## NEW BREAK RESOURCES LTD.
## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED DECEMBER 31, 2020

### General

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of New Break Resources Ltd. ("**New Break**", or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2020 and 2019. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2020 and 2019, together with the notes thereto ("the **financial statements**"). Results are reported in Canadian dollars, unless otherwise noted.

The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). Please refer to Note 3 of the annual audited financial statements as at and for the years ended December 31, 2020 and 2019 for disclosure of the Company's significant accounting policies.

The audit committee of the Company has reviewed this MD&A and the financial statements for the year ended December 31, 2020 and the Company's Board of Directors approved these documents prior to their release.

This MD&A is dated June 21, 2021 and is current to that date.

Additional information relating to the Company is available on New Break's website at www.newbreaksources.ca.

### Caution Regarding Forward Looking Information

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

### Qualified Person

Technical information contained in this MD&A has been prepared by or under the supervision of Peter Hubacheck, P. Geo., consulting geologist to New Break, who is a "Qualified Person" for the purpose of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**"). He has verified the data comprising such technical information, including sampling, analytical and test data underlying the information or opinions contained herein.

### Overview

New Break is an exploration and evaluation stage company incorporated under the laws of Canada on April 18, 2014. The Company is currently private and is not listed on any stock exchange, nor does it yet have a profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). The address of the Company's corporate office and principal place of business is 18 King Street East, Suite 902 Toronto, Ontario, M5C 1C4.

**Description of the Business**

New Break is a private Canadian mineral exploration and development company, focused on gold exploration at its 100% owned Moray Gold Project, covering approximately 1,856 hectares located in the southern Abitibi greenstone belt, approximately 49 km southeast of Timmins, Ontario and at its four gold projects located in the Ennadai-Rankin greenstone belt in Kivalliq Region, Nunavut. The Sundog Gold Project covers approximately 9,415 hectares within parcel AR-35 on Inuit Owned Land. The 100% owned Sy, Noomut and Angikuni Lake Gold Projects, covering approximately 20,553 hectares, were acquired through staking in early 2021.

**Developments during 2020 and up to June 21, 2021**

**Kraken Project - Exploration and Evaluation Activities**

On March 1, 2019, the Company signed a lease with option to purchase agreement with a private company, Kraken Gold Corporation ("**Kraken**") on 365 mineral claims near Timmins, Ontario (the "**Kraken Property**"). New Break paid Kraken $20,000 on signing the agreement. In addition, the Company was required to issue Kraken $60,000 worth of New Break common shares in the first year of the agreement and complete $250,000 in exploration expenditures on the Kraken Property.

On July 23, 2019, the Company was granted exploration permits on the Kraken Property by the Ontario Ministry of Energy, Northern Development and Mines ("**MENDM**"). In August 2019, the Company completed a mechanical stripping and washing program on an area of the property that held the most interest from an exploration perspective, based on a significant amount of compilation work completed by Kraken. One of the principals of Kraken submitted assessment reports in connection with work performed on the property, but did not submit the required pending distribution reports, a requirement under the new Ontario Mining Lands Administration System. As a result of this oversight, on October 16, 2019, Kraken filed a Request for Relief From Forfeiture with the MENDM in relation to a number of the property claims, including those New Break had targeted for drilling. The Ontario Mining Act prohibits exploration work to be performed on claims being considered for relief, until the MENDM has considered the request, issued its decision and returned the claims to active status. In order to maintain the option agreement in good standing, on February 29, 2020, the Company and Kraken verbally agreed to extend the first anniversary of the agreement to May 31, 2020. In connection with this extension and with the Company's commitment to issue $60,000 worth of New Break common shares within the first year of the option agreement, it was mutually agreed that the Company would issue 600,000 common shares to Kraken.

On March 6, 2020, the MENDM granted the relief from forfeiture, reinstated the claims to active status and extended the time for performing and filing work on the property until May 31, 2020. On March 29, 2020, New Break commenced a six-hole, 2,049 metre diamond drilling program. Five holes totaling 1,530 metres were drilled in an attempt to locate the source of basal till gold grains, which had been identified in the data compilation stage. One deeper 519 metre hole was drilled to test a volcanogenic massive sulphide ("VMS") target. Results from drilling indicated that the program was successful in discovering a new low grade, base metal VMS system, however failed to locate the source of basal till gold grains.

Effective April 30, 2020, the Company informed Kraken that it would not be proceeding with the option agreement. No further option payments were made to Kraken.

**Moray Gold Project – Acquisition and Exploration and Evaluation Activities**

On July 15, 2020, the Company finalized a Mining Claim Acquisition Agreement and Net Smelter Return ("**NSR**") Royalty Agreement with a private company, Exiro Minerals Corp. ("**Exiro**"), to acquire a 100% interest in 14 unpatented mining claims, covering approximately 1,856 hectares in Zavitz Township of the Porcupine Mining Division and the Hincks Township of the Larder Lake Mining Division, approximately 49 km southeast of Timmins, Ontario ("**Moray**" or the "**Moray Project**"), in exchange for $100,000 in cash and 2,500,000 common shares of New Break. The 2,500,000 common shares were issued on July 15, 2020 and $20,000 was paid to Exiro on July 31, 2020, with the remaining $80,000 paid on September 18, 2020.

Certain of the claims ("**Exiro Claims**") are subject to a 2% NSR royalty and certain other of the claims ("**Voyageur Claims**") are subject to a 1% NSR royalty in favour of Exiro. The Voyageur Claims are also subject to a 1% NSR royalty in favour of a previous property owner. New Break can repurchase 50% of the Exiro NSR royalty at any time for a payment of $1.0 million and can repurchase 50% of the Voyageur NSR royalty at any time for a payment of $750,000.

