

**NEW BREAK RESOURCES LTD.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022**

**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 three and six months ended June 30, 2022 ("**second quarter of 2022**" or "**Q2 2022**"). The comparative period is for the three and six months ended June 30, 2021 ("**second quarter of 2021**" or "**Q2 2021**"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. 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, and the unaudited condensed interim financial statements for the three and six months ended June 30, 2022 and 2021, 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 International Financial Reporting 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 unaudited condensed interim financial statements for the three and six months ended June 30, 2022 and 2021 and the Company's Board of Directors approved these documents prior to their release.

This MD&A is dated August 10, 2022 and is current to that date.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at [www.sedar.com](http://www.sedar.com) or on New Break's website at [www.newbreaksources.ca](http://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 C. Hubacheck, P. Geo., consulting geologist to New Break, who is a Qualified Person ("**QP**") 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. Effective August 4, 2022, the Company received a receipt for its Final Long-Form Prospectus from the Ontario Securities Commission (the “OSC”) and became a reporting issuer in the Province of Ontario, however New Break is not yet listed on any stock exchange. 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 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 the three months ended June 30, 2022 and up to August 10, 2022

### Mineral Properties and Exploration and Evaluation Activities

#### Moray Project - Matachewan, Ontario

##### Ontario Junior Exploration Program (“OJEP”)

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 include mechanical stripping and washing, 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 government that the application for funding was approved. New Break has entered into a Transfer Payment Agreement with the Province of Ontario dated April 1, 2022. The funding period covers eligible exploration work completed between April 1, 2022 and February 15, 2023. Eligible expenses are reimbursed at a rate of 50% with the aggregate reimbursement capped at \$200,000. Only 12 companies were approved during the first intake in 2021 and only 18 were approved in the second intake in 2022, which included New Break. Further information on OJEP can be found at [www.ontario.ca/page/ontario-junior-exploration-program](http://www.ontario.ca/page/ontario-junior-exploration-program), including a list of the successful companies.

##### Phase 1 Exploration Program

In April 2022, New Break again engaged Shaun Parent, P. Geo., of Superior Exploration Co. (“**Superior Exploration**”) to complete a Very Low Frequency (“**VLF**”) ground geophysical survey which included 14.88 line-km of VLF surveying of the Fiset North syenite target area. Results from the survey and the associated report are pending.

In June 2022, New Break engaged IOS Services Géoscientifique Inc. (“**IOS**”) out of Chicoutimi, Quebec, to complete a till sampling survey of the Moray property. From June 5-10, 2022, IOS completed the survey, taking 46 samples. Assay results are pending and are expected in the early fall of 2022, with a report to follow detailing the results of the survey.

Following the till sampling survey, New Break engaged CXS Canadian Exploration Services Ltd. (“**CXS**”) out of Larder Lake, Ontario, to complete a planned 9,957 m<sup>2</sup> mechanical stripping, washing and channel sampling program of the Voyager and Fiset areas of the Moray property, and dewatering in certain areas to accommodate a structural mapping program to be conducted by Orix Geoscience Inc. (“**Orix**”). CXS completed the mechanical stripping component of the program from June 20-30, 2022. The washing and channel sampling phase of the program continued through July 17, 2022 and included the washing of newly stripped areas and washing historical SGX trenches from the 2012 SGX trenching program. The channel sample areas were marked by New Break personnel and cut by CSX.

On July 13, 2022, Orix arrived on the property to oversee the channel sampling program. 32 samples were taken and assays are pending. See quality assurance and quality control below for further discussion.

After arriving on the property, Orix also completed a high-resolution drone survey of the Voyager and Fiset areas, including all newly stripped areas and all of the historical SGX trenches. Orix is currently in the process of completing additional sampling, geological mapping and structural mapping and interpretation. These exploration activities are ongoing.

### **Quality Assurance and Quality Control (QA/QC)**

Samples collected in the 2022 channel sampling program have been delivered to ALS Global (“**ALS**”) in Timmins, Ontario for preparation and will be assayed for gold by ALS Global in Vancouver, British Columbia.

