



## **Financial Statements**

**For the years ended December 31, 2023 and 2022**

(Expressed in Canadian Dollars)

INDEX	Page
Independent Auditor's Report	2-5
Statements of Financial Position	6
Statements of Loss and Comprehensive Loss	7
Statements of Changes in Shareholders' Equity	8
Statements of Cash Flows	9
Notes to the Financial Statements	10-36

## **Independent Auditor's Report**

To the Shareholders of New Break Resources Ltd.

### **Opinion**

We have audited the financial statements of New Break Resources Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 1 in the financial statements, which indicates that the Company has a cumulative deficit and limited working capital as at December 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

## **Other information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can

arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
April 26, 2024

**Statements of Financial Position**  
**As at**

(Expressed in Canadian Dollars)	December 31, 2023	December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 212,205	\$ 230,462
HST receivable	22,337	38,849
Other amount receivable	Notes 6, 13 191,225	140,000
Prepaid expenses	18,701	188,781
	<b>444,468</b>	<b>598,092</b>
<b>Non-current assets</b>		
Mineral claim deposits	Note 6 -	52,110
Mineral properties	Note 6 543,000	225,000
	<b>\$ 987,468</b>	<b>\$ 875,202</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	Note 7 \$ 143,485	\$ 87,671
Flow-through share premium liability	Notes 8(b), 12 63,683	41,500
	<b>207,168</b>	<b>129,171</b>
<b>Shareholders' Equity</b>		
Share capital	Note 8(b) 3,551,942	2,653,107
Warrant reserve	Note 8(e) 256,432	290,865
Stock option reserve	Note 8(d) 291,335	269,435
Deficit	(3,319,409)	(2,467,376)
	<b>780,300</b>	<b>746,031</b>
	<b>\$ 987,468</b>	<b>\$ 875,202</b>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 12)  
Subsequent events (Note 13)

Approved by the Board of Directors and authorized on April 26, 2024:

"Michael Farrant"  
Michael Farrant  
Director

"Thomas Puppenthal"  
Thomas Puppenthal  
Director

*The accompanying notes form an integral part of these financial statements*

**Statements of Loss and Comprehensive Loss  
For the years ended**

(Expressed in Canadian Dollars)		December 31,	
		2023	2022
<b>Expenses</b>			
Exploration and evaluation	Note 6	\$ 497,026	\$ 755,275
Management fees	Note 9	150,000	150,000
Consulting fees	Note 9	12,984	18,635
Professional fees		55,672	128,453
Investor relations		220,867	109,945
General and administrative		95,259	77,248
Shareholder costs and filing fees		34,169	46,074
Travel		935	9,648
Share-based compensation	Note 8(d)	44,280	26,985
Loss before the undernoted		<b>(1,111,192)</b>	<b>(1,322,263)</b>
Bank charges		<b>(1,131)</b>	<b>(1,059)</b>
Part X11.6 tax		<b>(611)</b>	<b>(3,587)</b>
Interest income		<b>6,994</b>	<b>7,947</b>
Flow-through share premium recovery	Note 12	<b>71,452</b>	<b>360,968</b>
<b>Net loss and comprehensive loss for the year</b>		<b>\$(1,034,488)</b>	<b>\$ (957,994)</b>
<b>Net loss per share</b>			
Basic and diluted loss per share		<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
Weighted average number of shares outstanding – basic and diluted		<b>44,839,310</b>	<b>39,073,000</b>

*The accompanying notes form an integral part of these financial statements*

## Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)	Note	Share Capital		Reserves			Total
		Number of Shares	Amount	Warrants	Stock Options	Deficit	
<b>Balance at December 31, 2021</b>		<b>37,772,750</b>	<b>\$ 2,138,423</b>	<b>\$ 233,951</b>	<b>\$ 261,100</b>	<b>\$ (1,510,184)</b>	<b>\$ 1,123,290</b>
Flow-through shares issued for cash	8(b)(viii)	830,000	124,500	-	-	-	124,500
Flow-through premium	8(b)(viii)	-	(41,500)	-	-	-	(41,500)
Shares issued for cash as part of unit financings	8(b)(i)(ii)	1,258,000	314,500	-	-	-	314,500
Warrants issued as part of unit financings	8(b)(i)(ii)	-	(85,806)	85,806	-	-	-
Exercise of warrants	8(b)(iv)-(vii)	875,000	159,340	(28,090)	-	-	131,250
Expiry of warrants	8(e)	-	-	(802)	-	802	-
Exercise of stock options	8(b)(iii)	250,000	43,650	-	(18,650)	-	25,000
Share-based compensation	8(d)	-	-	-	26,985	-	26,985
Net loss for the year		-	-	-	-	(957,994)	(957,994)
<b>Balance at December 31, 2022</b>		<b>40,985,750</b>	<b>2,653,107</b>	<b>290,865</b>	<b>269,435</b>	<b>(2,467,376)</b>	<b>746,031</b>
Flow-through shares issued for cash	8(b)(xi) (xvi)	4,588,000	625,700	-	-	-	625,700
Warrants issued as part of flow-through unit financing	8(b)(xvi)	-	(38,250)	38,250	-	-	-
Flow-through premium	8(b)(xi) (xvi)	-	(93,635)	-	-	-	(93,635)
Share issue costs on flow-through financing	8(b)(xi)	-	(17,459)	4,544	-	-	(12,915)
Shares issued for cash as part of unit financing	8(b)(xv)	750,000	60,000	-	-	-	60,000
Warrants issued as part of unit financing	8(b)(xv)	-	(24,075)	24,075	-	-	-
Shares issued for purchase of mineral claims	8(b)(x)(xiii)	1,800,000	228,000	-	-	-	228,000
Exercise of warrants	8(b)(ix)(xii)	1,448,850	256,919	(39,592)	-	-	217,327
Issuance of incentive warrants	8(b)(xii)	-	(98,365)	98,365	-	-	-
Expiry of warrants	8(e)	-	-	(160,075)	-	160,075	-
Expiry of stock options	8(d)	-	-	-	(22,380)	22,380	-
Share-based compensation	8(d)	-	-	-	44,280	-	44,280
Net loss for the year		-	-	-	-	(1,034,488)	(1,034,488)
<b>Balance at December 31, 2023</b>		<b>49,572,600</b>	<b>\$ 3,551,942</b>	<b>\$ 256,432</b>	<b>\$ 291,335</b>	<b>\$ (3,319,409)</b>	<b>\$ 780,300</b>

