

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. **Name and Address of Reporting Issuer**

Tectonic Metals Inc. (“**Tectonic**” or the “**Company**”)

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

Item 2. **Date of Material Changes**

June 23, 2023

Item 3. **News Releases**

A news release announcing the material change was disseminated on June 26, 2023 through Cision Newswire and a copy filed on Tectonic’s SEDAR profile at www.sedar.com.

Item 4. **Summary of Material Changes**

On June 26, 2023, the Company announced that it had closed a tranche of its previously announced brokered private placement (the “**Private Placement**”) of 30,425,316 units of the Company at a price of C\$0.11 per unit (the “**Unit Price**”), for aggregate gross proceeds to the Company of C\$3,346,784.76. The Private Placement was conducted pursuant to an agency agreement dated June 23, 2023 (the “**Agency Agreement**”) between the Company, Canaccord Genuity Corp. and Research Capital Corporation (the “**Agents**”).

Item 5. **Full Description of Material Changes**

On June 26, 2023, the Company announced that it had closed its previously announced Private Placement of 30,425,316 units of the Company at the Unit Price, for aggregate gross proceeds to the Company of C\$3,346,784.76. The Private Placement was conducted pursuant to the Agency Agreement between the Company and the Agents.

Each unit (the “**Unit**”) issued in the Private Placement consisted of one common share of the Company (a “**Common Share**”) and one-half of one common share purchase warrant (each whole warrant, a “**Warrant**”, and together with the Common Shares, the “**Securities**”). Each Warrant is exercisable into one Common Share at a price of C\$0.15 per Common Share until June 23, 2025.

The Units issued under the Private Placement were offered to purchasers pursuant to: (i) the listed issuer financing exemption under Part 5A of NI 45-106 for gross proceeds of C\$2,788,987.30 (the “**LIFE Units**”), in all the provinces of Canada, except Québec, and (ii) the accredited investor exemption under NI 45-106 for gross proceeds of C\$557,797.46 (the “**Hold Units**”). The LIFE Units are not subject to resale restrictions pursuant to applicable Canadian securities laws, subject to the rules of the TSX Venture Exchange. The Hold Units are subject to a statutory hold period of four months in accordance with applicable Canadian securities laws.

The Company intends to use the net proceeds from the Private Placement to advance the Company's Flat Gold Project and for general working capital.

In connection with the Private Placement and in accordance with the policies of the TSX Venture Exchange ("TSXV"), the Company paid the Agents certain commissions totalling C\$83,522.56 in cash and 759,296 non-transferrable common share purchase warrants were issued to the Agents and selling group members (each, a "**Compensation Warrant**"). Additionally, certain finders were paid a total of \$42,240 in cash commissions and were issued an aggregate of 384,000 Compensation Warrants. Each Compensation Warrant is exercisable into one Common Share at an exercise price of C\$0.11 and expires June 23, 2025.

Crescat Capital LLC ("**Crescat**"), an insider of the Company, participated in the Private Placement. Accordingly, the Private Placement constitutes a "related-party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Private Placement is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(b) and 5.7(1)(a) of MI 61-101, as the Company is not listed or quoted on any of the stock exchanges or markets listed in subsection 5.5(b) of MI 61-101, and the fair market value of the securities to be distributed and the consideration to be received for the securities issued to Crescat under the Offering does not exceed 25% of the Company's market capitalization.

Prior to the Private Placement, Crescat, together with any person acting jointly and in concert with Crescat, owned and controlled 46,670,249 Common Shares of Tectonic and held common share purchase warrants entitling Crescat to acquire an additional 16,933,332 Common Shares. Crescat subscribed for 5,987,880 Units under the Private Placement. Subsequent to the Private Placement, Crescat, together with any person acting jointly and in concert with Crescat, owned and controlled 52,658,129 Common Shares representing 19.47% of the issued and outstanding Common Shares of Tectonic based on a total of 270,455,806 Common Shares outstanding as of June 23, 2023 and they also hold warrants entitling them to purchase 19,927,272 Common Shares. The Warrants issued to Crescat contain a restriction that the holder may not exercise the Warrant if the exercise would result in Crescat, together with any person acting jointly in concert with Crescat, owning more than 19.99% of the Company's issued and outstanding shares following the exercise.

The Company did not file a material change report more than 21 days before the expected closing of the Private Placement as the details of the Private Placement and the participation therein by Crescat was not settled until shortly prior to closing of the Private Placement.

A copy of the required disclosure by an eligible institutional investor to be filed by Crescat in connection with the acquisition of the Units will be available on SEDAR at www.sedar.com under Tectonic's profile.

This material change report does not constitute an offer to sell or a solicitation of an offer to buy the securities in any jurisdiction.

The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) or persons in the United States unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

Item 6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

Item 7. **Omitted Information**

No information has been omitted on the basis that it is confidential information.

Item 8. **Executive Officer**

Oliver Foeste, Chief Financial Officer

1199 West Hastings Street #1400
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Item 9. **Date of Report**

June 30, 2023