New Break has implemented a strict QA/QC protocol in processing all samples collected from the Moray property to ensure best practice in the sampling and analysis of the surface samples. Channel sample lines were located and measured perpendicular to shear vein trends and marked at 1.0 metre to 1.5 metre intervals. Blanks, duplicates and certified standards were inserted into the sample stream at batch intervals of 10 assay tags. Final GPS control of the sample lines was determined from drone imagery.

All collected rock samples were put in sturdy plastic bags, tagged, and sealed in the field by CXS personnel under the supervision of Orix professional geologists and Peter C. Hubacheck P. Geo. and QP. The sample bags were then put in rice pouches before being transported by CXS personnel to their secure facility in Larder Lake. Finally, the samples were transported by truck by CXS to ALS at their Timmins, Ontario facility for sample preparation where the samples will be crushed to better than 70% passing 2mm, 1kg riffle split and pulverized to 85% passing 75 microns. Pulps will be forwarded to ALS Global in Vancouver, British Columbia for analyses. The program collected samples for both gold and base metal multi-element analysis. Gold analyses are obtained via industry standard fire assay with ICP finish using 30 g aliquots. For samples returning greater than 10 g/t gold follow-up fire assay analysis with a gravimetric finish is completed. Based on initial fire assay gold indications as well as visual indication of mineralization and alteration, intervals are selected for re-assay by the screen metallic fire assay method. Base metal samples were analyzed for 48 trace and major elements by ICP-MS following a four-acid digestion. ALS Global are ISO/IEC 17025:2017 accredited (Lab No. 579) for the preparation and analyses performed on the New Break samples.

Following the completion of the Phase 1 work program 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.

### **Nunavut Exploration Activities**

During the quarter ended June 30, 2022, with the assistance of Orix Geoscience Inc. (“Orix”), the Company continued to compile and interpret the exploration data purchased from Ken Reading in June 2021 related to the Sundog and Sy projects and other areas prospective for mineral exploration within Kivalliq Region. In addition, Orix began compiling the data purchase from MPH Consulting Limited in March 2022 on the Company’s Esker claim.

### **Private Placements at \$0.25 per Unit – May 31, 2022**

On May 31, 2022, the Company completed a non-brokered private placement for gross proceeds of \$170,000 through the issuance of 680,000 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 July 18, 2022, stock options to purchase 250,000 common shares of the Company at a price of \$0.10 were exercised for proceeds of \$25,000 by a former director of the Company.

### **Warrant Exercise**

On July 19, 2022, warrants to purchase 250,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$37,500.

### **Corporate Developments**

Effective April 11, 2022, Mr. Andrew Malim joined the Board of Directors as an independent director and was appointed Non-Executive Chairman, replacing Mr. Nigel 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, one of the world’s largest integrated mining companies.

### **Advertising Campaign Agreements**

In March 2022, New Break signed Advertising Campaign Agreements with Investing News Network (“INN”) with respect to a 12-month campaign on their Investing News platform and with HE Capital Markets Ltd. (“HE Capital”) with respect to a 12-month campaign on their Investorshub platform. Additionally, on May 30, 2022, New Break signed an Advertising Services Agreement with CEO.CA Technologies Ltd. with respect to a 6-month campaign on their CEO.CA platform. New Break prepaid \$129,900 for the INN and Investorshub campaigns and prepaid \$90,000 for the CEO.CA campaign. The campaigns are expected to begin in connection with New Break becoming publicly listed on the Canadian Securities Exchange (“CSE”).

## Going Public Update

On May 6, 2022, the Company submitted a preliminary prospectus to the OSC in connection with the Company's plans to seek liquidity options for the common shares of New Break. On August 4, 2022, the Company submitted a Final Long-Form Prospectus (the "**Prospectus**") to the OSC and received a receipt from the OSC for the Prospectus. As such, effective August 4, 2022, New Break became a reporting issuer in the Province of Ontario. In addition, on July 28, 2022, the Company received approval from the Canadian Securities Exchange (the "**CSE**") to list the common shares of the Company subject to customary conditions. New Break is in the process of working with the CSE to complete the remaining listing requirements.