*The accompanying notes form an integral part of these financial statements*



**Statements of Cash Flows**  
**For the years ended**

(Expressed in Canadian Dollars)	December 31,	
	2023	2022
<b>Cash flows from operating activities</b>		
<b>Net loss for the year</b>	<b>\$ (1,034,488)</b>	<b>\$ (957,994)</b>
Adjustments not affecting cash:		
Flow-through share premium recovery	Note 12 <b>(71,452)</b>	(360,968)
Share-based compensation	Note 8(d) <b>44,280</b>	26,985
Provision for mineral claim deposits	Note 6 <b>52,110</b>	-
Operating cash flows before changes in non-cash working capital:	<b>(1,009,550)</b>	(1,291,977)
Changes in non-cash working capital:		
HST receivable	<b>16,512</b>	(14,202)
Other amount receivable	<b>(51,225)</b>	(140,000)
Prepaid expenses	<b>170,080</b>	(185,106)
Accounts payable and accrued liabilities	<b>55,814</b>	28,869
Cash used in operating activities	<b>(818,369)</b>	(1,602,416)
<b>Cash flows from investing activities</b>		
Purchase of mineral claims	Note 6 <b>(90,000)</b>	-
Cash used in investing activities	<b>(90,000)</b>	-
<b>Cash flows from financing activities</b>		
Proceeds from private placements	Note 8(b) <b>685,700</b>	439,000
Share issue costs	<b>(12,915)</b>	-
Exercise of warrants	Note 8(e) <b>217,327</b>	131,250
Exercise of stock options	Note 8(d) <b>-</b>	25,000
Cash provided by financing activities	<b>890,112</b>	595,250
<b>Decrease in cash during the year</b>	<b>(18,257)</b>	(1,007,166)
<b>Cash, beginning of year</b>	<b>230,462</b>	1,237,628
<b>Cash, end of year</b>	<b>\$ 212,205</b>	<b>\$ 230,462</b>
Supplemental cash flow information:		
Value of finder warrants issued	Note 8(b)(xi) <b>\$ 4,544</b>	\$ -
Value of common shares issued for purchase of mineral claims	Note 8(b)(x)(xiii) <b>\$ 228,000</b>	\$ -

*The accompanying notes form an integral part of these financial statements*

## Notes to the Financial Statements

For the years ended December 31, 2023 and 2022  
(Expressed in Canadian Dollars)



### 1. NATURE OF OPERATIONS AND GOING CONCERN

New Break Resources Ltd. (the "Company" or "New Break") is a Canadian mineral exploration company currently engaged in the acquisition, exploration and evaluation of mineral properties in Canada. All of the Company's mineral property interests are currently in the exploration and evaluation stage.

The Company was incorporated under the name "8861587 Canada Corporation" under the laws of Canada on April 18, 2014. Effective December 28, 2018, the Company changed its name to New Break Resources Ltd. On November 24, 2021, New Break was also registered as Extra-Territorial in Nunavut, Canada. On September 7, 2022, the Company became listed on the Canadian Securities Exchange (the "CSE") and trades under the symbol NBRK. The address of the Company's corporate office and principal place of business is 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4, Canada.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. Changes in future conditions could require material write downs of the carrying values.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the exploration programs will result in profitable operations. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, environmental and social licensing requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has not realized a profit from operations and has incurred expenditures related to property exploration, resulting in a cumulative deficit of \$3,319,409 as at December 31, 2023 (December 31, 2022 - \$2,467,376). The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis. Management cannot provide assurance that it will be successful in future financing activities or be able to execute its business strategy. As at December 31, 2023, the Company had current assets of \$444,468 (December 31, 2022 - \$598,092) to cover current liabilities of \$143,485 (December 31, 2022 - \$87,671), exclusive of non-cash flow-through share premium liability. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern.

## 2. BASIS OF PRESENTATION

### (a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and include interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies set out were consistently applied to all periods presented unless otherwise noted below.

### (b) Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency. All values are rounded to the nearest dollar.

### (c) Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2023 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 26, 2024.

### (d) Use of estimates and judgments

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

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

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

#### ***Share-based payment transactions***

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

## **2. BASIS OF PRESENTATION** (Continued)

### ***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 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.

### **3. MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except where noted.

#### **(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. 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.

### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

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.



### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

#### **(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.

### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

#### **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.



### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

#### **(e) Government Assistance**

The Company recognizes government grants given on eligible expenditures when it is reasonably assured that the Company will comply with the conditions attached to them and the grants will be received. Grants are recognized as either income over the period(s) necessary to match them with the related costs or if related to a specific expense, as a reduction to the expenses for which they are intended to reimburse. Grants receivable for costs already incurred or for immediate financial support, with no future related costs, are recognized as income in the period in which the grant is receivable. If a grant becomes repayable, it is treated as a change in estimate. Where the original grant related to income, the repayment would be applied first against any related unamortized deferred credit, and any excess would be expensed. Where the original grant related to an asset, the repayment would be treated as increasing the carrying amount of the asset or reducing the deferred income balance. The cumulative depreciation which would have been charged had the grant not been received would be charged as an expense.

#### **(f) 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.

#### **(g) 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.

#### **(h) Flow-Through Shares**

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

### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

#### **(i) 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.

#### **(j) 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, 2023 and December 31, 2022.

#### **(k) 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.

### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

#### **(l) 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.

#### **(m) New Standards Issued and Adopted**

The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2023:

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8) and Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments). The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The adoption of the new amendments has been applied to the disclosure of material accounting policies in note 3 of these financial statements, however, the amendments did not result in any change to the Company's accounting policies or application thereof.

#### **(n) Standards Issued But Not Yet Adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact on the Company and have been excluded.

Standards issued, but not yet adopted include:

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity

The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate the adoption of the new standard to impact the financial statements.

#### **4. 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 2024 Moray exploration budget is planned to be partially funded from flow-through funds raised in December 2023 and from an amount receivable from the government of Ontario under the Ontario Junior Exploration Program ("OJEP"), while the 2024 operating expenses will be partially funded from amounts raised in December 2023 and March 2024 (see Notes 8 and 13). There is no certainty of the Company's ability to complete additional financings.

