NEW BREAK RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 and 2020. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 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, 2021 and the Company's Board of Directors approved these documents prior to their release.

This MD&A is dated April 26, 2022 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. As such, it is not yet required to file its financial statements or this MD&A 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 Kivalliq Region, Nunavut. The Sundog Gold Project covers approximately 9,415 hectares within parcel AR-35 on Inuit Owned Land. The 100% owned Esker/Noomut, Sy and Angikuni Lake Gold Projects, cover approximately 21,960 hectares on Crown Land and were acquired through staking in 2021.

Developments during 2021 and up to April 26, 2022

Mineral Properties and Exploration and Evaluation Activities

Moray Project - Matachewan, Ontario

Following the completion of the acquisition of the Moray Property ("Moray") from Exiro Minerals Corp. ("Exiro") in September 2020, the Company engaged Orix Geoscience Inc. ("Orix") to assist in the compilation of historical data on the Moray Property and to assist in the completion of an initial draft 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. The draft report was completed in the first quarter of 2021 in advance preparation for the Company going public.

Initial VLF Ground Geophysical Survey of Fiset and Voyager Showings

In August 2021, Shaun Parent, P.Geo., of Superior Exploration Co. ("**Superior Exploration**") completed a Very Low Frequency ("**VLF**") ground geophysical survey which included 18.93 line-km of VLF surveying and 19 hours of "ground truthing" individual VLF anomalies, encompassing the Voyager and Fiset grid areas of the Moray Project. Field work completed by New Break had concluded that the grid previously cut by SGX Resources Inc. ("**SGX**") in November 2012 was still in excellent condition, allowing the VLF survey to be run over the historic grid. The purpose of the survey was to:

- Locate VLF anomalies associated with the historical Fiset syenite and Voyager Showings;
- Compare the VLF anomalies to IP anomalies identified by SGX from their 2012 IP survey; and
- Expand the coverage area beyond the limits of the SGX grid.

The VLF survey resulted in a number of newly identified conductors, including:

- A new VLF conductor located 55 metres north of the northern end of SGX Trench #1 at the Fiset Showing, which also appears to be transected by the trace of hole Z-80-05 (no assays provided) drilled by Newmont Exploration Canada Ltd. in 1980. New Break has located the collar for Z-80-05 and will attempt to strip north of SGX Trench #1 to expose this new conductor.
- A new VLF conductor located south of the southern extent of the SGX IP survey (the "**Lake Conductor**") which trends west-northwest and has not been tested with historical stripping or drilling. New Break expects to survey the eastern extension of the Lake Conductor in 2022.
- A new VLF conductor, coincident with a chargeability anomaly from the SGX IP survey, was located 10 metres northwest of the trace of SGX drill hole ML12-02, which yielded 1.37 g/t Au over 1.5 metres. This new VLF conductor extends east, allowing New Break to define a number of potential new trenching locations extending east to Moray Lake.

Additional VLF Survey Work

During October 2021, Superior Exploration completed an additional 4.68 line-km of VLF surveying, including an additional 1.0 km at the Voyager grid area and 3.68 km at the Noranda grid area. This second phase also included 39 hours of ground truthing and compilation work.

Drone Magnetometer ("Drone-MAG") Survey

In early October 2021, Pioneer Exploration Consultants Ltd. ("**Pioneer Exploration**") conducted a Drone-MAG survey comprised of approximately 390 line-km of flight lines encompassing the entire 1,856-hectare Moray property at a 50-metre spacing. The drone provides a low altitude aeromagnetic survey, producing high resolution data at regular intervals at a fraction of the cost of ground magnetics. The line orientation of the drone magnetometer duplicated the VLF and IP grids. The Drone-MAG and VLF anomalies can then be correlated to define potential lithological contacts across the property.

Purchase of IP Data from 55 North Mining Inc. (formerly SGX Resources Inc.)

On March 7, 2022, New Break entered into a data purchase agreement with 55 North Mining Inc. (formerly SGX Resources Inc.) for the purchase of the raw data obtained from an IP survey conducted by SGX on the Moray property during the fall of 2012 for consideration of $20,000. Purchasing this raw data was far cheaper than New Break completing its own IP survey.

New Break has engaged the services of Alan King of Geoscience North Ltd. ("**Geoscience North**") to interpret the results of the raw SGX IP data, together with data obtained from the VLF and Drone-MAG surveys conducted by New Break in 2021. Mr. King was Chief Geophysicist at Inco Ltd. and Vale S.A. Geoscience North applies the use of proprietary technology to raw data which is expected to yield new and revolutionary interpretation of these data sets, that will allow New Break to better delineate targets for mechanical stripping and drilling unlike any historical data interpretation conducted in respect of the Moray Property.

Moray Project Exploration Permit Granted

Effective September 3, 2021, the Ontario Ministry of Northern Development, Mines, Natural Resources and Forestry ("MNDMNRF") acknowledged receipt of New Break's exploration permit application for the Moray Project. On October 22, 2021, the MNDMNRF issued the Company a permit for conducting prescribed exploration activities, including mechanical stripping and drilling, valid for a period of three years to October 21, 2024.