Moray is situated in the world-class Abitibi greenstone belt of northeastern Ontario with the Property having compelling drill intersections of gold mineralization that have never been followed up. It is accessible by highway all-weather gravel logging roads south from Timmins or via Hwy 566 west from the town of Matachewan and is within trucking distance to multiple producing mines and mills, including the Young-Davidson Gold Mine, operated by Alamos Gold Inc. ("Alamos") approximately 32 km southeast of Moray. A total of 61 historic diamond drill holes have been drilled on the Property for a total of 9,794 metres of drilling. There are 13 showings recognized in the Ontario Mineral Deposit Inventory on the Property, including:

- three gold showings which includes the Voyager gold and copper Showing and the Fiset gold and silver ("Ag") Showing hosted in syenite;
- four base metal showings: Copper ("Cu"), Lead ("Pb", Zinc ("Zn"), Nickel ("Ni"); and
- six nickel showings.

Following the completion of the acquisition, the Company engaged Orix Geoscience Inc. ("Orix") to assist in the compilation of historical data on the Moray Project and to assist in the completion of a technical report in compliance with NI 43-101. New Break also engaged Peter Hubacheck of W.A. Hubacheck Consultants Ltd. to prepare the technical report. On September 27, 2020, New Break's Vice President, Exploration, William Love, visited Moray along with a consultant from Orix. Mr. Love conducted a second property visit on October 19, 2020 with Peter Hubacheck. The NI 43-101 Technical Report on the Moray Gold Project was completed in the first quarter of 2021 and is dated March 1, 2021 with an effective date of December 31, 2021.

In January 2021, the Company began consultation with the Matachewan First Nation, the only First Nation associated with the Moray Project. New Break is currently in the process of completing this consultation phase and completing an exploration permit application for submission to the Ontario MENDM. The Moray technical report identified three principal targets for exploration work; the Fiset syenite target, the Moray unconformity target and a paired ultramafic intrusive target. New Break plans to complete an airborne drone magnetic survey of the Moray Property to assist in drill-hole targeting. Specifically, there is a large magnetic difference between the syenite that hosts gold mineralization which has low magnetism compared to the non-mineralized syenite which is highly magnetic. Following compilation and interpretation of the survey data, the Company plans to conduct a first-pass drilling program.

**Sundog Gold Project**

On July 22, 2020, the Company submitted an Expression of Interest ("**EOI**") for Inuit Owned Lands ("**IOL**") Mineral Rights to Nunavut Tunngavik Incorporated ("**NTI**"), the corporation which manages mineral rights on all parcels of IOL, for the Sundog Gold Project, which is comprised of approximately 9,415 hectares on IOL parcel AR-35.

Prior to being granted access to the mineral rights by NTI, approval of the Company's EOI in the Project, must be obtained from the Kivalliq Inuit Association ("**KIVIA**"). Following that approval, NTI will obtain written confirmation from the KIVIA that the lands are open for mineral exploration and mining and that NTI has the approval of the KIVIA to enter into an Inuit Owned Lands Mineral Exploration Agreement ("**Mineral Exploration Agreement**") with New Break. Once signed, this Mineral Exploration Agreement grants the Company exclusive right to explore for minerals within the approved exploration area. The maximum period of the Mineral Exploration Agreement is 20 years and the maximum area that may be included in a single agreement is 10,000 hectares. Annual fees, paid to NTI, for the exploration area, begin at $1.00 per hectare in the initial year and rise to a maximum of $5.00 per hectare in years 16 to 20. Annual work requirements begin at $5.00 per hectare in the first 2 years, rising over time to a maximum of $40.00 per hectare in years 16 to 20.

The approval of an EOI by KIVIA is facilitated through in person consultation between a representative of NTI and representatives of the KIVIA. Due to travel restrictions caused by COVID-19, such consultations were not possible during 2020, following submission of the EOI by New Break. In May 2021, with the easing of certain travel restrictions, the NTI was able to conduct this in person consultation with the KIVIA. The Company has been informed by NTI, that on May 17, 2021, the KIVIA approved the EOI for New Break. NTI has sent a draft Mineral Exploration Agreement to the KIVIA for their review and has asked the KIVIA to confirm their required approvals in writing. Following that approval, the process principally involves the formal execution of the agreement along with payment of a $500 application fee and payment of $9,415 for the first year's rent on the property. The Company expects to finalize execution of the formal Mineral Exploration Agreement for the Sundog Gold Project in the next few weeks.

The Company has also negotiated to purchase a significant amount of invaluable historical data on the Sundog Gold Project, from a prospector who spent multiple field seasons on the Property, collecting a large number of rock chip and panned concentrate samples from trenches and other areas on the Sundog Property, in addition to thin sections, maps and other geological data. The Company expects to complete the data acquisition following the execution of the Mineral Exploration Agreement with NTI.

**Nunavut Federal Claim Staking**

In February, March and April 2021, the Company staked certain claims, located in Kivalliq Region, Nunavut, referred to as the Sy, Noomut and Angikuni Lake claims. The Company paid $35,820 to stake the Sy claims, comprised of 796 units, $11,250 to stake the Noomut claims, comprised of 250 units and $1,755 to stake the Angikuni Lake claims, comprised of 39 units. Initially, New Break plans to complete additional compilation work on these mineral properties. In addition to the acquisition of Sundog data noted above, the prospector will also be providing New Break with various data on the Company's recently staked Sy Project.

## Financings

### Flow-Through Financing at $0.07 per Flow-Through Share

On April 1, 2020, the Company completed a non-brokered private placement for gross proceeds of $26,250 through the issuance of 375,000 flow-through shares at a price of $0.07 per flow-through share.

On April 15, 2020, the Company completed a non-brokered private placement for gross proceeds of $89,901 through the issuance of 1,284,300 flow-through shares at a price of $0.07 per flow-through share. Directors of the Company subscribed for 470,000 of these.

### Unit Financing at $0.07 per Unit

On May 1, 2020, the Company completed a non-brokered private placement for gross proceeds of $26,250 through the issuance of 375,000 units at a price of $0.07 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of thirty-six (36) months from the date of closing.

### Unit Financing at $0.10 per Unit

On September 11, 2020, the Company completed a non-brokered private placement for gross proceeds of $125,000 through the issuance of 1,250,000 units at a price of $0.10 per unit. In connection with the issuance of the units, the Company paid a cash finder's fee of $4,500.