## Overview of Financial Results

### Three and Six Months Ended June 30, 2022 vs. June 30, 2021

(Expressed in Canadian Dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2021	2021	2021
<b>Expenses</b>				
Exploration and evaluation	\$ 226,344	\$ 77,867	\$ 384,369	\$ 96,630
Management fees	37,500	43,100	75,000	79,600
Consulting fees	-	3,655	13,500	8,285
Professional fees	58,342	7,006	66,544	11,971
Investor relations	5,433	-	5,433	-
General and administrative	17,753	5,749	35,621	10,206
Shareholder costs and filing fees	16,397	1,508	18,682	1,898
Travel	7,680	-	9,648	-
<b>Total expenses</b>	<b>369,449</b>	<b>138,885</b>	<b>608,797</b>	<b>208,590</b>
<b>Loss before the undernoted</b>	<b>(369,449)</b>	<b>(138,885)</b>	<b>(608,797)</b>	<b>(208,590)</b>
Bank charges	(365)	(458)	(664)	(521)
Interest income	1,927	-	3,052	-
Flow-through share premium recovery	85,492	867	148,946	1,243
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (282,395)</b>	<b>\$ (138,476)</b>	<b>\$ (457,463)</b>	<b>\$ (207,868)</b>
<b>Net loss per share</b>				
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

### Three months ended June 30, 2022 vs. three months ended June 30, 2021

- Overall, the Company recorded a net loss and comprehensive loss of \$282,395 or \$0.01 per share for the quarter ended June 30, 2022 compared to a net loss and comprehensive loss of \$138,476 or \$0.01 per share for the quarter ended June 30, 2021.
- Exploration and evaluation expenses were \$226,344 in the second quarter of 2022 compared to \$77,867 in the second quarter of 2021. The 2022 amount includes \$134,018 spent on the Moray property, primarily associated with the April 2022 VLF survey of the Fiset North target area, a June 2022 till sampling survey and a mechanical stripping and washing program at the end of June 2022. \$47,098 was spent on the Sundog property in Nunavut on additional compilation work, phase 1 exploration program planning and travel related to community relations. \$43,768 was spent on the Company's other Nunavut properties, principally on additional data compilation. The 2021 amount relates primarily to the payment of \$74,000 for the purchase of Nunavut related exploration data.

- Management fees were \$37,500 in the second quarter of 2022 compared to \$43,100 in the second quarter of 2021. The change in fees relates to changes in the Company's management when compared to the prior year period. These fees currently relate to amounts charged by the Company's President and CEO and by the Chief Financial Officer.
- Consulting fees were \$nil in the second quarter of 2022 compared to \$3,655 in the second quarter of 2021.
- Professional fees were \$58,342 in the second quarter of 2022 compared to \$7,006 in the second quarter of 2021. In general, these relate to legal fees and the accrual of audit and tax return preparation fees. \$50,781 of the 2022 amount relates to legal and accounting fees in connection with the Company's Long-Form Prospectus and preparation of listing materials for the CSE.
- Investor relations expense were \$5,433 during the second quarter of 2022 compared to \$nil during the second quarter of 2021. The 2022 amount principally relates to the Company's attendance at the Nunavut Mining Symposium in May 2022.
- General and administrative expenses were \$17,753 during the second quarter of 2022 compared to \$5,749 during the second quarter of 2021.
- Shareholder costs and filing fees were \$16,397 during the second quarter of 2022 compared to \$1,508 during the second quarter of 2021. The 2022 amount includes \$13,155 filing fees associated with the Company's Prospectus and listing fees paid to the CSE.
- Travel expenses were \$7,680 during the second quarter of 2022 related to travel to Nunavut, compared to \$nil during the second quarter of 2021.
- Flow-through share premium recovery was \$85,492 during the second quarter of 2022 on eligible CEE of \$223,767 from flow-through funds raised in 2021 compared to \$867 during the second quarter of 2021 on eligible CEE of \$2,887 from flow-through funds raised in 2020. These recoveries are non-cash amounts.