Consultation with First Nations and Completion of Memorandum of Understanding ("MOU")

As part of the permitting process, New Break engaged in consultation discussions with the Mattagami and Matachewan First Nations (the "First Nations"). Effective October 22, 2021, New Break signed a MOU with the First Nations. Under the terms of the MOU, the Company made payments of $5,000 to each of the two First Nations, which they reinvested into New Break for 50,000 shares each. On November 19, 2021, the Company granted stock options to each of the two First Nations to purchase up to 50,000 common shares of the Company at a price of $0.10 per share for a period of five years. The stock options vested immediately. As Prescribed Exploration Activities are conducted, New Break will make payments to the First Nations equal to 2% of the cost of such activities. The Company will also, where possible look to offer employment and training opportunities to First Nations members. Subject to New Break's adherence to the terms and conditions of the MOU, the First Nations agree to support the Moray Project while the MOU remains in force.

Ontario Junior Exploration Program ("OJEP") Application and Planned 2022 Exploration Programs

On January 10, 2022, New Break submitted an application to the Government of Ontario, under the Junior Exploration Program, for funding of up to $200,000 towards the Company's Phase 1 exploration program for the Moray Property, which is expected to including mechanical stripping, sampling and geological mapping, additional VLF survey work, till sampling and structural mapping and interpretation. On April 8, 2022, New Break was informed by the MNDMNRF that the application for funding has been approved.

Following this work and interpretation of the results, New Break is hopeful that it will be able to initiate a Phase 2 exploration program comprised of a drilling program on the Moray Project later in 2022.

Update to NI 43-101 Technical Report on the Moray Project

In connection New Break's plans to go public, the draft NI 43-101 technical report on the Moray Project ("**Moray Technical Report**"), completed during the first quarter of 2021, was updated to include the results of exploration work performed by the Company during 2021, including the VLF and Drone-MAG surveys. The updated report, dated February 25, 2022 with an effective date of December 31, 2021, contains recommendations and budgets for Phase 1 and Phase 2 exploration programs noted above. A copy of the Moray Technical Report can be found on the Company's website at www.newbreakresources.ca.

Sundog Gold Project – Kivalliq Region, Nunavut

On July 22, 2020, the Company submitted an Expression of Interest ("**EOI**") for exclusive rights to a 100% interest in the minerals within, upon or under Inuit Owned Mineral Title Lands ("**IOL**") parcel AR-35 (the "**Exploration Area**") comprising approximately 9,415 hectares (the "**Sundog Gold Project**"), to Nunavut Tunngavik Incorporated ("**NTI**"), the corporation which manages mineral rights on all parcels of IOL.

Prior to being granted access to the mineral rights by NTI, approval of the Company's EOI was required to be obtained from the Kivalliq Inuit Association ("**KIVIA**"). Following that approval, NTI was required to 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 ("**MEA**") with New Break. The maximum period of the MEA 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. In May 2021, with the easing of certain travel restrictions, NTI was able to conduct in person consultations with the KIVIA. NTI informed the Company that the EOI was approved by the KIVIA on May 17, 2021. NTI subsequently sent a draft of the MEA to the KIVIA for their review. The KIVIA provided their written approval in September 2021, allowing NTI to enter into the MEA with New Break. Following that approval, in early October 2021, New Break and NTI executed the MEA giving the Company exclusive rights to explore for minerals within the Exploration Area. Upon signing the MEA, the Company made a payment of $9,915 to NTI comprised of a $500 application fee and $9,415 in respect of the first year's annual rent on the property.

Nunavut Federal Claim Staking – Kivalliq Region, Nunavut

In February, March, April and July 2021, the Company staked certain claims, located in Kivalliq Region, Nunavut on Crown Land, referred to as the Esker/Noomut, Sy and Angikuni Lake claims. In total, the Company paid $52,110 to stake the mineral claims comprised of 1,158 units covering 21,960 hectares, including the Esker Claim.

Esker Claim - Kivalliq Region, Nunavut

The 1,408-hectare Esker mineral claim ("**Esker**") was staked by New Break in July 2021 and is contiguous with some of the Company's previously staked Noomut claims.

The addition of the Esker claim represents a significant expansion of the Noomut project area which now includes the most prospective historical exploration results. In 1997, Comaplex Minerals Corp. conducted a 7-hole, 1,319 metre drilling program on the Esker property, which included the following intersections:

- 2.35 g/t Au over 70.95 metres – hole 97-13;
- 8.18 g/t Au over 13.27 metres (including 17.73 g/t Au over 5.71 metres) – hole 97-15;
- 4.00 g/t Au over 5.57 metres – hole 97-16; and
- 7.24 g/t Au over 5.0 metres – hole 97-23.

All of the preceding intervals were recovered from between 10 and 155 metres below surface.

In 2004, Canadian Gold Hunter conducted a 6-hole, 1,119 metre drilling program on the Esker property, which included the following intersections:

- 5.97 g/t Au over 4.30 metres – hole ES-2004-53;
- 9.82 g/t Au over 3.55 metres – hole ES-2004-54; and
- 7.60 g/t Au over 12.80 metres – hole ES-2004-56.