On September 28, 2020, the Company completed a non-brokered private placement for gross proceeds of $20,000 through the issuance of 200,000 units at a price of $0.10 per unit.

On November 12, 2020, the Company completed a non-brokered private placement for gross proceeds of $30,000 through the issuance of 300,000 units at a price of $0.10 per unit. 120,000 of the units were purchased by a company that is wholly-owned by one of the Company's directors.

On November 17, 2020, the Company completed a non-brokered private placement for gross proceeds of $5,000 through the issuance of 50,000 units at a price of $0.10 per unit.

Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four (24) months from the date of closing, subject to certain conditions which allow for acceleration of that timeframe.

### Flow-Through Financing at $0.07 per Flow-Through Share

On December 31, 2020, the Company completed a non-brokered private placement for gross proceeds of $122,280 through the issuance of 1,019,000 F-T Shares at a price of $0.12 per F-T Share. A director of the Company subscribed for 184,000 of the F-T Shares issued. The Company paid a finder's fee equal to $7,014 and issued 58,450 finders' warrants. Each finders' warrant is exercisable into one common share at a price of $0.12 per share for 24 months from the date of closing.

**Flow-Through Commitment and Qualifying Exploration Expenditures**

During 2020, the Company was required to spend $171,549 on qualifying Canadian Exploration Expenditures ("CEE") in connection with a flow-through funds raised in 2019. These funds were expended on CEE during 2020. In addition, the $116,151 of flow-through funds raised in April 2020 were also expended on CEE during 2020.

In connection with the flow-through financing on December 31, 2020, the Company is required to spend $122,280 on CEE by December 31, 2022. The Company plans to meet this commitment during 2021.

**Warrants**

On May 1, 2020, the Company issued 375,000 warrants having an exercise price of $0.15 for a period of thirty-six (36) months, in connection with the $0.07 unit financing.

The Company issued the following warrants having an exercise price of $0.15 for a period of twenty-four (24) months, subject to certain conditions which allow for acceleration of that timeframe, in connection with the $0.10 unit financing:

- 625,000 warrants issued September 11, 2020;
- 100,000 warrants issued September 28, 2020;
- 150,000 warrants issued November 12, 2020; and
- 25,000 warrants issued November 27, 2020.

On December 31, 2020, the Company issued 58,450 finder's warrants having an exercise price of $0.12 for a period of twenty-four (24) months.

No warrants were exercised in 2020 or in the period up to June 21, 2021.

**Stock Options**

**Option Exercises**

On July 22, 2020, stock options to purchase 100,000 common shares of the Company at a price of $0.05 were exercised for proceeds of $5,000 by an officer who is also a director of the Company.

**Option Expiries**

On July 31, 2020, stock options to purchase up to 250,000 common shares of the Company at a price of $0.05, granted July 5, 2019 to a consultant, expired unexercised.

**Corporate Developments**

On September 1, 2020, Ms. Ashley Kirwan joined the Board of Directors as an independent director.

**Overview of Financial Results**

**Three months and Year Ended December 31, 2020 vs. December 31, 2019**

| (Expressed in Canadian Dollars) | Three Months Ended December 31, **2020** | 2019 | Year Ended December 31, **2020** | 2019 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Exploration and evaluation | **$ 64,045** | $ 12,508 | **$ 409,089** | $ 62,261 |
| Management fees | **37,300** | 27,500 | **128,550** | 105,000 |
| Consulting fees | **-** | - | **-** | 15,000 |
| Professional fees | **4,965** | 4,560 | **21,868** | 20,692 |
| General and administrative | **13,334** | 10,395 | **29,272** | 23,808 |
| Shareholder costs | **720** | 300 | **2,040** | 1,525 |
| Travel | **-** | - | **1,718** | 3,506 |
| Share-based compensation | **-** | - | **-** | 20,300 |
| Total expenses | **120,364** | 55,263 | **592,537** | 252,092 |
| Loss before the undernoted | **(120,364)** | (55,263) | **(592,537)** | (252,092) |
| Bank charges | **(94)** | (31) | **(312)** | (198) |
| Interest income | **-** | - | **15** | - |
| Flow-through share premium recovery | **-** | 7,147 | **131,214** | 20,572 |
| **Net loss and comprehensive loss for the period** | **$ (120,458)** | $ (48,147) | **$ (461,620)** | $ (231,718) |
| **Net loss per share** | | | | |
| Basic and diluted loss per share | **$ (0.01)** | $ (0.00) | **$ (0.03)** | $ (0.03) |

**Three months ended December 31, 2020 vs. three months ended December 31, 2019**

- Overall, the Company recorded net loss and comprehensive loss of $120,458 or $0.01 per share for the quarter ended December 31, 2020 compared to a net loss and comprehensive loss of $48,147 or $0.00 per share for the quarter ended December 31, 2019.
- Exploration and evaluation expenses were $64,045 in the fourth quarter of 2020 compared to $12,508 in the fourth quarter of 2019. The 2020 amount relates to work on the Moray property, including data compilation, site visits and work on the NI 43-101 technical report. The 2019 amount relates to work performed on the Kraken project.
- Management fees were $37,300 in the fourth quarter of 2020 compared to $27,500 in the fourth quarter of 2019. They relate to amounts charged by the Company's President and Chief Financial Officer, the Executive Chairman and the non-exploration related portion of fees charged by the Company's Vice President, Exploration.
- Professional fees were $4,965 in the fourth quarter of 2020 compared to $4,560 in the fourth quarter of 2019. These relate to the accrual of audit and tax return preparation fees and legal fees.
- General and administrative expenses were $13,334 during the fourth quarter of 2020 compared to $10,395 during the fourth quarter of 2019.
- Flow-through share premium recovery was $nil during the fourth quarter of 2020 compared to $7,147 during the fourth quarter of 2020. In 2020, there was no remaining flow-through share premium to amortize in the fourth quarter, as it had all been amortized by September 30, 2020. In 2019, fourth quarter exploration and evaluation expenditures of $12,508 resulted in the amortization of $7,147 of the flow-through premium liability associated with flow-through funds raised during 2019.

