



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited)

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022 and 2021.

Pursuant to National Instrument 51-102, 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 period ended September 30, 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 Company's independent auditors, Davidson and Company LLP, have not performed a review of these condensed interim consolidated financial statements.

November 23, 2022

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

	Note	September 30, 2022	December 31, 2021
		\$	\$
ASSETS			
Current			
Cash		483,284	1,074,068
Amounts receivable		32,552	16,061
Prepaid expenses		135,630	65,148
		651,466	1,155,277
Equipment	4	41,344	62,255
Exploration and evaluation assets	5	755,088	690,028
Total assets		1,447,898	1,907,560
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	522,600	298,017
Current portion of lease liability	7	17,143	27,853
		539,743	325,870
Lease liability	7	-	9,918
Total liabilities		539,743	335,788
SHAREHOLDERS' EQUITY			
Share capital	6	25,552,165	23,676,853
Reserves	6	3,567,366	3,079,699
Deficit		(28,211,376)	(25,184,780)
Total shareholders' equity		908,155	1,571,772
Total liabilities and shareholders' equity		1,447,898	1,907,560

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

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

"Antonio Reda"

Antonio Reda

"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)

	Note	Three months ended		Nine months ended	
		2022	September 30, 2021	2022	September 30, 2021
		\$	\$	\$	\$
Operating expenses					
Accounting and legal fees	8	120,826	148,936	308,038	287,938
Corporate development and marketing		127,186	73,159	274,910	196,509
Depreciation	4	9,347	11,849	28,132	32,181
Employee benefits and salary	8	140,376	134,800	381,448	572,788
Exploration expenses	5	1,239,791	4,944,495	1,790,461	6,207,574
Finance cost	7	541	1,214	2,155	4,573
Foreign exchange loss		2,165	31,536	10,371	24,844
General and administration		19,682	41,611	53,584	129,414
Insurance		16,475	12,168	47,684	36,182
Listing and filing fees		5,197	17,040	30,302	42,902
Share-based compensation	8	52,083	66,410	73,397	291,632
Travel and meals		8,190	2,953	26,114	11,149
Total operating expenses		1,741,859	5,486,171	3,026,596	7,837,686
Loss from operations		(1,741,859)	(5,486,171)	(3,026,596)	(7,837,686)
Other expense					
Impairment of exploration asset		-	135,564	-	135,564
Net loss and comprehensive loss		(1,741,859)	(5,621,735)	(3,026,596)	(7,973,250)
Net loss per share:					
Basic and diluted		(0.01)	(0.03)	(0.02)	(0.07)
Weighted average number of common shares outstanding:					
Basic and diluted		200,422,102	161,677,735	178,389,227	115,940,235

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)

	Nine months ended September 30,	
	2022	2021
	\$	\$
Operating activities:		
Net loss for the period	(3,026,596)	(7,973,250)
Items not affecting cash:		
Depreciation	28,132	32,181
Finance cost	2,155	4,103
Foreign exchange loss (gain)	12,421	(16,652)
Impairment of exploration asset	-	135,564
Share-based compensation	73,397	291,632
Changes in non-cash working capital:		
Amounts receivable	(16,491)	(110,543)
Prepaid expenses	(70,482)	(90,748)
Accounts payable and accrued liabilities	211,540	998,168
Cash used in operating activities	(2,785,924)	(6,729,545)
Investing activities:		
Purchase of equipment	(7,221)	(8,537)
Expenditures on exploration and evaluation assets	(65,060)	(113,803)
Cash used in investing activities	(72,281)	(122,340)
Financing activities:		
Proceeds from private placement	2,362,140	7,176,056
Share issuance costs	(72,558)	(371,904)
Lease payments	(22,783)	(22,392)
Cash provided by financing activities	2,266,799	6,781,760
Effect of foreign exchange on cash	622	16,654
Change in cash	(590,784)	(53,471)
Cash, beginning of period	1,074,068	3,423,212
Cash, end of period	483,284	3,369,741

Supplemental cash flow information (Note 9)