New Break plans to complete additional compilation work on the Sy, Esker/Noomut and Angikuni Lake mineral properties in preparation for a more extensive exploration program during the 2022 field season.

Nunavut Data Purchase Agreement

On June 24, 2021, the Company entered into Data Purchase Agreement with Ken Reading, the prospector who first identified gold mineralization at the Sundog property, for the purchase of a significant amount of exploration related data, compiled over multiple field seasons, associated with numerous mineral claims in Nunavut, including data specific to the Company's Sundog and Sy Projects. The Company paid $74,000 in exchange for the purchase of the data. The purchased data includes invaluable historical rock chip and panned concentrate samples, collected from trenches and other areas on the Sundog property over multiple field seasons, thin sections, maps and other geological data. The purchased data also includes significant information on the Company's Sy Project and other regional target areas. Following the data acquisition, Mr. Reading reinvested $20,000 of the proceeds into the Company's $0.10 unit financing, noted below. The Company has retained Mr. Reading as an advisor.

Financings

Unit Financing at $0.10 per Unit – June 25, 2021

On June 25, 2021, the Company completed a non-brokered private placement offering through the issuance of 8,420,000 units at a price of $0.10 per unit for aggregate gross proceeds of $842,000. Each unit consists of one common share and one half of one common share purchase warrant, with each whole 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. Directors of the Company subscribed for 260,000 of the units for gross proceeds of $26,000.

In connection with the issuance of the units, the Company paid a finder's fee equal to $33,420 and issued an aggregate of 334,200 finder warrants. Each finder warrant is exercisable into one common share at a price of $0.15 per share for twenty-four (24) months from the date of closing.

Flow-Through Unit Financing at $0.12 per Flow-Through Unit – June 25, 2021

On June 25, 2021, the Company completed a non-brokered private placement offering through the issuance of 3,460,000 flow-through units at a price of $0.12 per flow-through unit, for aggregate gross proceeds of $415,200. Each flow-through unit consists of one flow-through common share ("**F-T Share**") and one half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one non- flow-through common share at an exercise price of $0.20 for a period of twenty-four (24) months from the date of closing. No finder's fees were paid in connection with the flow-through financing.

The warrants and finder warrants are subject to an acceleration clause in the event the common shares become listed for trading on a stock exchange in Canada and the volume-weighted average trading price equals or exceeds $0.25 for a period of ten (10) consecutive trading days.

Private Placements at $0.10 per Common Share – September 29, 2021 and November 15, 2021

In connection with New Break's plan to go public, the Company conducted two small financings aimed at increasing the number of public holders of its common shares to a minimum of 150. Public shareholders exclude those shareholders deemed to be insiders.

On September 29, 2021, the Company completed a non-brokered private placement for gross proceeds of $35,000 through the issuance of 350,000 common shares at $0.10 per share. The Company incurred $5,000 in share issue costs in connection with the financing.

On November 15, 2021, the Company completed a non-brokered private placement for gross proceeds of $191,650 through the issuance of 1,916,500 common shares at $0.10 per share. No fees were incurred in connection with this financing.

Flow-Through Private Placement at $0.30 per Flow-Through Common Share – December 10, 2021

On December 10, 2021, the Company completed a non-brokered private placement for gross proceeds of $440,100 through the issuance of 1,467,000 F-T Shares at a price of $0.30 per F-T Share. An officer and a director of the Company subscribed for 52,000 of the F-T Shares issued. The Company paid a cash finder's fee of $7,200 and issued 12,000 finder warrants. Each finder warrant is exercisable into one common share at a price of $0.30 per share for 24 months from the date of closing.

Private Placement at $0.25 per Unit – December 30, 2021 and March 30, 2022

On December 30, 2021, the Company completed a non-brokered private placement for gross proceeds of $20,000 through the issuance of 80,000 units at a price of $0.25 per unit and on March 30, 2022, the Company completed a non-brokered private placement for gross proceeds of $144,500 through the issuance of 578,000 units at a price of $0.25 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 $0.35 for a period of twenty-four months following a Liquidity Event, defined as the completion of an event which results in the common shares of the Company freely tradable on a recognized public stock exchange.

Stock Option Exercise

On October 14, 2021, stock options to purchase 650,000 common shares of the Company at a price of $0.05 per share were exercised for proceeds of $32,500 by directors and officers of the Company.

Stock Option Grant

On November 19, 2021, the Company granted options to purchase up to 3,500,000 common shares of the Company at a price of $0.10 to officers, directors and consultants of the Company for a period of five years. The options vested immediately. 2,450,000 of these were granted to officers and directors of the Company.

Warrant Exercises

On November 18, 2021, warrants to purchase 52,500 common shares of the Company at a price of $0.07 were exercised for proceeds of $3,675.

On November 18, 2021, warrants to purchase 58,450 common shares of the Company at a price of $0.12 were exercised for proceeds of $7,014.