**Year ended December 31, 2020 vs. year ended December 31, 2019**

- Overall, the Company recorded a net loss and comprehensive loss of $461,620 or $0.03 per share for the year ended December 31, 2020 compared to a net loss and comprehensive loss of $231,718 or $0.03 per share for the year ended December 31, 2019.
- Exploration and evaluation expenses were $409,089 for the year ended December 31, 2020 compared to $62,261 for the year ended December 31, 2019. 2020 exploration expenses included $266,204 spent on a 2,049 metre drilling program at the Kraken property, $30,000 relating to a share-based option payment made to Kraken and $81,170 spent on the Company's newly acquired Moray Project, including amounts spent on data compilation, site visits and NI 43-101 technical report. 2019 expenses relate entirely to the Kraken property, including a $20,000 option payment and $19,579 spent on a mechanical stripping and washing program (see Note 6 to the financial statements for further details).
- Management fees were $128,550 for the year ended December 31, 2020 compared to $105,000 for the year ended December 31, 2019. They relate to amounts charged by the Company's President and Chief Financial Officer, the Executive Chairman and the non-exploration related portion of fees charged by the Company's Vice President, Exploration.
- Consulting fees were $nil for the year ended December 31, 2020 compared to $15,000 for the year ended December 31, 2019. The 2019 amount relates to $5,000 in fees paid to an independent director and $10,000 in fees paid to other consultants in relation to the commencement of operations as a junior mining company.
- Professional fees were $21,868 for the year ended December 31, 2020 compared to $20,692 for the year ended December 31, 2019. These relate to the accrual of audit and tax return preparation fees and legal fees.
- General and administrative expenses were $29,272 for the year ended December 31, 2020 compared to $23,808 for the year ended December 31, 2019. The increase in 2020 expenses was primarily related to the development of the Company's new website.
- Share-based compensation expense was $nil for the year ended December 31, 2020 compared to $20,300 for the year ended December 31, 2019. No stock options were granted in 2020. The 2019 expense relates to the grant date fair value of 1,000,000 stock options granted on July 5, 2019. This amount is non-cash.
- In connection with exploration expenditures during 2020 and 2019 that qualified as eligible CEE, from funds raised through flow-through financings in 2020 and 2019, the Company recorded a flow-through share premium recovery of $131,214 in the year ended December 31, 2020 and $20,572 in the year ended December 31, 2019. These amounts are non-cash.

**Selected Quarterly Financial Information**

The following table is a summary of selected financial information for the Company for the eight most recently completed financial quarters. It has been derived from the unaudited condensed interim financial statements of the Company. The information has been prepared by management in accordance with IFRS and is expressed in Canadian dollars.

| | Annual Dec. 2020 (audited) | Q4 Dec. 2020 (unaudited) | Q3 Sept. 2020 (unaudited) | Q2 June 2020 (unaudited) | Q1 March 2020 (unaudited) |
|---|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - | $ - |
| Loss and comprehensive loss | ($461,620) | ($120,458) | ($84,540) | ($183,032) | $(73,590) |
| Loss per share – basic and diluted | ($0.03) | ($0.01) | ($0.00) | ($0.01) | ($0.01) |
| Assets | $ 389,835 | $ 389,835 | $ 322,253 | $ 139,764 | $ 172,275 |

| | Annual Dec. 2019 (audited) | Q4 Dec. 2019 (unaudited) | Q3 Sept. 2019 (unaudited) | Q2 June 2019 (unaudited) | Q1 March 2019 (unaudited) |
|---|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - | $ - |
| Loss and comprehensive loss | ($231,718) | ($48,147) | ($75,029) | ($44,955) | $(63,587) |
| Loss per share – basic and diluted | ($0.03) | ($0.00) | ($0.01) | ($0.01) | ($0.29) |
| Assets | $ 199,696 | $ 199,696 | $ 196,226 | $ 90,111 | $ 43,506 |

**Liquidity and Capital Resources**

The Company's cash increased by $60,371 during the quarter ended December 31, 2020, compared to an increase of $64,748 during the quarter ended December 31, 2019. The Company's cash decreased by $48,500 during the year ended December 31, 2020 compared to an increase of $192,7788 during the year ended December 31, 2019. As at December 31, 2020, the ending cash balance was $144,278 compared to $192,778 as at December 31, 2019.

**Working Capital**

As at December 31, 2020, the Company had a working capital deficiency of $73,982 compared to a surplus of $150,685 as at December 31, 2019. The non-cash flow-through share premium liability amount has been excluded from current liabilities in the calculation of working capital. $122,280 of flow-through funds, collected on December 31, 2020, must be spent on Canadian qualifying exploration expenditures by December 31, 2022.

A summary of the Company's cash position and changes in cash for the three-month periods and years ended December 31, 2020 and December 31, 2019 are provided below:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| Cash used in operating activities – gross | **$ (120,458)** | $ (55,294) | **$ (562,834)** | $ (214,990) |
| Changes in non-cash operating working capital | **30,563** | 10,667 | **176,167** | 41,893 |
| Cash used in operating activities – net | **(89,895)** | (44,627) | **(386,667)** | (173,097) |
| Cash used in investing activities | **-** | - | **(100,000)** | - |
| Cash provided by financing activities | **150,266** | 109,375 | **438,167** | 365,875 |
| Increase (decrease) in cash | **60,371** | 64,748 | **(48,500)** | 192,778 |
| Cash, beginning of period | **83,907** | 128,030 | **123,585** | - |
| Cash, end of period | **$ 144,278** | $ 192,778 | **$ 144,278** | $ 192,778 |

**Three months ended December 31, 2020 vs. three months ended December 31, 2019**

**Operating Activities**

Cash used in operating activities before changes in non-cash working capital during the three months ended December 31, 2020 was $120,458 compared to $55,294 for the three months ended December 31, 2019. This is primarily the result of higher comparative exploration and evaluation expenditures during the 2020 quarter of $64,045 (2019 - $12,508) associated with compilation of data on the Moray property, site visits to Moray and consulting fees in relation to the NI 43-101 technical report on Moray. 2019 exploration and evaluation expenditures related to planning for the 2,049-metre drilling program completed in April 2020.