As at December 31, 2023 the Company held current assets of \$444,468 (December 31, 2022 - \$598,092) to settle current liabilities of \$143,485 (December 31, 2022 - \$87,671), 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.

**4. FINANCIAL INSTRUMENTS (Continued)**

The Company's financial assets and liabilities as at December 31, 2023 and 2022 were as follows:

	Amortized Cost	FVPL	Total
<b>December 31, 2022</b>			
Financial assets			
Cash	\$ 230,462	\$ -	\$ 230,462
HST receivable	\$ 38,849	\$ -	\$ 38,849
Other amount receivable	\$ 140,000	\$ -	\$ 140,000
Financial liabilities			
Accounts payable and accrued liabilities	\$ 87,671	\$ -	\$ 87,671
<b>December 31, 2023</b>			
Financial assets			
Cash	\$ 212,205	\$ -	\$ 212,205
HST receivable	\$ 22,337	\$ -	\$ 22,337
Other amount receivable	\$ 191,225	\$ -	\$ 191,225
Financial liabilities			
Accounts payable and accrued liabilities	\$ 143,485	\$ -	\$ 143,485

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

**5. CAPITAL MANAGEMENT**

The Company defines capital management as the manner in which it manages its share capital. As at December 31, 2023, the Company's share capital was \$3,551,942 (December 31, 2022 - \$2,653,107).

There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022 and the Company is not subject to any externally imposed capital requirements.

The Company's objective in managing capital is to maintain the entity's ability to continue as a going concern, support the Company's normal operating requirements and to continue the exploration and evaluation of its mineral properties.

The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debtor equity or similar instruments to obtain additional financing.

## 6. MINERAL PROPERTIES

Acquisition Costs	Moray Gold Project
<b>Balance, December 31, 2021 and 2022</b>	<b>\$ 225,000</b>
Mineral claim acquisitions during the year	318,000
<b>Balance, December 31, 2023</b>	<b>\$ 543,000</b>

### Moray Gold Project

In September 2020, New Break acquired a 100% interest in certain unpatented mining claims in Zavitz, Hincks and Hutt Townships, southeast of Timmins, Ontario (the “Moray property”) from a private company, Exiro Minerals Corp. (“Exiro”) in exchange for \$100,000 in cash and 2,500,000 common shares of New Break. The 2,500,000 common shares were issued on July 15, 2020 at an estimated fair value of \$125,000.

On May 23, 2023, New Break acquired a 100% interest in certain additional mineral claims contiguous to the northern Moray property boundary (the “Beyers claims”) from three arm’s length vendors in exchange for \$80,000 in cash and 1,500,000 common shares of New Break at an estimated fair value of \$195,000, based on their market price of \$0.13 per share.

On July 21, 2023, New Break acquired a 100% interest in certain additional mineral claims in Zavitz Township contiguous to the western Moray property boundary (the “Zavitz claims”) from two arm’s length vendors in exchange for \$10,000 in cash and 300,000 common shares of New Break at an estimated fair value of \$33,000, based on their market price of \$0.11 per share.

Certain of the claims acquired from Exiro (“Exiro Claims”) are subject to a 2% Net Smelter Return (“NSR”) royalty and certain other of the claims (“Voyageur Claims”) are subject to a 1% NSR royalty in favour of Exiro. The Voyageur Claims are also subject to a 1% NSR royalty in favour of a previous property owner. New Break can repurchase 50% of the Exiro NSR royalty at any time for a payment of \$1.0 million and can repurchase 50% of the Voyageur NSR royalty at any time for a payment of \$750,000. In addition, the Beyers claims are subject to a 1.5% NSR royalty in favour of the previous property owners. New Break can reduce the NSR to 0.5% at any time for a payment of \$750,000.

Effective October 22, 2021, the Company entered into a memorandum of understanding (“MOU”) with the Matachewan First Nation and Mattagami First Nation (collectively, the “First Nations”) as it relates to carrying out Prescribed Exploration Activities, as such term is defined by the Ontario Mining Act, on the Moray property. Under the terms of the MOU, New Break made payments of \$5,000 to each First Nation and on November 19, 2021, the Company granted stock options to each of the 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. As Prescribed Exploration Activities are conducted, New Break will make payments to the First Nations equal to 2% of the cost of such activities. During the year ended December 31, 2023, \$2,779 was accrued to the First Nations in respect of Prescribed Exploration Activities completed during the year (December 31, 2022 - \$1,737). 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

New Break was reimbursed \$200,000 by the Ontario Ministry of Northern Development under an Ontario Transfer Payment Agreement as a 50% reimbursement of certain exploration and evaluation expenditures for work and activities performed on the Moray property from April 1 to December 31, 2022. \$60,000 was received November 7, 2022 and \$140,000, shown as receivable as at December 31, 2022, was received March 20, 2023.



**6. MINERAL PROPERTIES** (Continued)

During 2023, New Break was accepted by the Ontario Ministry of Mines into further OJEP intakes, whereby the Company received a 50% reimbursement of certain exploration and evaluation expenditures for work and activities performed on the Moray property from April 1, 2023 to February 15, 2024. \$30,000 was received in November 2023 and \$191,225 was recorded as receivable as at December 31, 2023. An additional \$14,999, relating to eligible expenditures incurred from January 1 to February 15, 2024, was recorded as receivable subsequent to December 31, 2023. A total of \$206,224 was received in March 2024 from the Ontario Ministry of Mines (see Note 13).

The reimbursements received and receivable, were netted against exploration and evaluation expenditures in the periods in which the expenditures were incurred.

**Sundog Gold Project**

Effective September 1, 2021, New Break entered into an Inuit Owned Lands Mineral Exploration Agreement (“MEA”) with Nunavut Tunngavik Incorporated (“NTI”) for exclusive rights to a 100% interest in the minerals within, upon or under a 9,415-hectare exploration area on Inuit Mineral Title Lands parcel AR-35 in Kivalliq Region, Nunavut (the “Sundog Gold Project”).