Corporate Developments

Management Changes

Effective October 1, 2021, the board of directors of New Break (the "**Board**") appointment Michael Farrant as Chief Executive Officer ("**CEO**") of the Company. Prior to this appointment Mr. Farrant held the positions of President and Chief Financial Officer ("**CFO**"). In connection with this appointment, Mr. Farrant resigned as CFO. Mr. Farrant continues to serve as a director.

Effective October 1, 2021, the Board appointed Jim O'Neill as CFO and Corporate Secretary of the Company. In connection with this appointment, Michael Skutezky resigned as Corporate Secretary. The Company made a payment of $10,000 to Mr. Skutezky in connection with his resignation as Corporate Secretary. Mr. Skutezky continues to serve as a director.

Board of Directors and Board Committees

On July 6, 2021, Mr. Joshua Bailey joined the Board of Directors as an independent director and Mr. William Love resigned as a director to make room on the Board for Mr. Bailey.

Effective October 1, 2021, Mr. Nigel Lees resigned as Executive Chairman of the Board and was subsequently appointed Non-Executive Chairman of the Board. This change was made coincident with the appointment of a CEO.

Effective April 11, 2022, Mr. Andrew Malim joined the Board of Directors as an independent director. In addition, Mr. Malim was appointed Non-Executive Chairman, replacing Mr. Lees in that role.

Effective April 20, 2022, Mr. Lees and Mr. Bailey resigned as directors of the Company with Mr. Lees assuming an advisory role and Mr. Bailey resigning as a requirement of his new role as a senior member of the exploration team at BHP Group Limited.

The Board of New Break is now comprised of three independent directors and two non-independent directors.

Compensation, Governance and Nominating Committee ("CGN Committee")

Effective September 8, 2021, as part of its commitment to strengthening the governance structure of New Break prior to going public, the Board formed a Compensation, Governance and Nominating Committee comprised of a majority of independent directors, to assist the Board in its oversight role with respect to (i) the Company's human resource strategy, policies and programs (ii) all matters relating to the proper utilization of human resources within the Company, with a special focus on management and board succession, development and compensation, and (iii) with the Company's oversight through a well-defined Corporate Governance Framework. The CGN Committee is comprised entirely of independent directors with Ashley Kirwan serving as the Chair, along with Andrew Malim and Thomas Puppendahl.

Audit Committee

New Break's audit committee, established September 1, 2020, is also comprised entirely of independent directors, with Thomas Puppendahl serving as the Chair, along with Andrew Malim and Ashley Kirwan.

Extra-Territorial Registration in Nunavut

In order for the Company to hold mineral claims in its corporate name and be able to conduct business in Nunavut, New Break was required to become registered as Extra-Territorial within Nunavut. Effective November 24, 2021, the Company was registered as an Extra-Territorial corporation in Nunavut.

Annual General and Special Meeting of Shareholders

On December 14, 2021, the Company held an annual general and special meeting of shareholders.

A total of 11,768,300 common shares were represented in person or by proxy at the Meeting, representing 32.5% of the Company's issued and outstanding common shares. All directors nominated as listed in the Management Information Circular dated December 3, 2021 (the "Circular"), being Michael Farrant, Joshua Bailey, Ashley Kirwan, Thomas Puppendahl, C. Nigel Lees and Michael Skutezky, were re-elected.

At the Meeting, the shareholders of the Company also approved:

- The re-appointment of McGovern Hurley LLP, Chartered Professional Accountants as the auditor of the Company for the ensuing year and authorized the directors to fix their remuneration;
- the Company's Stock Option Plan as described in the Circular;
- a special resolution to amend the articles of the Company to remove the share transfer restrictions contained therein; and
- the adoption of a new By-Law No. 1 as described in the Circular, to replace the existing By-Law No. 1.

That last two items were administrative in nature and were required in connection with the Company's plans to go public in the first half of 2022.

On January 7, 2022, the Company officially amended its articles with Corporations Canada to remove the share transfer restrictions contained therein.

Appointment of New Transfer Agent

In connection with going public, the Company notified Capital Transfer Agency ULC that it was changing the Company's transfer agent. Effective January 1, 2022, New Break appointed TSX Trust Company as transfer agent and registrar for the Company's common shares.

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Advertising Campaign Agreements

In March 2022, New Break signed Advertising Campaign Agreements with Investing News Network with respect to a 12-month campaign on their Investing News platform and with HE Capital Markets Ltd. with respect to a 12-month campaign on their Investorshub platform. In aggregate, the Company prepaid $124,900 for these campaigns, of which $90,000 was reinvested in the $0.25 unit financing. The campaigns are expected to begin approximately four weeks prior to New Break being publicly listed.

Going Public Update

The Company plans to submit a preliminary prospectus to the Ontario Securities Commission within the next week or so, in connection with the Company's plans to seek liquidity options for the common shares of New Break.