#### **Six months ended June 30, 2022 vs. six months ended June 30, 2021**

- Overall, the Company recorded a net loss and comprehensive loss of \$457,463 or \$0.01 per share for the six months ended June 30, 2022 compared to a net loss and comprehensive loss of \$207,868 or \$0.01 per share for the six months ended June 30, 2021.
- Exploration and evaluation expenses were \$384,369 in the first six months of 2022 compared to \$96,630 in the first six months of 2021. The 2022 amount includes \$192,334 spent on the Moray property, primarily associated with the completion of the NI 43-101 technical report, purchase of IP survey data from 55 North Mining Inc., an April 2022 VLF survey of the Fiset North target area, a June 2022 till sampling survey and a mechanical stripping and washing program at the end of June 2022. \$107,096 was spent on the Sundog property in Nunavut on additional compilation work, phase 1 exploration program planning and travel related to community relations. \$76,532 was spent on the Company's other Nunavut properties, principally on additional data compilation and the purchase of data related to the Esker claim from MPH Consulting Limited. The 2021 amount relates primarily to the payment of \$74,000 for the purchase of Nunavut related exploration data and consulting fees paid for work on the Company's mineral claims in Nunavut staked in early 2021.
- Management fees were \$75,000 in the first six months of 2021 compared to \$79,600 in the first six months of 2021. The change in fees relates to changes in the Company's management when compared to the prior year period. These fees currently relate to amounts charged by the Company's President and CEO and by the Chief Financial Officer.

- Consulting fees were \$13,500 in the first six months of 2022 compared to \$8,285 in the first six months of 2021. The 2022 amount relates principally to fees paid to the Company's Chairman in the first quarter of 2022. These fees have since ceased, effective March 31, 2022.
- Professional fees were \$66,544 in the first six months of 2022 compared to \$11,971 in the first six months of 2021. In general, these relate to legal fees and the accrual of audit and tax return preparation fees. \$52,781 of the 2022 fees relate to legal and accounting fees incurred in connection with the Company's Long-Form Prospectus and preparation of listing materials for the CSE.
- Investor relations expense were \$5,433 in the first six months of 2022 compared to \$nil in the first six months of 2021. The 2022 amount principally relates to the Company's attendance at the Nunavut Mining Symposium in May 2022.
- General and administrative expenses were \$35,621 during the first six months of 2022 compared to \$10,206 during the first six months of 2021.
- Shareholder costs and filing fees were \$18,682 in the first six months of 2022 compared to \$1,898 in the first six months of 2021. The 2022 amount includes \$13,155 filing fees associated with the Company's Prospectus and listing fees paid to the CSE.
- Travel expenses were \$9,648 in the first six months of 2022 related to travel to Nunavut, compared to \$nil in the first six months of 2021.
- Flow-through share premium recovery was \$148,946 during the first six months of 2022 on eligible CEE of \$373,655 from flow-through funds raised in 2021 compared to \$1,243 during the first six months of 2021 on eligible CEE of \$4,142 from flow-through funds raised in 2020. These recoveries are non-cash amounts.

### 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.

	Q2	Q1	Annual	Q4	Q3
	June 2022 (unaudited)	March 2022 (unaudited)	Dec. 2021 (audited)	Dec. 2021 (unaudited)	Sept. 2021 (unaudited)
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	\$ (282,395)	\$ (175,068)	\$ (821,721)	\$ (482,079)	\$ (131,774)
Loss per share – basic and diluted	(\$0.01)	(\$0.00)	(\$0.03)	(\$0.01)	(\$0.00)
Assets	\$ 1,278,187	\$ 1,459,178	\$ 1,543,060	\$ 1,543,060	\$ 1,095,034

	Q2	Q1	Annual	Q4	Q3
	June 2021 (unaudited)	March 2021 (unaudited)	Dec. 2020 (audited)	Dec. 2020 (unaudited)	Sept. 2020 (unaudited)
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	\$ (138,476)	\$ (69,392)	\$ (461,620)	\$ (120,458)	\$ (84,540)
Loss per share – basic and diluted	(\$0.01)	(\$0.00)	(\$0.03)	(\$0.01)	(\$0.00)
Assets	\$ 1,182,421	\$ 297,471	\$ 389,835	\$ 389,835	\$ 322,253

## Liquidity and Capital Resources

The Company's cash decreased by \$280,417 during the three months ended June 30, 2022, compared to an increase of \$872,739 during the three months ended June 30, 2021. The Company's cash decreased by \$569,106 during the six months ended June 30, 2022, compared to an increase of \$744,316 during the six months ended June 30, 2021. As at June 30, 2022, the ending cash balance was \$668,522 compared to \$1,237,628 as at December 31, 2021.