Per the terms of the MEA, New Break is required to make the following annual rent payments to NTI on the anniversary date of the MEA and meet the following annual work requirements in order to maintain the agreement in good standing:

Years	Hectares (“ha”)	Annual Rent (\$/ha)	Annual Rent	Annual Work (\$/ha)	Annual Work Requirement
1	9,415	\$1.00	\$9,415 (paid)	\$5.00	\$47,075 (completed)
2	9,415	\$2.00	\$18,830 (paid)	\$5.00	\$47,075 (completed)
3	9,415	\$2.00	\$18,830 (paid)	\$10.00	\$94,150
4-5	9,415	\$2.00	\$18,830	\$10.00	\$94,150
6-10	9,415	\$3.00	\$28,245	\$20.00	\$188,300
11-15	9,415	\$4.00	\$37,660	\$30.00	\$282,450
16-20	9,415	\$5.00	\$47,075	\$40.00	\$376,600

In the event that New Break establishes a mineral resource estimate in accordance with National Instrument 43-101 (“NI 43-101”) of a minimum of one million ounces of gold in a Measured category, as defined by the Canadian Institute of Mining Metallurgy and Petroleum (“CIM”) Definition Standards for Mineral Resources and Mineral Reserves (“CIM Definition Standards”), the Company will make a bonus payment to NTI of \$1.0 million. Further bonus payments are payable, contingent upon each of New Break establishing an estimated Measured mineral resource of a minimum of five million ounces of gold (\$5.5 million), making the decision to conduct an NI 43-101 Feasibility Study (\$3.0 million) and the commencement of commercial production (\$5.0 million). In addition, the Company is subject to advance royalty payments in the event that an NI 43-101 Feasibility Study is approved, which confirms the economic viability of a minimum of one million ounces of estimated gold mineral resources in a Measured category.

**Nunavut Gold Projects on Crown Land**

In February, March, April and July 2021, the Company staked certain claims, located in Kivalliq Region, Nunavut, referred to as the Sy, Esker/Noomut and Angikuni Lake claims. During the year ended December 31, 2021, the Company paid \$52,110 in refundable work charges to Crown-Indigenous Relations and Northern Affairs Canada (“CIRNAC”) in relation to the first year’s work requirement on these claims. The amounts are refundable following the issuance of a certificate of work by CIRNAC in respect of completion of the related exploration work requirement for the period associated with the deposit. As at December 31, 2023, the Company recorded a provision against these deposits due to the uncertainty of their collectability.

**6. MINERAL PROPERTIES** (Continued)

**Exploration and Evaluation Expenditures**

**For the year ended December 31, 2023**

	<b>Moray</b>	<b>Sundog</b>	<b>Other Nunavut</b>	<b>Other</b>	<b>Total</b>
Consulting fees	\$ 210,272	\$ 17,850	\$ -	\$ -	\$ 228,122
Drone survey	10,864	-	-	-	10,864
Prospecting and mapping	21,514	37,301	-	-	58,815
Stripping and channel sampling	138,970	-	-	-	138,970
Structural mapping and sampling	114,783	-	-	-	114,783
Community relations	2,779	-	-	-	2,779
Land management	6,529	18,830	52,110	837	78,306
Travel	19,569	-	-	-	19,569
Staking costs	6,150	-	-	700	6,850
Other	-	57,609	-	1,585	59,194
OJEP reimbursement	(221,226)	-	-	-	(221,226)
	<b>\$ 310,204</b>	<b>\$ 131,590</b>	<b>\$ 52,110</b>	<b>\$ 3,122</b>	<b>\$ 497,026</b>

**For the year ended December 31, 2022**

	<b>Moray</b>	<b>Sundog</b>	<b>Other Nunavut</b>	<b>Other</b>	<b>Total</b>
Consulting fees	\$ 109,085	\$ 119,502	\$ 73,357	\$ 6,947	\$ 308,891
Data purchases	20,000	-	10,000	-	30,000
Drone surveys	18,023	-	-	-	18,023
VLF surveys	63,398	-	-	-	63,398
VLF+MAG surveys	63,074	-	-	-	63,074
Till sampling survey	48,600	-	-	-	48,600
Stripping and channel sampling	174,595	-	-	-	174,595
Structural mapping & sampling	176,293	-	-	-	176,293
Community relations	1,737	10,419	-	-	12,156
Land management	8,830	19,520	4,444	-	32,794
Technical report	7,517	-	-	-	7,517
Other	17,383	1,091	-	1,460	19,934
OJEP reimbursement	(200,000)	-	-	-	(200,000)
	<b>\$ 508,535</b>	<b>\$ 150,532</b>	<b>\$ 87,801</b>	<b>\$ 8,407</b>	<b>\$ 755,275</b>

**7. ACCOUNTS PAYABLE**

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the periods. The balances owing to the creditors are payable in accordance with the vendors' individual credit terms.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Trade and other payables	<b>\$ 110,850</b>	\$ 59,851
Audit and tax services fees	<b>32,635</b>	27,820
	<b>\$ 143,485</b>	\$ 87,671



## 8. SHARE CAPITAL

### (a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

### (b) Issued and outstanding

Share Capital	Note 8(b)	Number of Common Shares	Amount
<b>Balance at December 31, 2021</b>		<b>37,772,750</b>	<b>\$ 2,138,423</b>
Private placement of \$0.25 units – March 30, 2022	(i)	578,000	144,500
Less: warrant valuation	(i)	-	(39,362)
Private placement of \$0.25 units – May 31, 2022	(ii)	680,000	170,000
Less: warrant valuation	(ii)	-	(46,444)
Private placement of \$0.15 F-T common shares – December 30, 2022	(viii)	830,000	124,500
Less: flow-through premium on F-T common shares	(viii)	-	(41,500)
Exercise of stock options – cash proceeds	(iii)	250,000	25,000
Exercise of stock options – fair value	(iii)	-	18,650
Exercise of warrants – cash proceeds	(iv, v, vi, vii)	875,000	131,250
Exercise of warrants – fair value	(iv, v, vi, vii)	-	28,090
<b>Balance at December 31, 2022</b>		<b>40,985,750</b>	<b>2,653,107</b>
Private placement of \$0.15 F-T common shares – May 31, 2023	(xi)	3,338,000	500,700
Less: flow-through premium on F-T common shares	(xi)	-	(66,760)
Share issue costs – cash	(xi)	-	(12,915)
Share issue costs – fair value of warrants	(xi)	-	(4,544)
Common shares issued for mineral claims – May 23, 2023	(x)	1,500,000	195,000
Common shares issued for mineral claims – July 21, 2023	(xiii)	300,000	33,000
Exercise of warrants – cash proceeds	(ix, xii)	1,448,850	217,327
Exercise of warrants – fair value	(ix, xii)	-	39,592
Less: warrant valuation of incentive warrants – June 23, 2023	(xi)	-	(98,365)
Private placement of \$0.08 units – December 29, 2023	(xv)	750,000	60,000
Less: warrant valuation	(xv)	-	(24,075)
Private placement of \$0.10 F-T units – December 29, 2023	(xvi)	1,250,000	125,000
Less: flow-through premium on F-T common shares	(xvi)	-	(26,875)
Less: warrant valuation	(xvi)	-	(38,250)
<b>Balance at December 31, 2023</b>		<b>49,572,600</b>	<b>\$ 3,551,942</b>