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 equity
			Warrants	Restricted share reserve	Stock options		
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	89,917,175	17,681,401	1,258,043	686,641	21,101	(15,799,771)	3,847,415
Shares issued for private placement	71,760,560	5,623,484	1,552,572	-	-	-	7,176,056
Share issue costs	-	(371,904)	-	-	-	-	(371,904)
Share purchase warrants issued for finders' fees	-	(192,378)	192,378	-	-	-	-
Share-based compensation	-	-	-	249,609	42,023	-	291,632
Net loss for the period	-	-	-	-	-	(7,973,250)	(7,973,250)
Balance, September 30, 2021	161,677,735	22,740,603	3,002,993	936,250	63,124	(23,773,021)	2,969,949
To relocate RSU value to share capital	-	936,250	-	(936,250)	-	-	-
Share-based compensation	-	-	-	-	13,582	-	13,582
Net loss for the period	-	-	-	-	-	(1,411,759)	(1,411,759)
Balance, December 31, 2021	161,677,735	23,676,853	3,002,993	-	76,706	(25,184,780)	1,571,772
Shares issued for private placement	39,369,005	1,958,964	403,176	-	-	-	2,362,140
Share issue costs	-	(83,652)	11,094	-	-	-	(72,558)
Share-based compensation	-	-	-	-	73,397	-	73,397
Net loss for the period	-	-	-	-	-	(3,026,596)	(3,026,596)
Balance, September 30, 2022	201,046,740	25,552,165	3,417,263	-	150,103	(28,211,376)	908,155

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 and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 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 312 - 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5.

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.

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. As of the date of these unaudited condensed interim consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 (the "interim financial statements"), COVID-19 has had a minimal impact on the Company's ability to raise funding, and travel restrictions related to COVID-19 did not significantly affect the Company's ability to access and explore its current properties.

These interim 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 and nine months ended September 30, 2022, the Company incurred a net loss of \$1,741,859 and \$3,026,596, respectively (September 30, 2021 - \$5,847,828 and \$7,973,250, respectively). As at September 30, 2022, the Company has a deficit of \$28,211,376 (December 31, 2021 - \$25,184,780) and working capital of \$111,723 (December 31, 2021 - \$829,407). 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 operating costs with the proceeds from equity financings, and its current working capital.

These interim 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.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of compliance

These interim financial statements were approved by the Board of Directors and authorized for issue on November 23, 2022.

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These interim 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, 2021 and 2020 ("annual financial statements").

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 2 BASIS OF PRESENTATION (continued)

(b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these interim financial statements have been prepared using the accrual method of accounting.

(c) Functional and presentational currency

All amounts on these interim financial statements are presented in Canadian dollars which is the functional currency and presentational currency of the Company. References to "USD" are to United States dollars.

(d) Basis of consolidation

These interim 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. These interim financial statements incorporate the accounts of the Company and the following subsidiaries:

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

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in the "significant accounting policies" section of the annual financial statements.

Significant estimates and assumptions

The preparation of the interim 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 interim financial statements are consistent with those applied and disclosed in the notes to the annual financial statements.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 4 EQUIPMENT

The following table summarizes the continuity of equipment as at September 30, 2022 and December 31, 2021:

	Exploration equipment	Office and furniture	Computer equipment	Right-of-use asset	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2020	22,686	17,866	25,786	85,186	151,524
Additions	-	-	11,522	114	11,636
Balance, December 31, 2021	22,686	17,866	37,308	85,300	163,160
Additions	-	-	5,628	1,593	7,221
Balance, September 30, 2022	22,686	17,866	42,936	86,893	170,381
Accumulated depreciation					
Balance, December 31, 2020	13,009	7,236	11,856	25,035	57,136
Depreciation	9,145	3,189	5,655	25,780	43,769
Balance, December 31, 2021	22,154	10,425	17,511	50,815	100,905
Depreciation	120	1,674	5,298	21,040	28,132
Balance, September 30, 2022	22,274	12,099	22,809	71,855	129,037
Carrying value					
Balance, December 31, 2021	532	7,441	19,797	34,485	62,255
Balance, September 30, 2022	412	5,767	20,127	15,038	41,344

NOTE 5 EXPLORATION AND EVALUATION ASSETS

The following table represents acquisition costs incurred on the exploration and evaluation assets as at September 30, 2022 and December 31, 2021:

	Tibbs	Seventy- mile	Carrie and Mt. Harper	Flat	Northway and Maple leaf	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	249,052	118,656	14,945	-	151,541	534,194
Cash property payments	62,875	114,852	25,508	88,163	-	291,398
Impairment	-	-	-	-	(135,564)	(135,564)
Balance, December 31, 2021	311,927	233,508	40,453	88,163	15,977	690,028
Cash property payments	65,060	-	-	-	-	65,060
Balance, September 30, 2022	376,987	233,508	40,453	88,163	15,977	755,088

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited - Expressed in Canadian dollars)

NOTE 5 EXPLORATION AND EVALUATION ASSETS (continued)

All exploration and evaluation assets are located in the United States of America.