## Working Capital

As at June 30, 2022, the Company had a working capital surplus of \$915,239 compared to a surplus of \$1,207,148 as at December 31, 2021. The non-cash flow-through share premium liability amount has been excluded from current liabilities in the calculation of working capital. As at June 30, 2022, \$423,631 of flow-through funds raised in 2021, must be spent on qualifying CEE by December 31, 2022.

A summary of the Company's cash position and changes in cash for the three and six months ended June 30, 2022 and 2021 are provided below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cash used in operating activities – gross	\$ (367,887)	\$ (139,343)	\$ (606,409)	\$ (209,111)
Changes in non-cash operating working capital	(82,530)	(211,473)	(277,197)	(221,528)
Cash used in operating activities – net	(450,417)	(350,816)	(883,606)	(430,639)
Cash used in investing activities	-	(225)	-	(48,825)
Cash provided by financing activities	170,000	1,223,780	314,500	1,223,780
(Decrease) increase in cash	(280,417)	872,739	(569,106)	744,316
Cash, beginning of period	948,939	15,855	1,237,628	144,278
Cash, end of period	\$ 668,522	\$ 888,594	\$ 668,522	\$ 888,594

## Three months ended June 30, 2022 vs. three months ended June 30, 2021

### Operating Activities

Cash used in operating activities before changes in non-cash working capital during the three months ended June 30, 2022 was \$367,887 compared to \$139,343 for the three months ended June 30, 2021. The difference is primarily the result of higher exploration and evaluation expenses during the 2022 quarter related to the Phase 1 exploration program at the Moray property and compilation work on the Sundog and Sy properties in Nunavut, compared to the Nunavut data purchase in the second quarter of 2021. In addition, Q2 2022 included \$50,781 in legal and accounting fees in connection with the Company's Long-Form Prospectus and preparation of listing materials for the CSE.

### Investing Activities

Cash used in investing activities during the three months ended June 30, 2022 was \$nil compared to \$225 for the three months ended June 30, 2021. The 2021 outlay relates to mineral claim deposit amounts paid to the federal government of Canada in connection with staking mineral claims in Nunavut. The amounts are ultimately refundable, following the successful completion of required exploration work.



### **Financing Activities**

Cash provided by financing activities during the three months ended June 30, 2022 was \$170,000 compared to \$1,223,780 for the three months ended June 30, 2021. The 2022 amount relates to the private placement closed on May 31, 2022 through the issuance of 680,000 units at \$0.25 per unit. The 2021 amount represents gross proceeds of \$1,257,200 raised in the June 25, 2021 financing, less finder's fees of \$33,420.

### **Six months ended June 30, 2022 vs. six months ended June 30, 2021**

#### **Operating Activities**

Cash used in operating activities before changes in non-cash working capital during the six months ended June 30, 2022 was \$606,409 compared to \$209,111 for the six months ended June 30, 2021. The difference is primarily the result of higher exploration and evaluation expenses during the first half of 2022 related to exploration data purchases for the Moray and Esker claims, the Phase 1 exploration program at the Moray property and compilation work on the Nunavut properties, compared to the Nunavut data purchase in June of 2021. In addition, the first half of 2022 included \$52,781 in legal and accounting fees in connection with the Company's Long-Form Prospectus and preparation of listing materials for the CSE.

#### **Investing Activities**

Cash used in investing activities during the six months ended June 30, 2022 was \$nil compared to \$48,825 for the six months ended June 30, 2021. The 2021 outlay relates to mineral claim deposit amounts paid to the federal government of Canada in connection with staking mineral claims in Nunavut. The amounts are ultimately refundable, following the successful completion of required exploration work.

#### **Financing Activities**

Cash provided by financing activities during the six months ended June 30, 2022 was \$314,500 compared to \$1,223,780 for the six months ended June 30, 2021. The 2022 amount relates to the private placements closed on March 30, 2022 and May 31, 2022 through the issuance of 578,000 and 680,000 units, respectively at \$0.25 per unit. The 2021 amount represents gross proceeds of \$1,257,200 raised in the June 25, 2021 financing, less finder's fees of \$33,420.

