



Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 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 and Nine Months Ended September 30, 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 September 30, 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.

November 29, 2023

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

	Note	September 30, 2023	December 31, 2022
		\$	\$
ASSETS			
Current			
Cash		2,584,963	2,552,145
Amounts receivable		9,192	6,340
Prepaid expenses and deposits	5	1,417,412	205,316
		4,011,567	2,763,801
Property and equipment	6	8,998	32,394
Exploration and evaluation assets	7	641,318	573,143
Total assets		4,661,883	3,369,338
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	696,741	408,796
Lease liability	9	-	9,918
Total liabilities		696,741	418,714
SHAREHOLDERS' EQUITY			
Share capital	10(b)	33,082,476	27,341,904
Reserves		6,757,060	4,799,782
Deficit		(35,874,394)	(29,191,062)
Total shareholders' equity		3,965,142	2,950,624
Total liabilities and shareholders' equity		4,661,883	3,369,338

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

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)

	Note	Three months ended		Nine months ended	
		2023	September 30, 2022	2023	September 30, 2022
		\$	\$	\$	\$
Operating expenses					
Accounting and legal fees	11	91,708	105,706	222,617	262,678
Corporate development and marketing		176,587	127,187	445,952	274,910
Depreciation		1,735	9,347	13,865	28,132
Employee benefits and salary	11	89,160	140,376	424,234	381,448
Exploration and evaluation expenses	8, 11	4,646,520	1,239,791	5,157,180	1,790,461
Foreign exchange loss		20,848	2,165	16,933	10,371
General and administration	11	46,812	34,802	155,268	98,944
Insurance		14,993	16,475	47,296	47,684
Interest expense		-	541	207	2,155
Listing and filing fees		18,970	5,197	49,389	30,302
Share-based compensation	10(d), 11	62,720	52,082	76,735	73,397
Travel and meals		30,975	8,190	90,160	26,114
		5,201,028	1,741,859	6,699,836	3,026,596
Other income (expense)					
Interest income		9,885	-	22,605	-
Loss on disposal of equipment	6	(8,936)	-	(6,101)	-
Net loss and comprehensive loss		(5,200,079)	(1,741,859)	(6,683,332)	(3,026,596)
Net loss per share:					
Basic and diluted		(0.02)	(0.01)	(0.03)	(0.02)
Weighted average number of common shares outstanding:					
Basic and diluted		292,357,495	200,422,102	258,446,614	178,389,227

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,	
	2023	2022
	\$	\$
Operating activities:		
Net loss for the period	(6,683,332)	(3,026,596)
Items not affecting cash:		
Depreciation	13,865	28,132
Interest expense	207	2,155
Unrealized foreign exchange (gain) loss	(2,671)	12,421
Share-based compensation	76,735	73,397
Loss on disposal of equipment	6,101	-
Changes in non-cash working capital:		
Amounts receivable	(2,852)	(16,491)
Prepaid expenses and deposits	(1,212,096)	(70,482)
Accounts payable and accrued liabilities	255,374	211,540
Cash used in operating activities	(7,548,669)	(2,785,924)
Investing activities:		
Purchase of equipment	-	(7,221)
Expenditure on exploration and evaluation assets	(68,175)	(65,060)
Proceeds from disposal of equipment	3,430	-
Cash used in investing activities	(64,745)	(72,281)
Financing activities:		
Proceeds from private placement	8,229,881	2,362,140
Share issuance costs paid in cash	(618,966)	(72,558)
Proceeds from warrant exercises	10,200	-
Lease liability payments	(10,125)	(22,783)
Cash provided by financing activities	7,610,990	2,266,799
Effect of foreign exchange rate on change in cash	35,242	622
Change in cash	32,818	(590,784)
Cash, beginning of period	2,552,145	1,074,068
Cash, end of period	2,584,963	483,284
Supplemental cash flow information:		
Cash interest paid	207	2,155