The following table represents details of the Company's exploration and evaluation expenditures for the three and nine months ended September 30, 2022 and 2021, respectively:

Three months ended September 30, 2022	Tibbs	Seventy- mile	Carrie and Mt. Harper	Flat	Maple leaf	Project generation & support	Total
	\$	\$	\$	\$	\$	\$	\$
Computer software	5,811	5,562	1,002	4,416	-	2,278	19,069
Claim maintenance	-	-	-	-	-	(64)	(64)
Drilling program	15,223	754,049	1,397	20,202	-	-	790,871
Geological consulting	6,271	8,376	3,646	18,096	5,250	2,917	44,556
Mapping program	-	-	23,117	334,172	-	-	357,289
Other camp expenses	24	3,964	27	357	-	642	5,014
Registration fees	-	-	-	-	-	375	375
Salary and legal costs	-	13,510	-	-	-	-	13,510
Surveying program	195	-	6,299	-	-	2,677	9,171
	27,524	785,461	35,488	377,243	5,250	8,825	1,239,791

Three months ended September 30, 2021	Tibbs	Seventy- mile	Carrie and Mt. Harper	Flat	Northway and Maple leaf	Project generation & support	Total
	\$	\$	\$	\$	\$	\$	\$
Drilling program	3,254,966	-	842,098	-	-	-	4,097,064
Geological consulting	24,265	577	-	-	-	-	24,842
Mapping program	6,261	69	253,456	2,625	8,956	-	271,367
Other camp expenses	30,743	11,279	16,643	-	461	305	59,431
Registration fees	-	-	-	-	18,863	-	18,863
Salary and legal costs	45,570	1,630	15,643	6,988	1,066	-	70,897
Scholarship fees	-	-	-	12,353	-	-	12,353
Surveying program	378,309	3,820	6,971	-	322	256	389,678
	3,740,114	17,375	1,134,811	21,966	29,668	561	4,944,495

Nine months ended September 30, 2022	Tibbs	Seventy- mile	Carrie and Mt. Harper	Flat	Maple leaf	Project generation & support	Total
	\$	\$	\$	\$	\$	\$	\$
Computer software	14,314	9,505	5,897	8,359	-	19,616	57,691
Claim maintenance	64	64	129	-	-	739	996
Drilling program	132,364	838,411	13,897	20,202	-	-	1,004,874
Geological consulting	21,575	24,110	24,068	35,552	17,668	16,033	139,006
Mapping program	5,493	1,305	25,714	338,312	-	-	370,824
Other camp expenses	144	3,969	27	357	232	3,548	8,277
Registration fees	-	-	-	-	625	500	1,125
Salary and legal costs	58,121	13,510	13,680	7,384	13,981	14,332	121,008
Surveying program	535	1,133	6,828	227	82	2,879	11,684
Scholarship fees	-	31,240	31,240	12,496	-	-	74,976
	232,610	923,247	121,480	422,889	32,588	57,647	1,790,461

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 5 EXPLORATION AND EVALUATION ASSETS (continued)

Nine months ended September 30, 2021	Tibbs	Seventy- mile	Carrie and Mt. Harper	Flat	Northway and Maple leaf	Project generation & support	Total
	\$	\$	\$	\$	\$	\$	\$
Drilling program	4,083,279	1,417	843,515	-	-	-	4,928,211
Geological consulting	50,722	57,189	3,051	-	4,405	27,083	142,450
Mapping program	9,148	1,350	281,067	2,625	10,248	-	304,438
Other camp expenses	98,175	29,281	18,927	-	2,207	1,219	149,809
Registration fees	561	-	1,123	-	39,599	-	41,283
Salary and legal costs	94,351	16,899	19,719	6,988	3,358	60,336	201,651
Sampling program	1,243	100	-	-	-	731	2,074
Scholarship fees	-	30,713	-	12,353	-	-	43,066
Surveying program	379,230	4,164	10,290	-	652	256	394,592
	4,716,709	141,113	1,177,692	21,966	60,469	89,625	6,207,574