- (i) 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 from September 7, 2022, the date the Company listed on the CSE. The issue date fair value of the warrants was estimated to be \$39,362 based on their Black-Scholes value, using assumptions in Note 8(e).
- (ii) 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 from September 7, 2022, the date the Company listed on the CSE. The issue date fair value of the warrants was estimated to be \$46,444 based on their Black-Scholes value, using assumptions in Note 8(e).
- (iii) 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. Grant date fair value of \$18,650 was transferred from stock option reserve to share capital in connection with the exercise.

## Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)



### 8. SHARE CAPITAL (Continued)

- (iv) 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. Issue date fair value of \$8,026 was moved from warrant reserve to share capital.
- (v) On August 11, 2022, warrants to purchase 100,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$15,000. Issue date fair value of \$3,210 was moved from warrant reserve to share capital.
- (vi) On August 16, 2022, warrants to purchase 150,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$22,500. Issue date fair value of \$4,815 was moved from warrant reserve to share capital. 60,000 of these warrants were exercised by a director of the Company.
- (vii) On August 25, 2022, warrants to purchase 375,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$56,250. Issue date fair value of \$12,039 was moved from warrant reserve to share capital.
- (viii) On December 30, 2022, the Company completed a non-brokered private placement for gross proceeds of \$124,500 through the issuance of 830,000 F-T Shares at a price of \$0.15 per F-T Share. An officer of the Company subscribed for 30,000 of the F-T Shares issued. The Company recognized an aggregate flow-through premium of \$41,500 as a result of the issuances of the F-T Shares.
- (ix) On April 28, 2023, warrants to purchase 375,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$56,250. Issue date fair value of \$7,425 was moved from warrant reserve to share capital.
- (x) On May 23, 2023, the Company issued 1,500,000 common shares in connection with the purchase of additional mineral claims associated with the Moray Project. The fair value of the 1,500,000 shares was estimated at \$195,000 based on their market price of \$0.13 per share (see Note 6).
- (xi) On May 31, 2023, the Company completed a non-brokered private placement for gross proceeds of \$500,700 through the issuance of 3,338,000 F-T Shares at a price of \$0.15 per F-T Share. The Company paid aggregate finder's fees of \$12,915 and issued 51,000 finder warrants. Each finder warrant is exercisable into one common share at a price of \$0.15 per share for 24 months from the date of closing. The issue date fair value of these warrants was estimated to be \$4,544 based on their Black-Scholes value, using the assumptions in Note 8(e) and recorded as share issuance costs. The Company recognized an aggregate flow-through premium of \$66,760 as a result of the issuances of the F-T Shares.
- (xii) On June 23, 2023, warrants to purchase an aggregate of 1,073,850 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$161,077. Issue date fair value of \$32,167 was moved from warrant reserve to share capital. A director of the Company and a greater than 10% securityholder exercised 25,000 and 173,000 of these warrants, respectively. Pursuant to a common share purchase warrant exercise incentive program, the Company issued 1,073,850 warrants ("Incentive Warrants") to those warrant holders who exercised. Each Incentive Warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.20 for a period of thirty-six (36) months until June 23, 2026 (see Note 8(e)).
- (xiii) On July 21, 2023, the Company issued 300,000 common shares in connection with the purchase of additional mineral claims associated with the Moray Project. The fair value of the 300,000 shares was estimated at \$33,000 based on their market price of \$0.11 per share (see Note 6).

**8. SHARE CAPITAL** (Continued)

- (xv) On December 29, 2023, the Company completed a non-brokered private placement offering through the issuance of 750,000 units at a price of \$0.08 per unit for aggregate gross proceeds of \$60,000. 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 \$0.12 for a period of twenty-four (24) months from the date of closing. A greater than 10% securityholder of the Company subscribed for 375,000 of the units for gross proceeds of \$30,000 and a geological consulting company, the President and CEO of which is also a director of New Break subscribed for 125,000 of the units for gross proceeds of \$10,000. The issue date fair value of the warrants was estimated to be \$24,075 based on their Black-Scholes values, using assumptions in Note 8(e). No finder fees were paid.
- (xvi) On December 29, 2023, the Company completed a non-brokered private placement offering through the issuance of 1,250,000 flow-through units (“F-T Unit”) at a price of \$0.10 per F-T Unit, for aggregate gross proceeds of \$125,000. Each F-T Unit consists of one F-T Share and 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 \$0.15 for a period of twenty-four (24) months from the date of closing. The Company recognized an aggregate flow-through premium of \$26,875 as a result of the issuance of the F-T Shares. The issue date fair value of the warrants was estimated to be \$38,250 based on their Black-Scholes value, using assumptions in Note 8(e). No finder fees were paid.

**(c) Escrow Shares**

On August 4, 2022, the Company entered into an escrow agreement pursuant to which 4,348,000 common shares were 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 of September 7, 2022, and that an additional 15% will be released therefrom every six-month interval thereafter, over a period of 36 months. As at December 31, 2023, the Company had 2,623,800 (December 31, 2022 – 3,913,200) common shares held in escrow with the next escrow release on March 7, 2024 (see Note 13).

	<b>Number of Common Shares</b>
<b>Opening balance – August 4, 2022</b>	<b>4,348,000</b>
Released from escrow – September 7, 2022	(434,800)
<b>Balance at December 31, 2022</b>	<b>3,913,200</b>
Released from escrow – March 7, 2023	(652,200)
Added to escrow pursuant to warrant exercise – June 23, 2023	25,000
Released from escrow – June 23, 2023	(6,250)
Released from escrow – September 7, 2023	(655,950)
<b>Balance at December 31, 2023</b>	<b>2,623,800</b>

The common shares underlying the exercise of 25,000 warrants by a director of the Company on June 23, 2023, are subject to the Escrow Agreement. 6,250 of those shares or 25% were eligible for immediate release. The other 18,750 shares were added to the balance held in escrow.