Overview of Financial Results

Three months and Year Ended December 31, 2021 vs. December 31, 2020

	Three Months Ended December 31,		Year Ended December 31,	
(Expressed in Canadian Dollars)	**2021**	2020	**2021**	2020
Expenses				
Exploration and evaluation	**$ 131,093**	$ 64,045	**$ 288,155**	$ 409,089
Management fees	**46,100**	37,300	**170,400**	128,550
Consulting fees	**16,000**	-	**24,535**	-
Professional fees	**28,343**	4,965	**62,338**	21,868
General and administrative	**15,031**	13,334	**40,554**	29,272
Shareholder costs and filing fees	**13,804**	720	**20,948**	2,040
Travel	**263**	-	**263**	1,718
Share-based compensation	**261,100**	-	**261,100**	-
Total expenses	**511,734**	120,364	**868,293**	592,537
Loss before the undernoted	**(511,734)**	(120,364)	**(868,293)**	(592,537)
Bank charges	**(154)**	(94)	**(1,137)**	(312)
Interest income	**49**	-	**51**	15
Flow-through share premium recovery	**29,760**	-	**47,658**	131,214
Net loss and comprehensive loss for the period	**$ (482,079)**	$ (120,458)	**$ (821,721)**	$ (461,620)
Net loss per share				
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.03)

Three months ended December 31, 2021 vs. three months ended December 31, 2020

- Overall, the Company recorded net loss and comprehensive loss of $482,079 or $0.01 per share for the quarter ended December 31, 2021 compared to a net loss and comprehensive loss of $120,458 or $0.01 per share for the quarter ended December 31, 2020.
- Exploration and evaluation expenses were $131,093 in the fourth quarter of 2021 compared to $64,045 in the fourth quarter of 2020. $89,438 of the 2021 amount relates to Moray, including the cost of the Drone-MAG survey, additional VLF survey work, First Nations consultation expenses and consulting fees, while $41,655 relates to Nunavut, including the year one rent on the Sundog property

paid to NTI, consulting fees and land management. The 2020 amount relates to work on the Moray property, including data compilation, site visits and work on the NI 43-101 technical report.

- Management fees were $46,100 in the fourth quarter of 2021 compared to $37,300 in the fourth quarter of 2020. They relate to amounts charged by the Company's management.
- Consulting fees were $16,000 in the fourth quarter of 2021 compared to $nil in the fourth quarter of 2020. These primarily relate to fees paid to the Company's non-executive Chairman.
- Professional fees were $28,343 in the fourth quarter of 2021 compared to $4,965 in the fourth quarter of 2020. These generally relate to the accrual of audit and tax return preparation fees and legal fees. The 2021 amount increased as a result of higher audit fees and accounting fees associated with the Company's plans to go public.
- General and administrative expenses were $15,031 during the fourth quarter of 2021 compared to $13,334 during the fourth quarter of 2020.
- Shareholder costs and filing fees were $13,804 during the fourth quarter of 2021 compared to $720 during the fourth quarter of 2020. The 2021 amount included a $5,000 non-refundable listing application fee paid in connection with a planned listing on the Canadian Securities Exchange, filing fees associated with financings, costs in relation to the annual and special meeting held in December 2021, the cost of news releases and of the Company's transfer agent. The 2020 amount only included the cost of the Company's transfer agent.
- Share-based compensation was $261,100 during the fourth quarter of 2021 compared to $nil during the fourth quarter of 2020. The 2021 amount relates to the grant date fair value of the stock options granted by the Company on November 19, 2021. This amount is a non-cash expense.
- Flow-through share premium recovery was $29,760 during the fourth quarter of 2021 compared to $nil during the fourth quarter of 2020. The 2021 amount is the amortization of flow-through share premium liability relating to $119,895 of eligible qualifying Canadian Exploration Expenditures ("**CEE**") incurred in the fourth quarter of 2021. The amount is $nil in 2020, as there was no remaining flow-through share premium to amortize in the fourth quarter of 2020, as it had all been amortized by September 30, 2020.

Year ended December 31, 2021 vs. year ended December 31, 2020

- Overall, the Company recorded a net loss and comprehensive loss of $821,721 or $0.03 per share for the year ended December 31, 2021 compared to a net loss and comprehensive loss of $461,620 or $0.03 per share for the year ended December 31, 2020.
- Exploration and evaluation expenses were $288,155 for the year ended December 31, 2021 compared to $409,089 for the year ended December 31, 2020. 2021 expenses included $148,980 spent on the Moray property, including the cost of the VLF and Drone-MAG surveys, First Nations consultation expenses and consulting fees, while $139,175 relates to Nunavut, including the purchase of Nunavut exploration data from Ken Reading, the year one rent on the Sundog property paid to NTI and consulting fees. 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 Moray Project, including amounts spent on data compilation, site visits and NI 43-101 technical report. The option on the Kraken project was dropped in 2020 and the Moray project was acquired in September 2020. All of the Nunavut projects were acquired in 2021. (see Note 6 to the financial statements for further details).
- Management fees were $170,400 for the year ended December 31, 2021 compared to $128,550 for the year ended December 31, 2020. They relate to amounts charged by the Company's President and CEO, Chief Financial Officer, Executive Chairman, the non-exploration related portion of fees charged