(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 Tibbs 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 \$301,973 (USD\$230,000) up to December 31, 2021. Pursuant to the option agreement, the Company is required to pay a USD\$50,000 option payment each June from 2021 to 2027 and is required to incur an aggregate USD\$1,000,000 in exploration expenditures by June 2022. As of December 31, 2021, the Company has 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 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 covers 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 is for fifteen 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 \$156,582 (USD\$120,000) on lease requirements up to December 31, 2021 and pursuant to the lease agreement the Company is required to pay:

- USD\$60,000 each January 2022 to 2027 (2022 payment made - \$77,562).
- USD\$200,000 each January 2028 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment will be increased to USD\$300,000; and
- USD\$600,000 upon completion of a feasibility study.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 5 EXPLORATION AND EVALUATION ASSETS (continued)

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

	USD\$
2018 (commitment fully met)	400,000
2019 (commitment fully met)	600,000
2020-2023 (commitment fully met) ¹	750,000
2024-2027	1,500,000
2028 and each calendar year thereafter	2,000,000

1. Eligible expenditures include all actual direct costs incurred related to the exploration and development of Seventymile, 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 September 30, 2022, the Company incurred USD\$2,905,472 in cumulative eligible expenditures on Seventymile.

(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 \$26,137 (USD\$20,000) on lease requirements to December 31, 2021 and pursuant to the lease agreement is required to pay:

- USD\$10,000 each January 2021 to 2024 (2022 payment made - \$12,927 (2021 - \$13,042)).
- 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 annual payment will be increased to USD\$200,000; and
- USD\$150,000 upon completion of a feasibility study.

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 ¹ (commitment fully met)	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 September 30, 2022, the Company incurred USD\$1,063,028 in cumulative eligible expenditures on Carrie Creek Property 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 property. During the nine months ended September 30, 2022, the Company fulfilled its current year's commitment.

NOTE 5 EXPLORATION AND EVALUATION ASSETS (continued)

(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 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.

In consideration, the Company paid Doyon \$37,059 (USD\$30,000) on lease requirements to December 31, 2021 and is required to pay:

- USD\$40,000 each January 2022 to 2025 (2022 payment made - \$51,708).
- 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 annual 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 ¹ (including no less than \$500,000 by the end of 2022)	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 September 30, 2022, the Company incurred USD\$298,655 in cumulative expenditures on Flat.

The Company has committed to contributing 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 the Flat Property. During the nine months ended September 30, 2022, the Company fulfilled its current year's commitment.

(e) Northway and Maple leaf

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

NOTE 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 September 30, 2022, 201,046,740 common shares were issued and outstanding.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 6 SHARE CAPITAL AND RESERVES (continued)

(c) Share issuances

During the nine months ended September 30, 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 convertible 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 finders fees of \$45,395 to brokers 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.

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 convertible 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 finders' fees of \$27,163 to brokers 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.

During the nine months ended September 30, 2021, the Company had the following share transactions:

On June 23, 2021, the Company issued 71,760,560 units at a price of \$0.10 per unit for gross proceeds of \$7,176,056. Each unit is comprised of one common share and a one-half share purchase warrant. Each full warrant is convertible into one common share at an exercise price of \$0.17 and expires on June 23, 2023. The gross proceeds attributed to the warrants was \$1,552,572. The Company paid finders' fees of \$277,958 and issued 2,488,588 finders' warrants with a fair value of \$192,378. Each finders' warrant is exercisable at a price of \$0.17 and expires June 23, 2023.

(d) Doyon Private Placement

Doyon has agreed not to exercise any Doyon warrants if, as a result of such exercise, it causes Doyon to hold greater than 19.99% of the total outstanding common shares of Tectonic, unless and until the shareholders of Tectonic have passed a resolution approving such exercise of the Doyon warrants in accordance with the applicable rules and policies of the TSXV.