**Financing Activities**

During the quarter ended December 31, 2020, cash provided by financing activities was $150,266 compared to $109,375 for the quarter ended December 31, 2019. In November 2020, the Company issued 350,000 units at $0.10 per unit for gross proceeds of $35,000. In addition, on December 31, 2020, the Company issued 1,019,000 flow-through shares at $0.12 per flow-through share for gross proceeds of $122,280. The Company paid $7,014 in finder's fees associated with the flow-through financing. Comparatively, in 2019, the Company issued 1,615,000 flow-through shares at $0.07 per flow-through share for gross proceeds of $113,050. The Company paid $3,675 in finder's fees associated with the flow-through financing.

**Year ended December 31, 2020 vs. year ended December 31, 2019**

**Operating Activities**

Cash used in operating activities before changes in non-cash working capital during the year ended December 31, 2020 was $562,834 compared to $214,990 for the year ended December 31, 2019, or $347,844 higher. Approximately $318,000 of this due to higher exploration and evaluation expenditures during 2020, principally related to a 2,049-metre drilling program completed on the Kraken property, prior to New Break dropping the option and $81,170 spent on the newly acquired Moray property.

**Investing Activities**

During the year ended December 31, 2020, cash used in investing activities was $100,000 compared to $nil for the year ended December 31, 2019. In the third quarter of 2020, the Company purchased the Moray property from Exiro. The Company paid $100,000 in cash to Exiro as part of the consideration paid for the purchase of Moray. There were no investing activities during the year ended 2019.

**Financing Activities**

During the year ended December 31, 2020, cash provided by financing activities was $438,167 compared to $365,875 for the year ended December 31, 2019.

The 2020 amount was the result of the following: In April 2020, the Company issued 1,659,300 flow-through shares at $0.07 per flow-through share for gross proceeds of $116,151. On May 1, 2020, the Company issued 375,000 units at $0.07 per unit for gross proceeds of $26,250. From September to November 2020, the Company issued 1,800,000 units at $0.10 per unit for gross proceeds of $180,000. The Company paid $4,500 in finder's fees associated with this unit financing. On December 31, 2020, the

Company issued 1,019,000 flow-through shares at $0.12 per flow-through share for gross proceeds of $122,280. The Company paid $7,014 in finder's fees associated with the flow-through financing. In July 2020, the Company received $5,000 upon the exercise of 100,000 stock options at $0.05.

The 2019 amount was the result of the following: On March 29, 2019, the Company issued 4,799,000 common shares at $0.01 per share for gross proceeds of $48,000. On May 17, 2019 and July 26, 2019, the Company issued an aggregate of 3,800,000 common shares at $0.03 per share for aggregate gross proceeds of $114,000. From August to December 2019, the Company issued 2,965,000 flow-through shares at $0.07 per flow-through share for gross proceeds of $207,550. The Company paid $3,675 in finder's fees associated with the flow-through financing.

**Liquidity Outlook**

The Company had a cash balance of $144,278 at December 31, 2020, of which $122,280 is flow-through funds and must be spent on eligible CEE. As at December 31, 2020, the Company had a working capital deficiency of $73,982.

From February to April 2021, New Break paid $48,825 to Crown-Indigenous Relations and Northern Affairs Canada, to stake 1,085 units, covering approximately 20,553 hectares of mineral claims in Kivalliq Region, Nunavut, following the launch of a new on-line mineral staking system for Nunavut, by the government of Canada on January 30, 2021.

As a result of the working capital deficiency and ongoing expenditures, New Break's ability to continue as a going concern is entirely dependent upon successfully raising addition funding. On May 11, 2021, the Company announced that it intends to raise $750,000 through the issuance of 7,500,000 units at $0.10 per unit. Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four (24) months from the date of closing, subject to certain conditions which allow for acceleration of that timeframe. This financing is being conducted on a best-efforts basis. There can be no guarantee that the Company will be successful in completing this or other financings.

In general, completion of all of the Company's ongoing and future exploration and development initiatives and its ability to continue as a going concern are subject to successfully raising additional funding (see "Risks and Uncertainties").

**Related Party Transactions and Key Management Compensation**

*Key Management Compensation*

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Key management of New Break includes the Executive Chairman, President and Chief Financial Officer, Vice President, Exploration and the Company's Secretary.

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | | **2020** | | 2019 |
| Management fees | **$** | **128,550** | $ | 105,000 |
| Management fees included in exploration and evaluation | | **18,450** | | 8,500 |
| Consulting fees – paid to an independent director | | **-** | | 5,000 |
| Total fees paid to management and directors | | **147,000** | | 118,500 |
| Share-based payments | | **-** | | 15,225 |
| | **$** | **147,000** | $ | 133,725 |

| | For the Years Ended December 31, | | | |
|---|---|---|---|---|
| | | **2020** | | 2019 |
| Exploration and evaluation consulting fees charged by a geological consulting company, the President & CEO of which, is also a director of New Break | **$** | **79,849** | $ | - |

*Related Party Transactions*

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

On March 29, 2019, the Company completed a non-brokered private placement for gross proceeds of $48,000, through the issuance of 4,799,999 common shares at $0.01 per share. Management and directors subscribed for 3,400,000 of these common shares for gross proceeds of $34,000.

On March 29, 2019, the Company issued 1,699,998 common shares at a price of $0.01 per share in respect of consulting services valued at $17,000. 1,599,998 of these common shares issued were in respect of $16,000 of indebtedness with two officers who are also directors of the Company.

On July 5, 2019, the Company granted stock options to purchase up to an aggregate of 750,000 common shares of the Company at a price of $0.05 per share to directors and officers of the Company.

On August 1, 2019, an officer who is also a director, subscribed for 215,000 F-T Shares at $0.07 per F-T Share for gross proceeds of $15,050.

On April 15, 2020, the Company completed a non-brokered private placement for gross proceeds of $89,901 through the issuance of 1,284,300 F-T Shares at a price of $0.07 per F-T Share. Directors of the Company subscribed for 470,000 of the F-T Shares issued.

