Company had a restoration provision of \$393,234 (December 31, 2024 - \$390,642). The restoration provision relates to future costs for camp and infrastructure removal at Flat. The undiscounted amount of estimated future cash flows is \$408,278 (US\$284,000). The liability was estimated using an expected life of 6.00 years, an inflation rate of 2% and a risk-free pre-tax discount rate of 3.06%. During the three months ended March 31, 2025, the Company recognized accretion expense of \$2,940 (2024 - \$2,709) and a foreign exchange gain of \$348 (2024 - foreign exchange loss of \$8,544) on the restoration provision.

10. SHARE CAPITAL AND RESERVES**a) Authorized share capital and share consolidation**

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

Pursuant to the Share Consolidation, the Company consolidated its issued share capital on a ratio of ten old common shares for every one new post-consolidated common share (Note 1 and 15). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

b) Issued share capital

As at March 31, 2025, 41,985,370 common shares (December 31, 2024 - 41,985,370) were issued and outstanding.

During the three months ended March 31, 2025, the Company had no share capital transactions. Subsequent to period end, on May 20, 2025, the Company issued 25,472,600 common shares and 25,472,600 warrants pursuant to the close of a private placement (see Note 15 for details).

During the year ended December 31, 2024, the Company had the following share transactions:

- The Company recognized a \$42,129 recovery of share issuance costs from private placements that took place in 2023.
- On August 16, 2024, the Company closed the first tranche of a private placement (the "2024 Private Placement") and issued 5,117,714 units at a price of \$0.60 per unit for gross proceeds of \$3,070,639. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$1.00 and expires on August 16, 2026. The gross proceeds were allocated using the relative fair value method, with \$2,494,129 allocated to share capital and \$576,510 allocated to reserves. The Company paid cash share issuance costs of \$186,728, of which \$23,780 was to a related party, and issued 166,943 finders' warrants with an aggregate fair value of \$46,306. Each finders' warrant is exercisable at a price of \$1.00 and expires on August 16, 2026.
- On October 3, 2024, the Company closed the second tranche of the 2024 Private Placement and issued 978,033 units at a price of \$0.60 per unit for gross proceeds of \$586,820. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$1.00 and expires on October 3, 2026. The gross proceeds were allocated using the relative fair value method, with \$482,841 allocated to share capital and \$103,979 allocated to reserves. The Company paid cash share issuance costs of \$52,101, of which \$9,738 was to a related party, and issued 46,200 finders' warrants with an aggregate fair value of \$10,944. Each finders' warrant is exercisable at a price of \$1.00 and expires on October 3, 2026.
- On November 1, 2024, the Company closed the third and final tranche of the 2024 Private Placement and issued 2,819,520 units at a price of \$0.60 per unit for gross proceeds of \$1,691,712. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$1.00 and expires on November 1, 2026. The gross proceeds were allocated using the relative fair value method, with \$1,400,025 allocated to share capital and \$291,687 allocated to reserves. The Company paid cash share issuance costs of \$105,057, of which \$1,537 was to a related party, and issued 163,571 finders' warrants with an aggregate fair value of \$37,488. Each finders' warrant is exercisable at a price of \$1.00 and expires on November 1, 2026.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL AND RESERVES (continued)**c) Share purchase warrants**

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2023	9,937,211	1.30
Warrants issued	4,457,626	1.00
Finders' warrants issued	376,714	1.00
Expired	(4,376,567)	1.20
Balance, March 31, 2025 and December 31, 2024	10,394,984	1.23

A summary of the Company's outstanding warrants as at March 31, 2025 is as follows:

Expiry date	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
June 23, 2025	1,521,249	1.50	0.23
June 23, 2025	114,329	1.10	0.23
August 10, 2025	1,965,031	1.50	0.36
August 10, 2025	126,161	1.10	0.36
September 29, 2025	254,544	1.50	0.50
November 8, 2025	1,579,330	1.30	0.61
August 16, 2026	2,725,793	1.00	1.38
October 3, 2026	535,216	1.00	1.51
November 1, 2026	1,573,331	1.00	1.59
	10,394,984	1.23	0.89

As at March 31, 2025, the weighted average remaining contractual life of the outstanding warrants was 0.89 years (December 31, 2024 - 1.14 years).

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model ("BSM") for warrants issued during the three months ended March 31, 2025 and the year ended December 31, 2024 is as follows:

	2025	2024
Share price	N/A	0.60
Exercise price	N/A	1.00
Risk-free interest rate	N/A	3.21%
Expected life	N/A	2 years
Expected volatility	N/A	107.80%
Expected annual dividend yield	N/A	0.00%

d) 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 may not exceed 10% of the Company's issued common shares as at the date of grant.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL AND RESERVES (continued)

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

	Number of stock options outstanding	Weighted average exercise price
	#	\$
As at December 31, 2023	937,500	1.20
Granted	1,240,000	1.00
Forfeited	(231,000)	1.10
Balance, March 31, 2025 and December 31, 2024	1,946,500	1.06

A summary of the Company's stock options outstanding and exercisable as at March 31, 2025 is as follows:

Expiry date	Number of stock options outstanding	Number of stock options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
August 15, 2025	87,500	78,125	1.30	0.38
August 19, 2025	10,000	10,000	0.90	0.39
August 19, 2026	20,000	20,000	0.90	1.39
March 11, 2027	30,000	30,000	1.01	1.95
July 8, 2027	220,000	220,000	1.00	2.27
August 4, 2027	50,000	50,000	1.00	2.35
October 1, 2027	40,000	20,000	1.00	2.50
August 15, 2028	344,000	254,000	1.30	3.38
March 1, 2029	50,000	25,000	1.00	3.92
August 19, 2029	170,000	20,000	0.90	4.39
November 4, 2029	900,000	450,000	1.00	4.60
April 30, 2031	25,000	25,000	1.55	6.08
	1,946,500	1,202,125	1.06	3.72

A summary of the Company's weighted average inputs used in the BSM to calculate the fair value of stock options granted during the three months ended March 31, 2025 and the year ended December 31, 2024 is as follows:

	2025	2024
Exercise price	N/A	\$0.98
Share price	N/A	\$0.57
Risk-free interest rate	N/A	3.07%
Expected life	N/A	4.92 years
Expected volatility	N/A	112.30%
Expected annual dividend yield	N/A	0.00%
Expected forfeiture rate	N/A	3.02%

During the three months ended March 31, 2025, the Company had no stock option activity.

During the year ended December 31, 2024, the Company had the following stock option grants:

- On March 1, 2024, the Company granted 50,000 stock options to a newly appointed director. Each option has an exercise price of \$1.00 per common share of the Company and expires on March 1, 2029, vesting over a two-year period in four equal installments on the six-month anniversary dates. In addition, the Company issued 30,000 stock options to a consultant with the same exercise price and expiry date vesting over a three-year period in three equal installments on the anniversary date.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL AND RESERVES (continued)

- On August 19, 2024, the Company granted 140,000 stock options to certain officers, employees and consultants. Each option has an exercise price of \$0.90 per share and expires on August 19, 2029 with varied vesting conditions.
- On August 19, 2024, the Company granted 90,000 stock options to certain consultants. Each stock option has an exercise price of \$0.90 per share and expires on August 19, 2029 with varied vesting conditions relating to performance objectives associated with the Company's 2024 Flat drill program.
- On August 19, 2024, the Company granted 20,000 stock options to a consultant. Each stock option has an exercise price of \$0.90 per share and expires on August 19, 2026, vesting immediately.
- On August 19, 2024, the Company granted 10,000 stock options to a consultant. Each stock option has an exercise price of \$0.90 per share and expires on August 19, 2025, vesting over 6 months in equal installments every 3 months.
- On November 4, 2024, the Company granted an aggregate of 900,000 stock options to a consultant. Each option has an exercise price of \$1.00 per share and expires on November 4, 2029, with 225,000 stock options vesting immediately and the remaining 675,000 stock options vesting in equal installments every 4 months.

During the three months ended March 31, 2025, the Company recorded share-based compensation related to the vesting of stock options granted of \$140,146 (2024 - \$68,206) and a recovery of \$nil (2024 - \$12,099) relating to forfeited unvested stock options. As a result, the net share-based compensation expense for the three months ended March 31, 2025 was \$140,146 (2024 - \$56,107).

11. 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 for the three months ended March 31, 2025 and 2024 is as follows:

	2025	2024
	\$	\$
Accounting and legal fees	49,456	45,613
Employee benefits and salaries	72,504	62,500
Exploration and evaluation expenses	46,250	43,750
Share-based compensation	26,850	29,029
	195,060	180,892

As at March 31, 2025, accounts payable and accrued liabilities contain amounts due to related parties of \$124,486 (December 31, 2024 - \$190,269). The amounts have no specified terms of repayment and are due upon demand.

12. SEGMENTED INFORMATION

The Chief Operating Decision Maker ("CODM") of the Company has been identified as the Chief Executive Officer, who makes strategic decisions and allocates resources to operating segments. The CODM has determined that 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 and cash equivalents, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues. All corporate expenses are incurred in Canada.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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 cash equivalents, including cash and a guaranteed investment certificate held in a financial institution, and deposits. The risk exposure is limited because the Company places its cash and cash equivalents in institutions of high credit worthiness within Canada.

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, 2025, 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) Commodity price risk

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

e) Foreign exchange risk

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

The Company is exposed to foreign exchange risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

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

	March 31, 2025	December 31, 2024
	\$	\$
Cash and cash equivalents	67,006	100,016
Deposits	263,447	263,685
Accounts payable and accrued liabilities	(86,161)	(60,086)
	244,292	303,615

As at March 31, 2025, a 5% change in the foreign exchange rate would result in a change in net loss of \$12,215 (December 31, 2024 - \$15,181). The Company has no hedging agreements in place with respect to foreign exchange rates.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

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14. 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.

15. SUBSEQUENT EVENTS

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

On May 20, 2025, the Company closed the 2025 Private Placement and issued 25,472,600 units at a price of \$0.50 per unit for gross proceeds of \$12,736,300. Each unit consists of one common share and one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.75 and expires on May 20, 2027. Pursuant to the 2025 Private Placement, the Company incurred cash share issuance costs of \$335,700 and issued 671,400 finders' warrants. Each finders' warrant is exercisable at a price of \$0.75 and expires on May 20, 2027.