The Doyon warrants are subject to an acceleration clause whereby if the volume weighted average trading price of Tectonic's common shares on the TSXV is \$0.56 or greater for a period of 10 consecutive trading days, Tectonic has the right to accelerate the expiry day of the Doyon warrants to 30 days from the date of issuance of a news release by Tectonic announcing the accelerated exercise period.

Doyon was granted a pre-emptive right to maintain its pro rata interest for as long as Doyon owns more than 10% of the common shares of Tectonic, calculated on a partially diluted basis. As of September 30, 2022, Doyon owns approximately 13.5% of the common shares of Tectonic on a partially diluted basis.

(e) Share purchase warrants

A summary of the changes in the Company's warrants outstanding and exercisable is as follows:

	Warrants outstanding and exercisable	Weighted average exercise price
	#	\$
Balance, December 31, 2020	39,757,710	0.42
Warrants issued	35,880,280	0.17
Finders' warrants issued	2,488,588	0.17
Expired	(17,157,330)	0.50
Balance, December 31, 2021	60,969,248	0.24
Warrants issued	19,684,503	0.10
Finders' warrants issued	509,140	0.10
Expired	(22,600,380)	0.36
Balance, September 30, 2022	58,562,511	0.15

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 6 SHARE CAPITAL AND RESERVES (continued)

The value of the warrants issued during the nine months ended September 30, 2022 and the year ended December 31, 2021 was estimated using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2022	December 31, 2021
Risk-free interest rate	2.60% - 3.26%	0.42%
Expected stock price volatility	116% - 157%	116%
Expected dividend yield	0.00%	0.00%
Expected life	2 years	2 years

As at September 30, 2022, the Company had warrants outstanding and exercisable as follows:

Expiry date	Warrants outstanding and exercisable	Exercise price
	#	\$
June 23, 2023	38,368,868	0.17
May 30, 2024	16,186,973	0.10
July 8, 2024	4,006,670	0.10
	58,562,511	0.15

(f) 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 the changes in the Company's stock options outstanding and exercisable is as follows:

	Stock options outstanding	Weight average exercise price
	#	\$
As at December 31, 2020	400,000	0.33
Granted	1,050,000	0.18
Cancelled	(400,000)	0.18
As at December 31, 2021	1,050,000	0.24
Granted	3,850,000	0.10
As at September 30, 2022	4,900,000	0.13

Expiry date	Stock options outstanding	Exercise price
	#	\$
July 27, 2025	400,000	0.33
August 4, 2026	400,000	0.20
March 11, 2027	300,000	0.10
July 8, 2027	3,050,000	0.10
August 4, 2027	500,000	0.10
April 30, 2031	250,000	0.16
Outstanding	4,900,000	0.13
Exercisable	425,000	0.25

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited - Expressed in Canadian dollars)

NOTE 6 – SHARE CAPITAL AND RESERVES (continued)

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.

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.

The fair values of stock options are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2022	December 31, 2021
Risk-free interest rate	2.02% - 3.21%	1.38%
Expected stock price volatility	115.60% - 117.35%	117%
Expected dividend yield	0%	0%
Expected life	5 years	8.65 years

The total fair value of the options on their respective grant dates to be recognized into reserves is \$161,470 (2021 - \$72,840). During the three and nine months ended September 30, 2022, the Company recorded share-based compensation related to options granted of \$52,083 and \$73,397, respectively (2021 - \$66,410 and \$291,632, respectively).

(g) Restricted shares

On July 29, 2019, the Company adopted the Restricted Share Plan. The Company may grant common shares to eligible employees, officers, directors and consultants with performance conditions to be determined by the Company's Board of Directors ("Restricted Shares"). No cash consideration is received for Restricted Shares. Performance conditions are placed on the Restricted Shares as determined by the Board. If employees fail to meet the conditions, the Restricted Shares are subsequently cancelled and returned to the Company's treasury. The Restricted Share Plan permits the issuance of restricted shares, which, together with the Stock Option Plan, may not exceed 10% of the Company's issued common shares as at the date of grant.

At the date of issuance, no value is recorded in share capital. Based on the share price at the date of issuance, the Company records share-based compensation as the shares vest with an offsetting amount recorded to reserves. Upon completing the vesting condition, the amount in reserves will be transferred to share capital.