## 8. SHARE CAPITAL (Continued)

### (d) Stock Options

The Company has a stock option plan (the “Plan”) to provide directors, officers, employees and consultants with options to purchase common shares of the Company. The maximum number of common shares reserved for issuance upon the exercise of options, is not to exceed 10% of the total number of common shares outstanding immediately prior to such issuance. The stock options have a maximum term of five years and a vesting period and exercise price determined by the board of directors. The exercise price of the stock options is fixed by the board of directors and may not be less than the market price of the shares at the time of grant, subject to all applicable regulatory requirements. As at December 31, 2023, 1,157,260 additional options remain available for issuance under the Plan.

The following table reflects the continuity of stock options for the years ended December 31, 2023 and 2022.

	Number of Stock Options	Weighted Average Exercise Price
<b>Outstanding at December 31, 2021</b>	<b>3,500,000</b>	<b>\$ 0.10</b>
Granted	350,000	\$ 0.10
Exercised	(250,000)	\$ 0.10
<b>Outstanding at December 31, 2022</b>	<b>3,600,000</b>	<b>\$ 0.10</b>
Granted	500,000	\$ 0.10
Expired	(300,000)	\$ 0.10
<b>Outstanding at December 31, 2023</b>	<b>3,800,000</b>	<b>\$ 0.10</b>

### Stock Option Grants

On December 30, 2022, the Company granted options to purchase up to 350,000 common shares of the Company to a director and a consultant at a price of \$0.10 per share for a period of five years. The options vested immediately. The Company recorded \$26,985 of share-based compensation expense, being the entire grant date fair value.

On January 20, 2023, the Company granted options to purchase up to 200,000 common shares of the Company to a consultant at a price of \$0.10 per share for a period of five years. The options vest 25% after three months, 25% after six months, 25% after nine months and 25% after one year. The Company recorded the entire grant date fair value of \$17,100 of share-based compensation over the course of the year ended December 31, 2023.

On June 2, 2023, the Company granted options to purchase up to 300,000 common shares of the Company to two consultants at a price of \$0.10 per share for a period of five years. The options vested immediately. The Company recorded \$27,180 of share-based compensation expense, being the entire grant date fair value.

The fair value of the options granted, are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
November 19, 2021	\$0.10	\$0.10	1.45%	100%	5	0%	0%
December 30, 2022	\$0.10	\$0.10	3.41%	103%	5	0%	0%
January 20, 2023	\$0.10	\$0.10	2.82%	127%	5	0%	0%
June 2, 2023	\$0.10	\$0.10	3.49%	146%	5	0%	0%

## 8. SHARE CAPITAL (Continued)

### Stock Option Exercises

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. Grant date fair value of \$18,650 was transferred from stock option reserve to share capital in connection with the exercise.

### Stock Option Expiries

Effective March 31, 2023, stock options to purchase up to 50,000 common shares of the Company at a price of \$0.10 per share, granted to a consultant on November 19, 2021, expired unexercised. Grant date fair value of \$3,730 was transferred to deficit.

On October 19, 2023, stock options to purchase up to 250,000 common shares of the Company at a price of \$0.10 per share, granted to the Company's former Chairman on November 19, 2021, expired unexercised. Grant date fair value of \$18,650 was transferred to deficit.

The following table reflects the stock options outstanding and exercisable at December 31, 2023:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted Average Remaining Life(years)	Date of Expiry	Number of Options Exercisable	Grant Date Fair Value
November 19, 2021	2,950,000	\$ 0.10	2.88	November 18, 2026	2,950,000 <sup>(1)</sup>	\$ 220,070
December 30, 2022	350,000	\$ 0.10	3.99	December 27, 2027	350,000	26,985
January 20, 2023	200,000	\$ 0.10	4.05	January 19, 2028	150,000	17,100
June 2, 2023	300,000	\$ 0.10	4.42	June 1, 2028	300,000	27,180
	<b>3,800,000</b>	<b>\$ 0.10</b>	<b>3.17</b>		<b>3,750,000</b>	<b>\$ 291,335</b>

- (1) 1,950,000 of these stock options are subject to the escrow agreement entered into by the Company on August 4, 2022. In the event that any of these options are exercised, the underlying shares will be released from escrow on the same schedule as outlined in Note 8 (c), beginning from September 7, 2022, the date of listing on the CSE.

The weighted average remaining contractual life of options outstanding and exercisable at December 31, 2023 is 3.17 years (December 31, 2022 - 3.78 years) at a weighted average exercise price of \$0.10 (December 31, 2022 - \$0.10).

### (e) Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2023 and 2022:

	Number of Warrants	Issue Date Fair Value	Weighted Average Exercise Price
<b>Balance at December 31, 2021</b>	<b>7,641,200</b>	<b>\$ 233,951</b>	<b>\$ 0.16</b>
Issued	1,258,000	85,806	\$ 0.35
Exercised	(875,000)	(28,090)	\$ 0.15
Expired	(25,000)	(802)	\$ 0.15
<b>Balance at December 31, 2022</b>	<b>7,999,200</b>	<b>290,865</b>	<b>\$ 0.19</b>
Issued	3,124,850	165,234	\$ 0.16
Exercised	(1,448,850)	(39,592)	\$ 0.15
Expired	(5,212,350)	(160,075)	\$ 0.15
<b>Balance at December 31, 2023</b>	<b>4,462,850</b>	<b>\$ 256,432</b>	<b>\$ 0.22</b>

## 8. SHARE CAPITAL (Continued)

### Warrant Exercises and Expiries

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. Issue date fair value of \$8,026 was moved from warrant reserve to share capital.

On August 11, 2022, warrants to purchase 100,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$15,000. Issue date fair value of \$3,210 was moved from warrant reserve to share capital.

On August 16, 2022, warrants to purchase 150,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$22,500. Issue date fair value of \$4,815 was moved from warrant reserve to share capital. 60,000 of these warrants were exercised by a director of the Company.

On August 25, 2022, warrants to purchase 375,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$56,250. Issue date fair value of \$12,039 was moved from warrant reserve to share capital.

