

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**

August 10, 2023

Item 3. **News Releases**

A news release announcing the material change was disseminated on August 10, 2023 through Access Newswire and a copy filed on Tectonic’s SEDAR+ profile at www.sedarplus.ca.

Item 4. **Summary of Material Changes**

On August 10, 2023, the Company announced that it had closed a second tranche of its previously announced brokered private placement (the “**Private Placement**”) of 39,300,873 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\$4,323,096. The Private Placement was conducted pursuant to an agency agreement dated August 10, 2023 (the “**Agency Agreement**”) between the Company, Canaccord Genuity Corp. and 3L Capital Inc. (together, the “**Agents**”).

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

On August 10, 2023, the Company announced that it had closed its previously announced Private Placement of 39,300,873 units of the Company at the Unit Price, for aggregate gross proceeds to the Company of C\$4,323,096. 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 August 10, 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\$2,184,829 (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\$2,138,267 (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 totaling C\$44,669.20 in cash, and 694,183 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 \$63,409 in cash commissions and were issued an aggregate of 576,447 Compensation Warrants. Each Compensation Warrant is exercisable into one Common Share at an exercise price of C\$0.11 and expires August 10, 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 Private Placement 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 52,646,874 Common Shares of Tectonic and held common share purchase warrants entitling Crescat to acquire an additional 14,827,273 Common Shares. Crescat subscribed for 9,000,000 Hold 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 61,646,874 Common Shares and 19,327,273 Warrants representing 19.90% of the issued and outstanding Common Shares on a non-diluted basis. Crescat has provided the TSXV with an undertaking that it will not exercise any of the Warrants so as to become a Control Person, as defined by the *Securities Act* (British Columbia) and in the TSXV's policies, of the Company until the Company has obtained shareholder approval of the creation of a new Control Person.

The Company will be upsizing the Private Placement pursuant to a subscription agreement (the "**Third Tranche Subscription**") with Crescat, together with any person acting jointly and in concert with Crescat, for an additional 5,090,909 Units for gross proceeds of \$560,000, noting that closing of the Third Tranche Subscription is subject to the Company attaining disinterested shareholder approval and TSXV approval for Crescat to become a Control Person as defined by the *Securities Act* (British Columbia) and in the TSXV's policies. Disinterested shareholder approval will be sought at the Company's upcoming annual general meeting to be held on September 21, 2023.

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.sedarplus.ca. 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 Vancouver, British
Columbia, V6E 3T5

Item 9. **Date of Report**

August 16, 2023

Cautionary Note Regarding Forward-Looking Statements

Certain information in this material change report constitutes forward-looking information and statements under applicable securities law. Any statements that are contained in this material change report that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "intend" and similar expressions and include, but are not limited to, the potential for mineralization at Tectonic's projects, any future exploration activities and the size, the receipt of any regulatory approvals, including the final approval of the TSXV and all shareholder approvals.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions about future prices of gold and other metal prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental and other approvals and financing on time, obtaining required licenses and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of Tectonic, and there is no assurance they will prove to be correct.

Although Tectonic considers these beliefs and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject

to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Forward-looking statements necessarily involve known and unknown risks, including, without limitation: the Company's ability to implement its business strategies; risks associated with mineral exploration and production; risks associated with general economic conditions; adverse industry events; marketing and transportation costs; loss of markets; volatility of commodity prices; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; industry and government regulation; changes in legislation, income tax and regulatory matters; competition; currency and interest rate fluctuations; and other risks.

Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this material change report are expressly qualified by this cautionary statement. Although Tectonic has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Tectonic does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.