(h) Escrow

The Company entered into an escrow agreement pursuant to which 19,272,071 common shares and 4,275,642 warrants have been placed in escrow. The escrow agreement provides that 10% of the escrowed securities will be released upon the Company's listing date and that an additional 15% will be released every nine months thereafter, over a period of 36 months. On November 18, 2019, the Company became listed on the TSXV. As of September 30, 2022, there were 2,890,811 (December 31, 2021 - 5,781,622) common shares and 641,346 (December 31, 2021 - 1,282,694) warrants held in escrow.

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 7 LEASE LIABILITY

A summary of the Company's lease liability as of September 30, 2022 is as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Opening balance	37,771	62,601
Finance cost	2,155	5,155
Lease payment	(22,783)	(29,985)
Closing balance	17,143	37,771
Less: current portion	17,143	27,853
Long-term portion	-	9,918

As at September 30, 2022, the Company is obligated to pay the following undiscounted lease payments

	September 30, 2022
	\$
2022	7,594
2023	10,125
	17,719

NOTE 8 RELATED PARTY TRANSACTIONS

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. The Company entered into the following transactions with its key management:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Employee benefits and salary - administration expense	60,000	80,020	180,000	389,292
Employee benefits and salary - exploration expense	-	87,500	31,556	162,500
Accounting and legal fees	28,053	-	94,753	-
Exploration expenses - geological consulting	44,105	-	123,855	-
Share-based compensation - restricted shares	-	53,470	-	249,609
Share-based compensation - stock options	22,155	-	29,823	-
	154,313	220,990	459,987	801,401

As at September 30, 2022 the Company had an outstanding accounts payable balance with related parties of \$38,190 (December 31, 2021 - \$36,836).

NOTE 9 SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended September 30,	
	2022	2021
	\$	\$
Investing activities		
Assets acquired included in accounts payable	-	37,059
Financing activities		
Finders' warrants issued for financing fees	11,094	192,378

Total income tax paid during the three and nine months ended September 30, 2022 were \$nil and \$nil, respectively (2021 - \$nil and \$nil, respectively).

TECTONIC METALS INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 10 SEGMENTED INFORMATION

The Company operates in one reportable segment, the exploration and development 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 or operating results. The Company's operating segments are disclosed by geographic location in Note 5. All corporate expenses are incurred in Canada.

NOTE 11 FINANCIAL RISK MANAGEMENT

(a) Fair value of financial instruments

As at September 30, 2022 and December 31, 2021, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, all of which measured at amortized cost.

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

(b) Financial instruments risk

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

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 banks of high credit worthiness within Canada.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk exposure arises with respect to the Company's accounts payable and accrued 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. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at September 30, 2022, the Company had cash of \$483,284 and a working capital of \$111,723 with total current liabilities of \$539,743.

Market risk

Market risk for the Company comprises interest rate and foreign currency risk.

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

Foreign currency 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 had the following financial instruments denominated in USD:

	September 30,	December 31,	September 30,	December 31,
	2022	2021	2022	2021
	USD	USD	\$	\$
Cash	114,738	156,158	157,271	197,977
Accounts payable and accrued liabilities	(131,124)	(24,285)	(179,731)	(30,789)
Net financial (liabilities) assets	(16,386)	131,873	(22,460)	167,188

As at September 30, 2022, a 5% change in the foreign exchange rates would result in an impact of approximately \$1,123 (December 31, 2021 - \$8,359) to the Company's net loss. The Company had 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 and nine months ended September 30, 2022 and 2021**(Unaudited - Expressed in Canadian dollars)

NOTE 12 CAPITAL MANAGEMENT

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 (share capital) is based on the funds available to the Company in order to support the acquisition, exploration and development 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.

NOTE 13 SUBSEQUENT EVENTS

On October 1, 2022, the Company granted 400,000 stock options to an officer of the Company for the purchase of up to 400,000 common shares at a price of \$0.10 per share. Each stock option is exercisable for a period of five years.

On November 17, 2022 the Company closed a non-brokered private placement for 38,761,250 units at a price of \$0.08 per unit for gross proceeds of \$3,100,900. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant has an exercise price of \$0.12 and a life of two years. Finders' cash commissions of \$48,330 and 604,125 finders' warrants were paid and issued, respectively. The finder's warrants have an exercise price of \$0.12 and a life of two years from the date of closing.