On November 17, 2022, warrants to purchase 25,000 common shares of the Company at a price of \$0.15, expired unexercised. Issue date fair value of \$802 was moved from warrant reserve to deficit.

On April 28, 2023, warrants to purchase 375,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$56,250. Issue date fair value of \$7,425 was moved from warrant reserve to share capital.

On June 8, 2023, the Company announced the repricing of 1,715,500 warrants having an expiry date of June 23, 2023 from an exercise price of \$0.20 per share to an exercise price of \$0.15 per share. In addition, the Company announced a warrant exercise incentive program (“Incentive Program”) in respect of 5,925,500 warrants due to expire on June 23, 2023, having an exercise price of \$0.15, including the repriced warrants (the “Subject Warrants”).

Under the Incentive Program, for each Subject Warrant exercised, the holder thereof would receive a new warrant with an exercise price of \$0.20 for a period of three years from the date of issuance.

Effective June 23, 2023, 418,850 of the repriced warrants were exercised for proceeds of \$62,827. Issue date fair value of \$11,141 was moved from warrant reserve to share capital. In addition, 1,296,650 of the repriced warrants and 14,500 warrants having an exercise price of \$0.20 which could not be repriced, expired unexercised. Issue date fair value of \$34,877 was moved from warrant reserve to deficit.

Effective June 23, 2023, 655,000 warrants having an original exercise price of \$0.15 were exercised for gross proceeds of \$98,250. Issue date fair value of \$21,026 was moved from warrant reserve to share capital. In addition, 3,555,000 of these warrants expired unexercised. Issue date fair value of \$114,114 was moved from warrant reserve to deficit.

On June 23, 2023, 334,200 finder warrants having an exercise price of \$0.15 expired unexercised. Issue date fair value of \$10,761 was moved from warrant reserve to deficit.

On December 10, 2023, 12,000 finder warrants having an exercise price of \$0.30 expired unexercised. Issue date fair value of \$323 was moved from warrant reserve to deficit.



**8. SHARE CAPITAL** (Continued)

**Warrant Issuances**

On May 31, 2023, the Company issued 51,000 finder warrants with an exercise price of \$0.15 for a period of 24 months (see Note 8(b)(xi)). Issue date fair value of \$4,544 was recorded as share issuance costs.

On June 23, 2023, the Company issued 1,073,850 warrants with an exercise price of \$0.20 for a period of three years in connection with the Incentive Program. Issue date fair value of \$98,365 was moved from share capital to warrant reserve.

On December 29, 2023, the Company issued 750,000 warrants with an exercise price of \$0.12 for a period of 24 months (see Note 8(b)(xv)). Issue date fair value of \$24,075 was moved from share capital to warrant reserve.

On December 29, 2023, the Company issued 1,250,000 warrants with an exercise price of \$0.15 for a period of 24 months (see Note 8(b)(xvi)). Issue date fair value of \$38,250 was moved from share capital to warrant reserve.

As at December 31, 2023, the following warrants were outstanding, which entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

<b>Issue Date</b>	<b>Warrants Outstanding</b>	<b>Exercise Price</b>	<b>Weighted Average Remaining Life (years)</b>	<b>Expiry Date</b>	<b>Issue Date Fair Value</b>
December 30, 2021	80,000	\$0.35	0.68	September 6, 2024 <sup>(1)</sup>	\$ 5,392
March 30, 2022	578,000	\$0.35	0.68	September 6, 2024 <sup>(1)(2)</sup>	39,362
May 31, 2022	680,000	\$0.35	0.68	September 6, 2024 <sup>(1)</sup>	46,444
May 31, 2023	51,000	\$0.15	1.41	May 30, 2025	4,544
December 29, 2023	750,000	\$0.12	2.00	December 29, 2025 <sup>(3)</sup>	24,075
December 29, 2023	1,250,000	\$0.15	2.00	December 29, 2025 <sup>(3)</sup>	38,250
June 23, 2023	1,073,850	\$0.20	2.48	June 23, 2026 <sup>(4)</sup>	98,365
	<b>4,462,850</b>	<b>\$0.22</b>	<b>1.71</b>		<b>\$ 256,432</b>

- (1) These warrants are subject to a potential acceleration clause should the trading price of the common shares equal or exceed \$0.50 for a period of ten (10) consecutive trading days.
- (2) 218,000 of these warrants are subject to the escrow agreement entered into by the Company on August 4, 2022. In the event that any of the warrants subject to the escrow agreement are exercised, the underlying shares will be released from escrow on the same schedule as outlined in Note 8 (c), beginning from September 7, 2022, the date of listing on the CSE.
- (3) These warrants are subject to a potential acceleration clause should the trading price of the common shares equal or exceed \$0.25 for any five (5) non-consecutive trading days over a 365-day period.
- (4) These warrants are subject to a potential acceleration clause should the trading price of the common shares equal or exceed \$0.40 for any five (5) non-consecutive trading days over a 365-day period.

The weighted average remaining contractual life of warrants outstanding as at December 31, 2023 is 1.71 years (December 31, 2022 – 0.67 years) at a weighted average exercise price of \$0.22 (December 31, 2022 - \$0.19).

## 8. SHARE CAPITAL (Continued)

The Company follows the fair value method of accounting for warrants using the Black-Scholes option pricing model. The fair values of warrants issued were calculated based on the following assumptions:

Issue Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
December 30, 2021	\$0.183	\$0.35	0.98%	100%	2	0%	0%
March 30, 2022	\$0.182	\$0.35	2.31%	100%	2	0%	0%
May 31, 2022	\$0.182	\$0.35	2.67%	100%	2	0%	0%
May 31, 2023	\$0.13	\$0.15	4.22%	145%	2	0%	0%
June 23, 2023	\$0.12	\$0.20	4.25%	149%	3	0%	0%
December 29, 2023	\$0.048	\$0.12	3.88%	172%	2	0%	0%
December 29, 2023	\$0.048	\$0.15	3.88%	172%	2	0%	0%

## 9. 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, Vice President, Exploration and Chief Financial Officer.

	For the years ended December 31,	
	2023	2022
Management fees and benefits	\$ 170,489	\$ 168,135
Management fees included in exploration and evaluation	90,000	90,000
Consulting fees – paid to a non-independent director	-	10,500
Total fees paid to management and directors	260,489	268,635
Share-based payments	-	19,275
	\$ 260,489	\$ 287,910
Exploration and evaluation, and consulting fees charged by a geological consulting company, the President & CEO of which, is also a director of New Break	\$ 185,600	\$ 335,638

### *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 August 16, 2022, warrants to purchase 150,000 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$22,500. 60,000 of these were exercised by an investment company that is wholly-owned by one of the Company's directors (see Note 8(b)(vi)).