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
Shares issued in private placements	39,369,005	1,958,964	403,176	-	2,362,140
Share issuance cost	-	(102,277)	11,094	-	(91,183)
Shared-based compensation	-	-	73,397	-	73,397
Net loss and comprehensive loss for the period	-	-	-	(3,026,596)	(3,026,596)
Balance, September 30, 2022	201,046,740	25,533,540	3,567,366	(28,211,376)	889,530
Shares issued in private placements	38,761,250	1,924,231	1,176,669	-	3,100,900
Share issuance costs	-	(167,489)	46,179	-	(121,310)
Shares issued from exercise of warrants	222,500	51,622	(13,797)	-	37,825
Share-based compensation	-	-	23,365	-	23,365
Net loss and comprehensive loss for the period	-	-	-	(979,686)	(979,686)
Balance, December 31, 2022	240,030,490	27,341,904	4,799,782	(29,191,062)	2,950,624
Shares issued in private placement	74,817,098	6,500,538	1,729,343	-	8,229,881
Share issuance costs	-	(772,762)	153,796	-	(618,966)
Shares issued from warrant exercises	60,000	12,796	(2,596)	-	10,200
Share-based compensation	-	-	76,735	-	76,735
Net loss and comprehensive loss for the period	-	-	-	(6,683,332)	(6,683,332)
Balance, September 30, 2023	314,907,588	33,082,476	6,757,060	(35,874,394)	3,965,142

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

The Company is listed on the Toronto Venture Exchange ("TSX-V") 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 and nine months ended September 30, 2023 and 2022 (the "financial statements") are prepared on a going concern basis, which contemplates 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 and nine months ended September 30, 2023, the Company incurred a net loss and comprehensive loss of \$5,200,079 and \$6,683,332, respectively (2022 - \$1,741,859 and \$3,026,596, respectively). As at September 30, 2023, the Company has a deficit of \$35,874,394 (December 31, 2022 - \$29,191,062) and working capital of \$3,314,826 (December 31, 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 November 29, 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 ("CAD") which is the functional and presentational currency of the Company and its subsidiaries. References to "USD" or "US\$" are to US dollars.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 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 September 30, 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 and the condensed interim consolidated statements of changes in shareholders' equity to conform with current period presentation.

3. 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.

4. 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, 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.

5. PREPAID EXPENSES AND DEPOSITS

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

	September 30, 2023	December 31, 2022
	\$	\$
Exploration program deposit	1,265,056	125,710
Prepaid consulting fees	82,500	10,718
Other prepaid expenses	69,856	68,888
	1,417,412	205,316

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(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	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
Disposals	-	(2,268)	(31,039)	-	(33,307)
Balance, September 30, 2023	22,686	15,598	11,897	86,893	137,074
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	84	1,089	4,099	8,593	13,865
Disposals	-	(1,673)	(22,103)	-	(23,776)
Balance, September 30, 2023	22,398	12,073	6,712	86,893	128,076
Carrying value					
Balance, December 31, 2022	372	5,209	18,220	8,593	32,394
Balance, September 30, 2023	288	3,525	5,185	-	8,998

During the three and nine months ended September 30, 2023, the Company recognized a loss on disposal of property and equipment of \$8,936 and \$6,101, respectively (2022 - \$nil and \$nil, respectively), resulting from the disposal of computer equipment with a cost of \$31,039 and accumulated depreciation of \$22,103 for no proceeds and the sale of office furniture with a cost of \$2,268 and accumulated depreciation of \$1,673 for gross proceeds of \$3,430.

7. 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	376,987	-	53,961	142,195	-	573,143
Cash acquisition payment	68,175	-	-	-	-	68,175
Balance, September 30, 2023	445,162	-	53,961	142,195	-	641,318

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

In consideration, the Company paid TCG a total of \$455,162 (US\$330,000) up to September 30, 2023. Pursuant to the option agreement, the Company is required to pay a US\$50,000 option payment each June from 2021 to 2027 and is required to incur an aggregate US\$1,000,000 in exploration expenses by June 2022. As of December 31, 2021, the Company has fulfilled this exploration expenditure commitment. On June 1, 2023, the Company paid TCG a total of \$68,175 (US\$50,000) pursuant to the option agreement.