by the Company's Vice President, Exploration and a September 2021 severance amount in respect of the Company's former Corporate Secretary.
- Consulting fees were $24,535 for the year ended December 31, 2021 compared to $nil for the year ended December 31, 2020. These primarily relate to fees paid to the Company's Chairman following the change in his role from executive to non-executive as well as fees paid to outside consultants for corporate development and marketing.
- Professional fees were $62,338 for the year ended December 31, 2021 compared to $21,868 for the year ended December 31, 2020. These generally relate to the accrual of audit and tax return preparation fees and legal fees. The 2021 amount increase as a result of higher audit fees and accounting and legal fees associated with the Company's plans to go public.
- General and administrative expenses were $40,554 for the year ended December 31, 2021 compared to $29,272 for the year ended December 31, 2020. The increase in 2021 expenses was related to insurance premiums, website hosting and costs associated with the general re-opening of businesses following closures due to COVID-19.
- Shareholder costs and filing fees were $20,948 for the year ended December 31, 2021 compared to $2,040 for the year ended December 31, 2020. The 2021 amount included a $5,000 non-refundable listing application fee paid in connection with a planned listing on the Canadian Securities Exchange, filing fees associated with financings, costs in relation to the annual and special meeting held in December 2021, the cost of news releases and of the Company's transfer agent. The 2020 amount only included the cost of the Company's transfer agent.
- Share-based compensation was $261,100 for the year ended December 31, 2021 compared to $nil for the year ended December 31, 2020. The 2021 amount relates to the grant date fair value of the stock options granted by the Company on November 19, 2021. This amount is a non-cash expense.
- Flow-through share premium recovery was $47,658 during the year ended December 31, 2021 compared to $131,214 during the year ended December 31, 2020. The 2021 amount is the amortization of flow-through share premium liability relating to $180,294 of eligible qualifying CEE incurred during 2021 in respect of flow-through funds raised in 2020 and 2021. The 2020 amount is the amortization of flow-through share premium liability relating to $294,860 of eligible qualifying CEE incurred during 2020 in respect of flow-through funds raised in 2019 and 2020.

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. 2021 (audited)	Q4 Dec. 2021 (unaudited)	Q3 Sept. 2021 (unaudited)	Q2 June 2021 (unaudited)	Q1 March 2021 (unaudited)
Revenue	$ -	$ -	$ -	$ -	$ -
Loss and comprehensive loss	$ (821,721)	$ (482,079)	$ (131,774)	$ (138,476)	$ (69,392)
Loss per share – basic and diluted	($0.03)	($0.01)	($0.00)	($0.01)	($0.00)
Assets	$ 1,543,060	$ 1,543,060	$ 1,095,034	$ 1,182,421	$ 297,471

	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

Liquidity and Capital Resources

The Company's cash increased by $459,975 during the quarter ended December 31, 2021, compared to an increase of $60,371 during the quarter ended December 31, 2020. The Company's cash increased by $1,093,350 during the year ended December 31, 2021 compared to a decrease of $48,500 during the year ended December 31, 2020. As at December 31, 2021, the ending cash balance was $1,237,628 compared to $144,278 as at December 31, 2020.

Working Capital

As at December 31, 2021, the Company had a working capital surplus of $1,207,148 compared to a deficiency of $73,982 as at December 31, 2020. The non-cash flow-through share premium liability amount has been excluded from current liabilities in the calculation of working capital. $797,286 of flow-through funds raised in June and December 31, 2021, must be spent on qualifying Canadian Exploration Expenditures ("**CEE**") 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, 2021 and December 31, 2020 are provided below:

	Three Months Ended December 31,		**Year Ended December 31,**	
	2021	2020	**2021**	2020
Cash used in operating activities – gross	**$ (250,739)**	$ (120,458)	**$ (608,279)**	$ (562,834)
Changes in non-cash operating working capital	**22,975**	30,563	**(187,780)**	176,167
Cash used in operating activities – net	**(227,764)**	(89,895)	**(796,059)**	(386,667)
Cash used in investing activities	**-**	-	**(52,110)**	(100,000)
Cash provided by financing activities	**687,739**	150,266	**1,941,519**	438,167
Increase (decrease) in cash	**459,975**	60,371	**1,093,350**	(48,500)
Cash, beginning of period	**777,653**	83,907	**144,278**	192,778
Cash, end of period	**$ 1,237,628**	$ 144,278	**$ 1,237,628**	$ 144,278

Three months ended December 31, 2021 vs. three months ended December 31, 2020

Operating Activities

Cash used in operating activities before changes in non-cash working capital during the three months ended December 31, 2021 was $250,739 compared to $120,458 for the three months ended December 31, 2020. This is primarily the result of higher comparative exploration and evaluation expenditures during the 2021 quarter of $131,093 (2020 - $64,045) along with increases in most other expense categories over 2020, as the Company prepares to go public.

Financing Activities

During the quarter ended December 31, 2021, cash provided by financing activities was $687,739 compared to $150,266 for the quarter ended December 31, 2020.