On July 22, 2020, the Company issued 100,000 common shares upon the exercise of stock options by an officer of the Company who is also a director, at a price of $0.05, for gross proceeds of $5,000.

On November 12, 2020, the Company completed a non-brokered private placement for gross proceeds of $30,000 through the issuance of 300,000 units at a price of $0.10 per unit. 120,000 of the units were purchased by a company that is wholly-owned by one of the Company's directors.

On December 31, 2020, the Company completed a non-brokered private placement for gross proceeds of $122,280 through the issuance of 1,019,000 F-T Shares at a price of $0.12 per F-T Share. A director of the Company subscribed for 184,000 of the F-T Shares issued.

As at December 31, 2020, $187,211 (December 31, 2019 - $11,800) included in accounts payable and accrued liabilities was owing to related parties, including $54,487 owed to a geological consulting company, the President and Chief Executive Officer of which, is also a director of the New Break. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

**Subsequent Events**

**Nunavut Federal Claim Staking**

In February, March and April 2021, the Company staked certain claims, located in Kivalliq Region, Nunavut, referred to as the Sy, Noomut and Angikuni Lake claims. The Company paid $35,820 to stake the Sy claims, comprised of 796 units, $11,250 to stake the Noomut claims, comprised of 250 units and $1,755 to stake the Angikuni Lake claims, comprised of 39 units.

**Outstanding Capital and Share Data**

New Break's authorized capital stock consists of an unlimited number of common shares without par value. As at June 21, 2021 there were 21,318,300 common shares issued and outstanding.

As at June 21, 2021, the Company also had the following items issued and outstanding:

- 1,385,950 common share purchase warrants at a weighted average exercise price of $0.15, expiring between December 31, 2021 and May 1, 2023.
- 650,000 stock options at an exercise price of $0.05, expiring July 5, 2024.

For further detailed information on share capital, see Note 8 to the annual audited financial statements for the years ended December 31, 2020 and 2019.

**Off-Balance Sheet Arrangements**

As at December 31, 2020, the Company has not entered into any off-balance sheet arrangements.

**Proposed Transactions**

In the normal course of business, the Company evaluates property acquisition and sale transactions and, in some cases, makes proposals to acquire or sell such properties. These proposals, which are usually subject to Board and sometimes regulatory and shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

As of June 21, 2021, there are no material property acquisitions or possible transactions that the Company is examining.

**Financial Instruments**

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

**Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

**Commodity Risk**

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices as they relate to gold and the stock market to determine the appropriate course of action to be taken.

**Liquidity Risk**

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2021 Moray exploration budget is planned to be partially funded from flow-through funds raised in 2020. There is no certainty of the Company's ability to complete additional financings.

As at December 31, 2020 the Company held current assets of $164,835 (December 31, 2019 - $199,696) to settle current liabilities of $238,817 (December 31, 2019 - $49,011), exclusive of non-cash flow-through share premium liability.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank.

The Company's financial assets and liabilities as at December 31, 2020 and 2019 were as follows:

| | Amortized Cost | FVPL | Total |
|---|---|---|---|
| **December 31, 2019** | | | |
| Financial assets | | | |
| Cash | $ 192,778 | $ - | $ 192,778 |
| Financial liabilities | | | |
| Accounts payable and accrued liabilities | $ 49,011 | $ - | $ 49,011 |
| **December 31, 2020** | | | |
| Financial assets | | | |
| Cash | $ 144,278 | $ - | $ 144,278 |
| Financial liabilities | | | |
| Accounts payable and accrued liabilities | $ 238,817 | $ - | $ 238,817 |

The fair values of these financial instruments approximate their carrying values because of their short-term nature.

**Going Concern**

The audited financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has no history of operations and is in the early stage of development. Due to continuing operating losses, the application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations or in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether such financing will be available, or if available, will be on reasonable terms, or if the Company will attain profitable levels of operations. These factors may cast significant doubt on the entity's ability to continue as a going concern. The audited financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

**Use of Estimates and Judgement**

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

***Share-based payment transactions***

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8(c) to the audited financial statements.

***Title to exploration and evaluation property interests***

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

***Rehabilitation provisions***

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

***Income, value added, withholding and other taxes***

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

***Capitalization of mineral property acquisition costs***

Where mineral properties are acquired through an acquisition agreement, management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 6 to the audited financial statements for details of the Company's capitalized acquisition costs in respect of mineral properties.

***Impairment of mineral properties***

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.

**Critical Accounting Policies**

The Company's significant accounting policies are described in Note 3 to the audited financial statements for the year ended December 31, 2020. The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from those estimates. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability and expense being reported:

**(a) Cash**

Cash consists of cash on deposit with a major Canadian bank. Cash is measured at Amortized Cost.

**(b) Exploration and Evaluation Properties**

**Acquisition Costs**

The costs of acquiring mineral property interests comprised of payments of cash and common shares, are capitalized as mineral property assets. This does not include payments of cash and common shares in respect of option agreements where the ultimate acquisition of the property is uncertain at the time the initial payment is made.

**Exploration and Evaluation Expenditures**

Payments of cash and common shares pursuant to option agreements, costs of staking and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable.

**Development Assets**

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

**Disposition or Abandonment of Mineral Properties**

Proceeds received from the sale of any interest in a mineral property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition cost of the property is written off to operations.

**Impairment**

The application of the Company's accounting policy for acquisition costs related to mineral properties, requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of the carrying value is unlikely, the amount to be written off is expensed in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statement of loss for the period.

**(c) Equipment**

**Recognition and Measurement**

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

**Depreciation**

When applicable, depreciation is calculated using the straight-line method over the estimated useful lives of assets as follows:

Office furniture and equipment – 3 years.
Computer hardware and software - 2 years.

The Company does not currently have any office or computer equipment.

**Impairment**

The carrying amounts of the Company's equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to dispose and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased. The carrying amount after a reversal must not exceed the carrying account (net of depreciation) that would have been determined had no impairment loss been recognized.