#### **Liquidity Outlook**

The Company had a cash balance of \$668,522 at June 30, 2022 and a working capital surplus of \$915,239 (excluding non-cash flow-through share premium liability) and received \$62,500 from stock option and warrant exercises in July 2022 for total available funds of approximately \$977,700. Of this amount, approximately \$423,600 represents net flow-through funds remaining to be spent on eligible CEE, with the remaining \$554,100 available to be spent on non-flow-through items. The Company considers these financial resources to be sufficient to fund New Break's current operating budget for the next 12-month period, including costs associated with going public, and to fund the Company's near-term exploration plans.

In addition, under the Transfer Payment Agreement entered into effective April 1, 2022 between New Break and the Government of Ontario, expenses incurred at the Moray project for eligible exploration work completed between April 1, 2022 and February 15, 2023, are expected to be reimbursed at a rate of 50% with the aggregate reimbursement capped at \$200,000.

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" in the annual MD&A for the year ended December 31, 2021).

## 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. Current key management of New Break includes the President and Chief Executive Officer, Chief Financial Officer and Vice President, Exploration.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Management fees	\$ 37,500	\$ 43,100	\$ 75,000	\$ 79,600
Management fees included in exploration and evaluation	22,500	2,400	45,000	6,400
Consulting fees paid to a non-independent director	-	-	10,500	-
Finder's fees paid to an independent director	-	4,440	-	4,440
<b>Total fees paid to management and directors</b>	<b>\$ 60,000</b>	<b>\$ 49,940</b>	<b>\$ 130,500</b>	<b>\$ 90,440</b>
Exploration and evaluation fees and consulting fees charged by a geological consulting company, the President & CEO of which, is also a director of New Break	\$ 76,845	\$ 5,122	\$ 164,536	\$ 23,540

### 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 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 June 30, 2022, \$42,281 (December 31, 2021 - \$17,634) included in accounts payable and accrued liabilities was owing to related parties, including \$37,531 (December 31, 2021 - \$17,634) 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**

#### **Stock Option Exercise**

On July 18, 2022, stock options to purchase 250,000 common shares of the Company at a price of \$0.10 were exercised for proceeds of \$25,000 by a former director of the Company.

#### **Warrant Exercise**

On July 19, 2022, warrants to purchase 250,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$37,500.

#### **Final Long-Form Prospectus and Canadian Securities Exchange Listing**

On May 6, 2022, the Company submitted a preliminary prospectus to the OSC in connection with the Company's plans to seek liquidity options for the common shares of New Break. On August 4, 2022, the Company submitted a Final Long-Form Prospectus to the OSC and received a receipt from the OSC for the Prospectus. As such, effective August 4, 2022, New Break became a reporting issuer in the Province of Ontario. In addition, on July 28, 2022, the Company received approval from the CSE to list the common shares of the Company subject to customary conditions.

#### **Escrow Agreement and Escrow Shares**

On August 4, 2022, in connection with the Company's Prospectus and with the conditional listing approval from the CSE, the Company entered into an escrow agreement pursuant to which 4,288,000 common shares have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed shares will be released from escrow upon the original CSE listing date and that an additional 15% will be released therefrom every six-month interval thereafter, over a period of 36 months. In addition, 1,950,000 stock options and 347,400 warrants, held or controlled by officers and directors are covered by the escrow agreement such that, if exercised, the resulting common shares would be placed into escrow and subject to the same 36-month release schedule, beginning from the original CSE listing date, regardless of the date of exercise.

#### **Outstanding Capital and Share Data**

New Break's authorized capital stock consists of an unlimited number of common shares without par value. As at August 10, 2022 there were 39,530,750 common shares issued and outstanding.

As at August 10, 2022, the Company also had the following items issued and outstanding:

- 8,649,200 common share purchase warrants at a weighted average exercise price of \$0.19.
- 3,250,000 stock options at an exercise price of \$0.10.

### **Off-Balance Sheet Arrangements**

As at June 30, 2022, 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 August 10, 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 predominantly funded from flow-through funds raised in 2021, while the 2022 operating expenses will be funded from amounts raised in 2021 and 2022. The Company also expects to receive up to

\$200,000 in funding under the Ontario Junior Exploration Program. There is no certainty of the Company's ability to complete additional financings.