TECTONIC METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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

7. EXPLORATION AND EVALUATION ASSETS (continued)

During the three and nine months ended September 30, 2023, no field work was conducted at the Tibbs Property.

b) Seventy-mile

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 "Seventy-mile"). 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 (US\$180,000) for lease requirements from lease inception to December 16, 2022. On December 16, 2022 the Company decided not to continue with the Seventy-mile property and terminated the lease agreement, resulting in an impairment of exploration and evaluation assets of \$233,508.

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 (US\$40,000) for lease requirements from lease inception to September 30, 2023 and pursuant to the lease agreement is required to pay:

- US\$10,000 each January from 2021 to 2024 (2021, 2022 and 2023 payments were made);
- US\$40,000 each January from 2025 to 2029;
- US\$100,000 each January from 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 US\$200,000; and
- US\$150,000 upon completion of a feasibility study.

During the three and nine months ended September 30, 2023, no field work was conducted at the Carrie Creek and Mt. Harper.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

7. EXPLORATION AND EVALUATION ASSETS (continued)

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

	US\$
2020 - 2022 (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

Eligible expenses 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 expenses and apply them against a future year. As at September 30, 2023, the Company incurred US\$1,073,178 in cumulative eligible expenses on Carrie Creek and Mt. Harper.

Additionally, the Company contributes to the Doyon Foundation an annual US\$10,000 scholarship for the term of the lease. The scholarship amount increases to US\$50,000 each year following the commencement of commercial production at either the Carrie Creek or Mount 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 Property ("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 \$142,195 (US\$110,000) for lease requirements from lease inception to September 30, 2023 and is required to pay:

- US\$40,000 each January from 2022 to 2025 (2022 and 2023 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 option agreement, the Company is required to incur the following amounts for exploration expenses on Flat:

	US\$
2021 - 2023 (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

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 at September 30, 2023, the Company incurred US\$4,267,700 in cumulative expenses on Flat.

The Company has committed to contributing to the Doyon Foundation an US\$10,000 scholarship for the term of the lease. The scholarship amount increases to US\$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.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

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

8. EXPLORATION AND EVALUATION EXPENSES

A summary of the Company's exploration and evaluation expenses for the three months ended September 30, 2023 is as follows:

	Tibbs	Carrie and Mt Harper	Flat	Project generation and support	Total
	\$	\$	\$	\$	\$
Geological and geophysical consulting	-	-	401,801	-	401,801
Salary and legal costs	-	-	40,401	-	40,401
Conference and conventions	-	-	-	8,140	8,140
Other camp expenses	2,724	-	137,307	1,267	141,298
Administrative expenses	-	-	19,200	3,994	23,194
Computer software	460	102	1,205	1,492	3,259
Land management	940	-	12,075	-	13,015
Drilling program	-	-	3,996,455	-	3,996,455
Laboratory expenses	2,257	-	4,200	-	6,457
Community expenses	-	-	12,500	-	12,500
	6,381	102	4,625,144	14,893	4,646,520

A summary of the Company's exploration and evaluation expenses for the three months ended September 30, 2022 is as follows:

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

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

8. EXPLORATION AND EVALUATION EXPENSES (continued)

A summary of the Company's exploration and evaluation expenses for the nine months ended September 30, 2023 is as follows:

	Tibbs	Carrie and Mt Harper	Flat	Project generation and support	Total
	\$	\$	\$	\$	\$
Geological and geophysical consulting	3,646	3,452	649,743	1,796	658,637
Salary and legal costs	-	-	99,344	2,585	101,929
Conference and conventions	-	-	-	23,219	23,219
Other camp expenses	4,434	360	146,557	12,818	164,169
Administrative expenses	-	-	19,200	18,811	38,011
Computer software	1,803	886	15,956	6,232	24,877
Land management	10,505	1,426	34,899	-	46,830
Drilling program	-	-	4,013,830	-	4,013,830
Surveying program	-	-	8,174	-	8,174
Laboratory expenses	2,257	-	42,400	-	44,657
Scholarship fees	-	6,791	13,556	-	20,347
Community expenses	-	-	12,500	-	12,500
	22,645	12,915	5,056,159	65,461	5,157,180