In November 2021, the Company issued 1,916,500 shares at $0.10 per share for gross proceeds of $191,650. In December 2021, the Company also issued 1,467,000 flow-through shares at $0.30 per flow-through share for proceeds of $440,100 and paid $7,200 in finder's fees associated with the flow-through financing. New Break also issued 80,000 units at $0.25 per unit for gross proceeds of $20,000. In addition, in October 2021, the Company received $32,500 upon the exercise of 650,000 stock options at an exercise price of $0.05 per share and in November 2021, the Company received $10,689 upon the exercise of 52,500 warrants at $0.07 per share and 58,450 warrants at $0.12 per share.

Comparatively, 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.

Year ended December 31, 2021 vs. year ended December 31, 2020

Operating Activities

Cash used in operating activities before changes in non-cash working capital during the year ended December 31, 2020 was $608,279 compared to $562,834 for the year ended December 31, 2020. Slightly lower 2021 exploration and evaluation costs were offset by higher 2021 costs across most other categories as the Company prepares to go public.

Investing Activities

During the year ended December 31, 2021, cash used in investing activities was $52,110 compared to $100,000 for the year ended December 31, 2020. During 2021, the Company paid $52,110 in refundable work charges in respect of staking mineral claims on Crown land in Kivalliq Region, Nunavut. Comparatively, in the third quarter of 2020, the Company purchased the Moray property from Exiro. The Company paid $100,000 in cash as part of the consideration paid for the purchase of Moray.

Financing Activities

During the year ended December 31, 2021, cash provided by financing activities was $1,941,519 compared to $438,167 for the year ended December 31, 2020.

The 2021 amount was the result of the following:

- In June 2021, the Company issued 8,420,000 units at a price of $0.10 per unit for gross proceeds of $842,000 and paid $33,420 in finder's fees associated with this financing.
- In June 2021, the Company issued 3,460,000 flow-through units at a price of $0.12 per unit for gross proceeds of $415,200.
- In September and November 2021, the Company issued 2,266,500 shares at $0.10 per share for gross proceeds of $226,650. New Break incurred $5,000 in share issue costs associate with the September 2021 tranche.
- In December 2021, the Company issued 1,467,000 flow-through shares at $0.30 per flow-through share for proceeds of $440,100 and paid $7,200 in finder's fees associated with this financing.

- In December 2021, New Break also issued 80,000 units at $0.25 per unit for gross proceeds of $20,000.
- In addition, in October 2021, the Company received $32,500 upon the exercise of 650,000 stock options at an exercise price of $0.05 per share; and
- In November 2021, the Company received $10,689 upon the exercise of 52,500 warrants at $0.07 per share and 58,450 warrants at $0.12 per share.

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; and
- In July 2020, the Company received $5,000 upon the exercise of 100,000 stock options at $0.05.

Liquidity Outlook

The Company had a cash balance of $1,237,628 at December 31, 2021, of which $797,286 is flow-through funds and must be spent on eligible CEE by December 31, 2022. As at December 31, 2021, the Company had a working capital surplus of approximately $1.2 million.

Since December 31, 2021, New Break has received the following cash flows from financing activities:

- March 30, 2022 - $144,500 from the issuance of 578,000 units at $0.25 per unit in a non-brokered private placement.

The Company considers its financial resources to be sufficient to fund New Break's current corporate operating budget, including costs associated with going public and for a minimum of one year from the date of going public. The Company has developed 2022 exploration plans for its Moray property in Ontario and its Nunavut properties. The principle focus in Nunavut is expected to be on the Sundog property. In order to complete all of its 2022 exploration goals, New Break expects to have to raise an additional $1.0 to $2.0 million in flow-through funds.

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 Executive Officer, Chief Financial Officer, Vice President, Exploration and the Company's Secretary. Effective October 1, 2021, the Chairman role was changed from Executive to Non-Executive and fees paid to the Chairman were treated as consulting fees instead of management fees.

	For the year ended December 31, 2021	2020
Management fees	**$ 170,400**	$ 128,550
Management fees included in exploration and evaluation	**31,100**	18,450
Consulting fees – paid to a non-independent director	**10,500**	-
Finder's fees paid to an independent director	**4,440**	-
Total fees paid to management and directors	**216,440**	147,000
Share-based payments	**182,770**	-
	$ 399,210	$ 147,000
Exploration and evaluation consulting fees charged by a geological consulting company, the President & CEO of which, is also a director of New Break	**$ 64,640**	$ 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 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.

On June 25, 2021, the Company completed a non-brokered private placement for gross proceeds of $842,000 through the issuance of 8,420,000 units at a price of $0.10 per unit. 260,000 of the units were purchased by two investment companies that are each wholly-owned by two of the Company's directors. In connection with the issuance of the units, the Company paid a finder's fee equal to $33,420 and issued an aggregate of 334,200 finder's warrants. $4,440 of these fees and 44,400 of these warrants were paid to a consulting company owned by an independent director of the Company.

On October 14, 2021, the Company issued 650,000 common shares upon the exercise of stock options by directors and officers of the Company, at a price of $0.05, for gross proceeds of $32,500.