As at June 30, 2022 the Company held current assets of \$1,001,077 (December 31, 2021 - \$1,265,950) to settle current liabilities of \$85,838 (December 31, 2021 - \$58,802), exclusive of non-cash flow-through 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 June 30, 2022 and December 31, 2021 were as follows:

	Amortized Cost	FVPL	Total
<b>December 31, 2021</b>			
Financial assets			
Cash	\$ 1,237,628	\$ -	\$ 1,237,628
Financial liabilities			
Accounts payable and accrued liabilities	\$ 58,802	\$ -	\$ 58,802
<b>June 30, 2022</b>			
Financial assets			
Cash	\$ 668,522	\$ -	\$ 668,522
Financial liabilities			
Accounts payable and accrued liabilities	\$ 85,838	\$ -	\$ 85,838

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

### Going Concern

The unaudited condensed interim 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 unaudited condensed interim 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.

### **Critical Accounting Policies and the Use of Estimates and Judgment**

The preparation of the condensed interim financial statements in conformity with IFRS requires that management make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses and income during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. A detailed summary of the Company's significant accounting policies and use of estimates, is included in Notes 2 and 3 of the Company's audited financial statements for the year ended December 31, 2021. The accounting policies and management estimates applied in the condensed interim financial statements for the three and six months ended June 30, 2022, are consistent with those used in the Company's audited financial statements for the year ended December 31, 2021.

### **Commitments**

As at June 30, 2022, the Company had a commitment to spend \$423,631 (December 31, 2021 - \$797,286) on eligible Canadian Exploration Expenditures ("CEE"), resulting 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 three months ended June 30, 2022, the Company incurred \$223,766 (June 30, 2021 - \$2,887) in eligible CEE and recorded a flow-through share premium recovery of \$85,492 in the statement of loss (June 30, 2021 - \$867). During the six months ended June 30, 2022, the Company incurred \$373,655 (June 30, 2021 - \$4,142) in eligible CEE and recorded a flow-through share premium recovery of \$148,946 in the statement of loss (June 30, 2021 - \$1,243).

### **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**

Readers of the MD&A should give careful consideration to the information included or incorporated by reference in this document and the Company's unaudited condensed interim financial statements and related notes. 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 in the Company's audited financial statements for the year ended December 31, 2021 and the "Risks and Uncertainties" discussion in the Company's MD&A for the year ended December 31, 2021, dated April 26, 2022, before investing in the Company's common shares. Readers are also encouraged to read and consider the risk factors more particularly described in Note 4 to the unaudited condensed interim financial statements for the three and six months ended June 30, 2022, which have been posted on the Company's website at [www.newbreakresources.ca](http://www.newbreakresources.ca) and are available on SEDAR at [www.sedar.com](http://www.sedar.com). The risks described in these documents is 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 risks noted in the Company's financial disclosure 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.

Regulatory standards continue to change, making the review process longer, more complex and more costly. Even if an apparently mineable mineral deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which cannot be controlled by management. As a result, the Company's future business, operations and financial condition could differ materially from the forward-looking information contained in this MD&A and described in the "Forward-Looking Statements" section below.

### **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 June 30, 2022 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 June 30, 2022.

### **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 unaudited condensed interim financial statements and in Note 6 of the unaudited condensed interim financial statements for the three and six months ended June 30, 2022 and 2021 that are available on the Company's website at [www.newbreakresources.ca](http://www.newbreakresources.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Approval**

The Board of Directors of New Break approved the disclosure contained in this MD&A on August 10, 2022. A copy of this MD&A will be provided to anyone who requests it from the Company.



**Additional Information**

*Officers:*

Michael Farrant, President, Chief Executive Officer and Director  
William Love, Vice President, Exploration  
Jim O'Neill, Chief Financial Officer and Corporate Secretary

*Directors:*

Andrew Malim, Non-Executive Chairman and Director <sup>(1)</sup> <sup>(2)</sup>  
Thomas Puppenthal, Director <sup>(1)</sup> <sup>(2)</sup> (Audit Committee Chair)  
Ashley Kirwan, Director <sup>(1)</sup> <sup>(2)</sup> (Compensation, Governance and Nominating Committee Chair)  
Michael Skutezky, Director  
Michael Farrant, President, Chief Executive Officer and Director

(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