A summary of the Company's exploration and evaluation expenses for the nine months ended September 30, 2022 is as follows:

	Tibbs	Seventy- mile	Carrie and Mt Harper	Flat	Maple leaf	Project generation and support	Total
	\$	\$	\$	\$	\$	\$	\$
Geological and geophysical consulting	21,575	24,110	24,068	35,552	17,668	16,033	139,006
Salary and legal costs	58,121	13,510	13,680	7,384	13,981	14,332	121,008
Claim maintenance	64	64	129	-	-	739	996
Other camp expenses	144	3,969	27	357	232	3,548	8,277
Mapping program	5,493	1,305	25,714	338,312	-	-	370,824
Registration fees	-	-	-	-	625	500	1,125
Computer software	14,314	9,505	5,897	8,359	-	19,616	57,691
Drilling program	132,364	838,411	13,897	20,202	-	-	1,004,874
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

9. LEASE LIABILITY

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

	\$
Balance, December 31, 2021	37,771
Lease payments	(30,376)
Interest expense	2,523
Balance, December 31, 2022	9,918
Lease payments	(10,125)
Interest expense	207
Balance, September 30, 2023	-

During the three and nine months ended September 30, 2023, the Company recorded \$nil and \$207, respectively (2022 - \$541 and \$2,155, respectively) of interest expense on the lease liability. On April 30, 2023 the Company's office lease has expired and was not renewed. The Company now uses ad hoc office space as required on terms of one month or less.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

10. SHARE CAPITAL AND RESERVES**a) Authorized**

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

b) Issued

As at September 30, 2023, 314,907,588 common shares (December 31, 2022 - \$240,030,490) were issued and outstanding.

During the nine months ended September 30, 2023, the Company had the following share transactions:

On June 21, 2023, the Company issued 60,000 shares pursuant to the exercise of warrants at an exercise price of \$0.17 for gross proceeds of \$10,200. As a result of this exercise the \$2,596 fair value attributed to the warrants was reclassified from reserves to share capital.

On June 23, 2023, the Company closed the first tranche of a private placement (the "2023 Private Placement") and issued 30,425,316 units at a price of \$0.11 per unit for gross proceeds of \$3,346,785. Each unit is comprised 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 and will expire on June 23, 2025. The gross proceeds attributed to the warrants was \$722,153. The Company paid cash share issuance costs of \$402,002, of which \$14,900 was to a related party and issued 1,143,296 finders' warrants with an aggregate fair value of \$80,773. Each finders' warrant is exercisable at a price of \$0.11 and will expire on June 23, 2025.

On August 10, 2023, the Company closed the second tranche of the 2023 Private Placement and issued 39,300,873 units at a price of \$0.11 per unit for gross proceeds of \$4,323,096. Each unit is comprised 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 and will expire on August 10, 2025. The gross proceeds attributed to the warrants was \$881,827. The Company paid cash share issuance costs of \$348,064, of which \$20,654 was to a related party and issued 1,261,630 finders' warrants with an aggregate fair value of \$73,023. Each finders' warrant is exercisable at a price of \$0.11 and will expire on August 10, 2025.

On September 29, 2023, the Company closed the third tranche of the 2023 Private Placement and issued 5,090,909 units at a price of \$0.11 per unit for gross proceeds of \$560,000. Each unit is comprised 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 and will expire on September 29, 2025. The gross proceeds attributed to the warrants was \$125,363. The Company paid cash share issuance costs of \$22,696 of which \$2,625 was to a related party.