On December 30, 2022, the Company completed a non-brokered private placement for gross proceeds of \$124,500 through the issuance of 830,000 F-T Shares at a price of \$0.15 per F-T Share. An officer of the Company subscribed for 30,000 of the F-T Shares issued (see Note 8(b)(viii)).



## Notes to the Financial Statements

For the years ended December 31, 2023 and 2022  
(Expressed in Canadian Dollars)



### 9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

On December 30, 2022, the Company granted options to purchase up to 350,000 common shares of the Company at a price of \$0.10 per share for a period of five years. 250,000 of these were granted to a director of the Company (see Note 8(d)).

On June 2, 2023, the Company granted options to purchase up to 300,000 common shares of the Company at a price of \$0.10 per share for a period of five years. 240,000 of these were granted to a consultant of the Company, who is also a greater than 10% securityholder (see Note 8(d)).

On June 23, 2023, warrants to purchase 1,073,850 common shares of the Company at a price of \$0.15 were exercised for proceeds of \$161,077. 25,000 were exercised by an investment company that is wholly-owned by one of the Company's directors and 173,000 were exercised by a greater than 10% securityholder (see Note 8(b)(xii)). As a result of the exercise, the investment company and the greater than 10% securityholder were also issued 25,000 and 173,000 incentive warrants, respectively at \$0.20 for a period of three years (see Note 8(e)).

On December 29, 2023, the Company completed a non-brokered private placement for gross proceeds of \$60,000 through the issuance of 750,000 units at a price of \$0.08 per unit and \$125,000 through the issuance of 1,250,000 F-T units at a price of \$0.10 per F-T unit. A geological consulting company, the President and CEO of which is a director of New Break, subscribed for 125,000 of the units for proceeds of \$10,000 and was issued 125,000 warrants exercisable at \$0.12 for a period of 24 months. In addition, a greater than 10% securityholder subscribed for 375,000 of the units and 1,000,000 of the F-T units for gross proceeds of \$30,000 and \$100,000, respectively and was issued 375,000 warrants exercisable at \$0.12 and 1,000,000 warrants exercisable at \$0.15 for a period of 24 months.

As at December 31, 2023, \$66,511 (December 31, 2022 - \$24,397) included in accounts payable and accrued liabilities was owing to related parties, including \$32,761 (December 31, 2022 - \$16,669) 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.

### 10. LOSS PER SHARE

Net loss per share has been calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The effect of stock options and warrants was anti-dilutive and hence, the diluted loss per share equals the basic loss per share.

## 11. INCOME TAXES

### a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2022 – 26.5%) were as follows:

	For the years ended December 31,	
	2023	2022
Loss before income taxes	\$ (1,034,488)	\$ (957,994)
Expected income tax recovery based on statutory rate	\$ (274,000)	\$ (254,000)
Adjustment to expected income tax benefit:		
Share-based compensation	12,000	7,000
Flow-through renunciation	166,000	211,000
Expenses not deductible for tax purposes	10,000	8,000
Benefit of tax assets not recognized	98,000	242,000
Other	7,000	(118,000)
Flow-through premium recovery	(19,000)	(96,000)
Deferred income tax provision (recovery)	\$ -	\$ -

### b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2023	December 31, 2022
Non-capital loss carry-forwards	\$ 1,677,700	\$ 1,207,000
Share issue costs	10,000	11,000
Mineral property costs	129,000	207,000
Total	\$ 1,816,700	\$ 1,425,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

### c) Non-capital Losses Carried Forward

The Company has approximately \$1,677,700 (2022 - \$1,207,000) of non-capital losses as at December 31, 2023 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

Year of Expiry	December 31, 2023	December 31, 2022
2038	\$ 200	\$ 200
2039	172,800	172,800
2040	184,200	184,200
2041	328,400	328,400
2042	446,900	521,400
2043	545,200	-
	\$ 1,677,700	\$ 1,207,000

## 12. COMMITMENTS AND CONTINGENCIES

As at December 31, 2023, the Company had a commitment to spend \$401,062 (December 31, 2022 - \$124,500) on eligible Canadian Exploration Expenditures (“CEE”), from amounts raised from flow-through financings, by December 31, 2024.

### **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. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation. 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 2023 in the amount of \$625,700 (2022 - \$124,500), the Company recorded an aggregate flow-through share premium liability of \$93,635 (2022 - \$41,500). As eligible CEE is incurred, the amount is drawn down as income through the statement of loss. During the year ended December 31, 2023, the Company incurred \$349,138 (2022 - \$797,286) in eligible CEE and recorded a flow-through share premium recovery of \$71,452 in the statement of loss (December 31, 2022 - \$360,968).

### **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 and Commitments**

Effective October 1, 2021, the Company became party to certain consulting agreements that contain clauses that could require additional aggregate payments of \$198,000 upon termination without cause and \$396,000 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.

## 13. SUBSEQUENT EVENTS

### **Non-Brokered Private Placement**

On March 5, 2024, the Company completed a non-brokered private placement for gross proceeds of \$20,000 through the issuance of 250,000 units at a price of \$0.08 per unit. 125,000 of the units were purchased by company owned by an officer of the Company. 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 \$0.12 for a period of twenty-four months.

### **Escrow Shares**

On March 7, 2024, an additional 655,950 common shares were released from escrow, leaving a remaining balance of 1,967,850 common shares held in escrow.

## Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)



---

### 13. SUBSEQUENT EVENTS (Continued)

#### Receipt of Other Amount Receivable

On March 15 and 20, 2024, the Company received payments of \$6,224 and \$200,000, respectively, from the Ontario Ministry of Mines under two Ontario Transfer Payment Agreements as a final reimbursement of 50% of certain exploration and evaluation expenditures for work and activities on the Moray Gold Project for the period April 1, 2023 to February 15, 2024, bringing the total reimbursement to \$236,224 (see Note 6). \$191,225 of this amount was recorded as other amount receivable as at December 31, 2023.