**(d) Financial Instruments**

**Financial assets**

**Initial recognition and measurement**

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

**Subsequent measurement – financial assets at FVPL**

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVPL.

**Subsequent measurement – financial assets at amortized cost**

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash is measured at amortized cost.

**Subsequent measurement – financial assets at FVOCI**

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

**Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

**Impairment of financial assets**

IFRS 9 allows a simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

**Subsequent measurement – financial liabilities at amortized cost**

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

**Subsequent measurement – financial liabilities at FVPL**

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company does not measure any financial liabilities at FVPL.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

**Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Fair Value Hierarchy**

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

**(e) Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's common shares, warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

**(f) Warrants**

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to warrant reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve account is recorded as an increase to share capital. For those warrants that expire unexercised, the recorded fair value is transferred from warrant reserve to deficit.

### (g) Flow-Through Shares

Upon the issuance of flow-through shares, the Company records the initial proceeds to share capital, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow-through share financing. The financial liability pertaining to the premium is recognized in the statement of loss consistent with expenditure renunciations. As the Company incurs eligible Canadian Exploration Expenditures ("CEE") to meet flow-through requirements, a corresponding flow-through share premium recovery is recognized in the statement of loss.

### (h) Share-Based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense with a corresponding increase in stock option reserve, a component of equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. For those options that are cancelled or expire after vesting, the recorded fair value is transferred from stock option reserve to deficit.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of such goods and services are measured with reference to the fair value of the equity instruments issued. With respect to the acquisition of exploration and evaluation assets, the Company does not believe that the fair value of these assets is reliably measurable at the time of purchase. As such, when shares of the Company are issued as consideration for the purchase of exploration and evaluation assets, classified as mineral properties, the fair value of the asset is based upon the price of the Company's shares on the date of the agreement to issue shares as determined by the Board of Directors. In the event that options or warrants are issued where the fair value of goods or services are not reliably measurable, they are valued using the Black-Scholes pricing model.

### (i) Reclamation Obligation

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company does not currently have any significant legal or constructive obligations and therefore, no reclamation provision has been recorded as at December 31, 2020 and December 31, 2019.

### (j) Loss Per Common Share

The Company presents basic and diluted loss per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and stock options granted by the Company. Diluted loss per share for the periods presented does not include the effect of the stock options and warrants issued by the Company, as they are anti-dilutive.

### (k) Income Taxes

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purpose.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in operations in the period in which the change is substantively enacted.

### Commitments

As at December 31, 2020, the Company had a commitment to spend $122,280 (December 31, 2019 - $171,549) on eligible Canadian exploration expenditures, from amounts raised from flow-through financing, by December 31, 2022.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on eligible qualifying CEE. The Company has indemnified current and previous flow-through subscribers for any tax and related costs payable by them in the event the Company does not incur the required exploration expenditures. No amounts have been recorded in these financial statements for potential liabilities relating to these indemnities as a triggering event has not taken place. Upon issuance of the flow-through shares during 2020 in the amount of $238,431 (2019 - $207,550), the Company recorded an aggregate flow-through share premium liability of $69,870 (2019 - $118,600). As eligible CEE is incurred, the amount is drawn down as income through the statement of loss. During the year ended December 31, 2020, the Company incurred $287,700 (2019 - $36,001) in eligible CEE and recorded a flow-through share premium recovery of $131,214 in the statement of loss (December 31, 2019 - $20,572).

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company and its operations have been largely unaffected by the impact of the COVID-19 global pandemic. The Company continues to believe that it will remain largely unaffected, however the future impact on the Company, if any, is uncertain at this time.

**Risks and Uncertainties**

New Break's business of exploring and developing mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry, including the limited extent of the Company's assets, the Company's state of development and the degree of reliance upon the expertise of management. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information prepared by the Company before investing in the Company's common shares. The risks described below are not an exhaustive list. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business in the future. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In this event, investors may lose part or all of their investment.

**The Company will require external financing or may need to enter into a strategic alliance to develop its mineral properties**

The Company expects to incur net cash outlays until such time as the Moray Gold Project or other properties enter into commercial production and generate sufficient revenues to fund its continuing operations, if at all. The development of mining operations will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, that rate at which operating losses are incurred, the acquisition of additional properties, and other factors, many of which are beyond the Company's control. The sources of financing the Company may use for these purposes include project or bank financing, or public or private offerings of equity or debt. Historically, the Company has raised funds principally through the sale of its securities. Additional equity financing may cause dilution of New Break's existing shareholders. In addition, the unrestricted resale of outstanding shares from the exercise of dilutive securities may have a depressing effect on the market for the Company's common shares. While it is not the current intention of the Company, it may enter into a strategic alliance or sell certain of its assets, if necessary. There can be no assurance that financing will be available on acceptable terms, if at all.

**The Company may be subject to risks relating to the global economy and may not be able to raise additional capital**

Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede New Break's access to capital or increase the cost of capital. The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Increased market volatility may impact the Company's operations which could adversely affect the price at which the Company is able to issue its securities and once the Company is publicly traded, the trading price of the Company's common shares.

**The Company may be adversely affected by fluctuations in commodity prices**

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in commodity prices. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, global economic events, including sovereign debt concerns, and their impact on the United States dollar and Euro as safe haven currencies relative to silver and gold as stores of value and the political and economic conditions of mineral producing countries throughout the world.

Mineralized material calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's mineral property interests and increased amortization and reclamation and closure charges should a mine be developed. In addition to adversely affecting mineralized material estimates, declining precious metal prices can impact operations by requiring a reassessment of the commercial feasibility of a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays in development or may interrupt operations, if any, until the reassessment can be completed.