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 will expire 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 \$1,705. 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 TSX-V 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 8, 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 will expire on July 08, 2024. 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 8, 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 TSX-V 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.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

10. SHARE CAPITAL AND RESERVES (continued)

On November 17, 2022, the Company closed a private placement and issued 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 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 will expire on November 17, 2024.

During December 2022 the Company issued 222,500 common shares pursuant to the exercise of warrants at an exercise price of \$0.17 for gross proceeds of \$37,825. As a result of this exercise, the \$13,797 fair value attributed to the warrants was reclassified from reserves to share capital.

c) Share purchase warrants

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

	Number of warrants	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
Expired	(22,600,380)	0.36
Exercised	(222,500)	0.17
Balance, December 31, 2022	97,705,386	0.14
Warrants issued	37,408,550	0.15
Finders' warrants issued	2,404,926	0.11
Expired	(38,086,368)	0.17
Exercised	(60,000)	0.17
Balance, September 30, 2023	99,372,494	0.13

A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants issued during the nine months ended September 30, 2023 and the year ended December 31, 2022, is as follows:

	2023	2022
Weighted average exercise price	\$0.15	\$0.11
Weighted average share price	\$0.11	\$0.10
Weighted average risk-free interest rate	4.34%	3.48%
Weighted average expected stock price volatility	114.83%	114.54%
Expected dividend yield	0.00%	0.00%
Expected life	2 years	2 years

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

10. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's outstanding warrants as at September 30, 2023, is as follows:

Expiry date	Number of warrants #	Weighted average exercise price \$	Weighted average remaining life Years
May 30, 2024	16,186,973	0.10	0.66
July 8, 2024	4,006,670	0.10	0.77
November 17, 2024	39,365,375	0.12	1.13
June 23, 2025	15,212,658	0.15	1.73
June 23, 2025	1,143,296	0.11	1.73
August 10, 2025	19,650,437	0.15	1.86
August 10, 2025	1,261,630	0.11	1.86
September 29, 2025	2,545,455	0.15	2.00
99,372,494	0.13	1.32	

As at September 30, 2023, the weighted average remaining contractual life of the outstanding warrants was 1.32 years (December 31, 2022 - 1.24 years). During the nine months ended September 30, 2023, 38,086,368 warrants with a fair value of \$1,728,557 expired unexercised. During the year ended December 31, 2022, 22,600,380 warrants with a fair value of \$1,258,043 expired unexercised.

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.

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

	Number of stock options #	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	4,550,000	0.12
Granted	5,425,000	0.13
Forfeited	(600,000)	0.25
Balance, September 30, 2023	9,375,000	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 during the nine months ended September 30, 2023 and the year ended December 31, 2022, is as follows:

	2023	2022
Weighted average exercise price	\$0.13	\$0.12
Weighted average share price	\$0.11	\$0.27
Weighted average risk-free interest rate	4.17%	3.08%
Weighted average expected stock price volatility	115.35%	115.99%
Expected dividend yield	0.00%	0.00%
Expected life	2-5 years	5 years

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

10. SHARE CAPITAL AND RESERVES (continued)

During the nine months ended September 30, 2023, the Company had the following share transactions:

On August 15, 2023, the Company issued 875,000 stock options to certain consultants, each option has an exercise price of \$0.13 and expires on August 15, 2025 with 500,000 vesting immediately and 375,000 vesting over a two-year period in four equal installments on the six-month anniversary dates.

On August 15, 2023, the Company issued 3,600,000 stock options to certain directors, officers, employees and consultants, each option has an exercise price of \$0.13 and expires on August 15, 2028 vesting over a two-year period in four equal installments on the six-month anniversary dates.

On August 15, 2023, the Company issued 875,000 stock options to certain consultants, each option has an exercise price of \$0.13 and expires on August 15, 2028 with varied vesting conditions relating to performance objectives associated with the Company's Flat drill program.

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

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.