On November 19, 2021, the Company granted options to purchase up to 3,500,000 common shares of the Company at a price of $0.10 per share for a period of five years. 2,450,000 of these were granted to directors and officers of the Company, having a grant date fair value of $182,770.

On December 10, 2021, the Company completed a non-brokered private placement for gross proceeds of $440,100 through the issuance of 1,467,000 F-T Shares at a price of $0.30 per F-T Share. An officer and a director of the Company subscribed for 52,000 of the F-T Shares issued.

As at December 31, 2020, $17,634 (December 31, 2020 - $187,211) included in accounts payable and accrued liabilities was owing to related parties, including $17,634 (December 31, 2020 - $54,487) owed to a geological consulting company, the President and Chief Executive Officer of which, is also a director of New Break. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Subsequent Events

Financing

On March 30, 2022, the Company completed a non-brokered private placement for gross proceeds of $144,500 through the issuance of 578,000 units at a price of $0.25 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 $0.35 for a period of twenty-four months following a Liquidity Event, defined as the completion of an event which results in the common shares of the Company freely tradable on a recognized public stock exchange.

Outstanding Capital and Share Data

New Break's authorized capital stock consists of an unlimited number of common shares without par value. As at April 26, 2022 there were 38,350,750 common shares issued and outstanding.

As at April 26, 2022, the Company also had the following items issued and outstanding:
- 8,219,200 common share purchase warrants at a weighted average exercise price of $0.18.
- 3,500,000 stock options at an exercise price of $0.10.

For further detailed information on share capital, see Note 8 to the annual audited financial statements for the years ended December 31, 2021 and 2020.

Off-Balance Sheet Arrangements

As at December 31, 2021, 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 April 26, 2022, 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 2022 Moray and Nunavut exploration budgets are planned to be partially funded from flow-through funds raised in 2020 and 2021, while 2022 corporate operating costs will be funded from amounts raised in 2021. There is no certainty of the Company's ability to complete additional financings.

As at December 31, 2021 the Company held current assets of $1,265,950 (December 31, 2020 - $164,835) to settle current liabilities of $58,802 (December 31, 2020 - $238,817), 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, 2021 and 2020 were as follows:

	Amortized Cost	FVPL	Total
December 31, 2020			
Financial assets			
Cash	$ 144,278	$ -	$ 144,278
Financial liabilities			
Accounts payable and accrued liabilities	$ 238,817	$ -	$ 238,817
December 31, 2021			
Financial assets			
Cash	$ 1,237,628	$ -	$ 1,237,628
Financial liabilities			
Accounts payable and accrued liabilities	$ 58,802	$ -	$ 58,802

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 Judgment

The preparation of financial statements in conformity with IFRS requires that management make judgments, 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. Expected volatility is generally based on the historical volatility of comparable companies. 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. When shares are issued as consideration, they are valued at the price associated with the most recent financing.

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, 2021. 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 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, 2021 and December 31, 2020.

(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 and Contingencies

As at December 31, 2021, the Company had a commitment to spend $797,286 (December 31, 2020 - $122,280) on eligible Canadian exploration expenditures, from amounts raised from flow-through financing, by December 31, 2022.

Flow-Through

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 2021 in the amount of $855,300 (2020 - $238,431), the Company recorded an aggregate flow-through share premium liability of $371,942 (2020 - $69,870). As eligible CEE is incurred, the amount is drawn down as income through the statement of loss. During the year ended December 31, 2021, the Company incurred $180,294 (2020 - $287,700) in eligible CEE and recorded a flow-through share premium recovery of $47,658 in the statement of loss (December 31, 2020 - $131,214).

Environmental

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.

Contingent Payments

Effective October 1, 2021, the Company became party to certain consulting agreements that contain clauses that could require additional aggregate payments of $180,000 upon termination without cause and $360,000 upon termination in connection with a change of control. These clauses are only applicable if a triggering event occurs after the Company has raised aggregate gross proceeds from financings of at least $2.0 million since October 1, 2021. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

COVID-19

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. As such, these financial statements do not reflect any potential impact associated with the COVID-19 pandemic.

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 one of its properties enters into commercial production and generates 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 $821,721 for the year ended December 31, 2021 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

New Break follows the recommendations and guidelines set out by the various government COVID-19 health guidance. 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, should the severity of the pandemic worsen 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 Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2021 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, 2021.

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, 2021 and 2020 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 April 26, 2022. 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 Executive Officer and Director
William Love, Vice President, Exploration
Jim O'Neill, Chief Financial Officer and Corporate Secretary
Michael Skutezky, Director

Independent Directors
Andrew Malim, Non-Executive Chairman and Director (1) (2)
Thomas Puppendahl, Director (1) (2) (Audit Committee Chair)
Ashley Kirwan, Director (1) (2) (Compensation, Governance and Nominating Committee Chair)

(1) Member of the Audit Committee

(2) Member of the Compensation, Governance and Nominating Committee

Legal Counsel, Auditors and Transfer Agent

Peterson McVicar LLP, Dennis Peterson
McGovern Hurley LLP, Auditors
TSX Trust Company, 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.