**The Company has no proven or probable mineral reserves and may never discover sufficient mineral deposits to justify commercial production from any of its properties**

The Company currently has no proven or probable mineral reserves on any of its properties and has not completed a preliminary economic assessment or feasibility study. It cannot be certain that minerals will be discovered in sufficient quantities and grade to justify commercial operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labour are risks involved in the conduct of exploration programs. The success of mineral exploration is determined in part by the availability of exploration permits, the identification of potential mineralization based on analysis, the quality of management and geological and technical expertise, and the availability of capital for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are; the particular attributes of the deposit, such as size, grade, metallurgical recovery and proximity to infrastructure, metal prices, which can be highly cyclical and extremely volatile, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. If the Company is unable to establish proven and probable mineral reserves in sufficient quantities to justify commercial operations, it will be unable to develop a mine and its financial condition and results of operations could be adversely affected.

**The Company has no history of developing properties into production**

The Company's property is not in commercial production, and the Company has not recorded any revenues from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The future development of any properties found to be economically feasible will require obtaining permits and financing and the construction and operation of mines, processing plants and related infrastructure. As a result, in the event the Company is successful in identifying mineralization on its properties sufficient to justify commercial operations, it will be subject to all of the risks associated with establishing new mining operations including: the timing and cost of the construction of mining and processing facilities; the availability and cost of skilled labour and mining equipment; the availability and cost of a suitable refining arrangement; the need to obtain necessary environmental and other governmental approvals and permits; and the timing of those approvals and permits; the availability of funds to finance the development and construction activities; the impact of any opposition to the developmental activities from non-governmental, environmental, local or other groups that may delay or prevent development; potential increases in construction or operating costs due to changes in the cost of supplies and materials and changes in foreign exchanges rates.

**The Company's business activities are subject to environmental laws and regulations**

The Company's operations are subject to federal and provincial laws and regulations regarding environmental matters. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Environmental laws and regulations change frequently, and are generally becoming more stringent. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company's business and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production, when producing, or require abandonment or delays in development of the Company's mining properties.

**Exploration, development and mining activities can be hazardous and involve a high degree of risk**

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding, fires and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

**The Company has incurred a loss and anticipates that it will continue to incur losses for the foreseeable future**

The Company incurred a net loss of $491,620 for the year ended December 31, 2020 and expects to continue to incur losses as it proceeds with exploration and development of its mineral properties. The Company's efforts to date have been focused on acquiring and exploring its mineral properties. These properties are in the exploration stage and do not have mineral reserves. The Company does not anticipate that it will earn any revenue from operations or other means unless and until one or more of its properties are placed into production, which is not expected to be for a number of years, if at all, or is sold to a third party.

**Inadequate infrastructure may delay or prevent the Company's operations**

Exploration, development and ultimately mining and processing activities depend to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its project and could result in higher costs. While the Company does not currently experience any limitations with respect to infrastructure concerns, there is no guarantee that this will always be the case.

**The market price for the common shares of the Company may drop below the price at which such common shares were purchased and the Company's common shares may be subject to price and volume fluctuations in the future**

General market conditions and other factors can cause the perceived market value for the Company's common shares to decline and cause future equity financings to be done at prices lower than previous financings. There is no guarantee that the Company will be successful in completing subsequent equity financings at prices higher than previous ones.

Securities markets experience considerable price and volume volatility, and the market prices of securities of many companies may be subject to wide fluctuations not necessarily related to the operating performance, underlying asset values, exploration success or prospects of such companies. The market price of a publicly traded stock, especially a junior resource issuer, may be affected by many variables including the market for junior resource stocks, the strength of the economy generally, commodity prices, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. There can be no assurances that such fluctuations will not affect the price of the Company's common shares and that the price of such common shares may decline below the purchase price paid for such common shares. From time to time, following periods of volatility in the market price of a company's securities, shareholders have often initiated class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

**Litigation may adversely affect the Company**

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve disputes favourably, it may have a material adverse impact on the Company.

**The Company competes with larger, better-capitalized competitors in the mining industry**

The mining industry is competitive in all of its phases. The Company faces competition from other mining companies in connection with the acquisition of properties producing, or capable of producing precious or other metals. Many of these companies have greater financial resources, operational experience and technical capabilities than New Break. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable, or at all.

**The Company is dependent on key personnel**

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

**The Company's officers and directors may have potential conflicts of interest**

New Break's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of such company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

**COVID-19 global pandemic**

During this period affected by the COVID-19 global pandemic, all Company contractors are working remotely and practicing physical distancing as per the Ontario Ministry of Health COVID-19 guidance. At present the Company and its operations remain largely unaffected. However, should the social distancing requirements continue for a prolonged period of time or businesses ancillary to the junior mining industry become unavailable, the timing of executing the Company's future exploration and evaluation plans could become affected, including its ability to spend flow-through funds within the required timeframe.

**Forward Looking Statements**

This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors, which affect this information, except as required by law.

**Management's Evaluation of Disclosure Controls**

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Executive Chairman and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2020 and have concluded that these controls and procedures are effective.

**Internal Control over Financial Reporting:**

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at December 31, 2020.

**Other MD&A Requirements**

**Additional Disclosure for Companies Without Significant Revenue**

Additional disclosure concerning New Break's exploration and evaluation expenditures, mineral property costs and general and administrative expenses is provided in the Company's audited annual financial statements and in Note 6 of the annual audited financial statements for the years ended December 31, 2020 and 2019 that are available on the Company's website at www.newbreakresources.ca.

**Approval**

The Board of Directors of New Break approved the disclosure contained in this MD&A on June 21, 2021. A copy of this MD&A will be provided to anyone who requests it from the Company.

**Additional Information**

*Officers and Directors:*
Michael Farrant, President, Chief Financial Officer and Director
William Love, Vice President, Exploration and Director
Nigel Lees, Director (Executive Chairman and Member of the Audit Committee)
Michael Skutezky, Corporate Secretary and Director

*Independent Directors*
Thomas Puppendahl, Director (Chair of the Audit Committee)
Ashley Kirwan, Director (Member of the Audit Committee)

*Legal Counsel and Auditors*
Peterson McVicar LLP, Dennis Peterson
McGovern Hurley LLP, Auditors
Capital Transfer Agency ULC, Transfer Agent

**Comparative Figures**

Certain comparative figures may have been reclassified to conform to the current period's presentation. These reclassifications did not affect the results of prior periods.