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 and nine months ended September 30, 2023, the Company recorded a share-based compensation expense of \$104,979 and \$153,848 respectively (2022 - \$52,082 and \$73,397, respectively) relating to the vesting of stock options and a recovery of \$42,259 and \$77,113, respectively (2022 - \$nil and \$nil, respectively) relating to forfeited unvested stock options. As a result, the net share-based compensation expense for the three and nine months ended September 30, 2023 recorded on the condensed interim consolidated statement of loss and comprehensive loss was \$62,720 and \$76,735, respectively (2022 - \$52,082 and \$73,397, respectively).

A summary of the Company's stock options outstanding and exercisable as at September 30, 2023, is as follows:

Expiry date	Number of stock options	Weighted average exercise price	Weighted average remaining years
	#	\$	Years
August 15, 2025	875,000	0.10	1.88
March 11, 2027	300,000	0.10	3.45
July 8, 2027	2,500,000	0.10	3.77
August 4, 2027	500,000	0.10	3.85
October 1, 2027	400,000	0.10	4.01
August 15, 2028	4,550,000	0.13	4.88
April 30, 2031	250,000	0.16	7.59
Outstanding	9,375,000	0.12	4.24
Exercisable	2,250,000		

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

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 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounting and legal fees	56,517	28,053	135,430	94,753
Employee benefits and salary - administration expense	62,500	60,000	314,246	180,000
Employee benefits and salary - exploration expense	-	-	-	31,556
Exploration and evaluation expenses	60,417	44,105	166,250	123,855
Share-based compensation	44,456	22,155	86,078	29,823
Share issuance costs - Note 10(b)	23,279	-	38,179	-
	247,169	154,313	740,183	459,987

As at September 30, 2023, accounts payable and accrued liabilities contain amounts due to related parties of \$42,197 (December 31, 2022 - \$10,763). The amounts have no specified terms of repayment and are due upon demand.

12. 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.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2023, the Company's financial instruments consist of cash and accounts payable and accrued liabilities, all of which are measured at amortized cost.

The carrying value of cash and accounts payable and accrued liabilities 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. The risk exposure is limited because the Company places its instruments 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 September 30, 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.

TECTONIC METALS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**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.

The Company is exposed to foreign currency 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:

	September 30,	December 31,
	2023	2022
	\$	\$
Cash	885,768	394,367
Accounts payable and accrued liabilities	(293,244)	(157,108)
Net financial assets	592,524	237,259

As at September 30, 2023, a 5% change in the foreign exchange rates would result in an impact of approximately \$29,626 (December 31, 2022 - \$11,863) to the financial instruments denominated in USD.

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 November 8, 2023, the Company closed an early exercise program for outstanding warrants (the "Program") issuing a total of 15,793,336 common shares in the Company for gross proceeds of \$1,579,334. Participants in the Program received one common share as per the original warrant terms, plus as an incentive, one common share purchase warrant (the "Incentive Warrant"). Each Incentive Warrant will allow the holder to acquire one common share at an exercise price of CA\$0.13 for a period of two years following the date of the issuance of the Incentive Warrant. A total of 15,793,336 Incentive Warrants were issued pursuant to the Program. The Company's management did not hold any of the Eligible Warrants.

On October 18, 2023, the Company completed the acquisition of three potential intrusions that are similar in many respects to the Company's existing Flat property. Under terms of the agreement for the acquired claims, the Company will pay the lessor US\$25,000 at execution of the lease and make annual payments on or before the anniversary of the effective date of the agreement comprising of US\$25,000 for years one to three, and US\$50,000 annually for years four and beyond. The Company will have the option at any time prior to the sixth anniversary to purchase 100% interest in the claims for US\$200,000 payable in cash or common shares of the Company.

TECTONIC METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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

15. SUBSEQUENT EVENTS (continued)

In order to maintain its option to purchase in good standing, in addition to making the annual payments noted above, the Company must make the following expenses for work on the property:

- US\$50,000 before December 1, 2024;
- an additional US\$100,000 before December 1, 2025;
- an additional US\$100,000 before December 1, 2026;
- an additional US\$200,000 before December 1, 2027; and
- an additional US\$200,000 before December 1, 2028.