NEW BREAK RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

General

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of New Break Resources Ltd. ("**New Break**", or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2021 ("**second quarter of 2021**" or "**Q2 2021**"). The comparative period is for the three and six months ended June 30, 2020 ("**second quarter of 2020**" or "**Q2 2020**"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2020 and 2019, and the unaudited condensed interim financial statements for the three and six months ended June 30, 2021 and 2020, together with the notes thereto ("the **financial statements**"). Results are reported in Canadian dollars, unless otherwise noted.

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

The audit committee of the Company has reviewed this MD&A and the unaudited condensed interim financial statements for the three and six months ended June 30, 2021 and 2020 and the Company's Board of Directors approved these documents prior to their release.

This MD&A is dated September 13, 2021 and is current to that date.

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

Caution Regarding Forward Looking Information

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

Qualified Person

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

Description of the Business

New Break is a private Canadian mineral exploration and development company, focused on gold exploration at its 100% owned Moray Gold Project, covering approximately 1,856 hectares located in the southern Abitibi greenstone belt, approximately 49 km southeast of Timmins, Ontario and at its four gold projects located in the Ennadai-Rankin greenstone belt in Kivalliq Region, Nunavut. The Sundog Gold Project covers approximately 9,415 hectares within parcel AR-35 on Inuit Owned Land. The 100% owned Sy, Noomut and Angikuni Lake Gold Projects, covering approximately 21,960 hectares, were acquired through staking in 2021.

Developments during the three months ended June 30, 2021 and up to September 13, 2021

Sy, Noomut and Angikuni Lake Projects, Kivalliq Region, Nunavut (Mineral Claims on Crown Land)

In April 2021, the Company staked an additional mineral claim on federal land, located in Kivalliq Region, Nunavut, in connection with the previously staked Angikuni Lake claims. In July 2021, the Esker mineral claim, comprised of 73 units of federal land adjacent to the previously staked Noomut claims came open and was staked by the Company. In total, New Break has acquired 21,960 hectares of mineral claims, by posting refundable work fees of $52,110 in three separate project areas known as Sy, Noomut (including Esker) and Angikuni Lake.

The addition of the Esker claim represents a significant expansion of the Noomut project area which now includes the most prospective historical exploration results. In 1997, Comaplex Minerals Corp. conducted a 7-hole, 2,026 metre drilling program on the Esker property, which included the following intersections (not true widths):

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

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

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

Sundog Gold Project

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

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

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

Data Purchase Agreement

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

Financings

Unit Financing at $0.10 per Unit

On June 25, 2021, the Company completed a non-brokered private placement offering through the issuance of 8,420,000 units at a price of $0.10 per unit for aggregate gross proceeds of $842,000. Each unit consists of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four (24) months from the date of closing. Directors of the Company subscribed for 260,000 of the units for gross proceeds of $26,000.

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

Flow-Through Unit Financing at $0.12 per Flow-Through Unit

On June 25, 2021, the Company completed a non-brokered private placement offering through the issuance of 3,460,000 flow-through units at a price of $0.12 per flow-through unit, for aggregate gross proceeds of $415,200. Each flow-through unit consists of one flow-through common share and one half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one non- flow-through common share at an exercise price of $0.20 for a period of twenty-four (24) months from the date of closing. No finder's fees were paid in connection with the flow-through financing.

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

Flow-Through Commitment and Qualifying Exploration Expenditures

In connection with the flow-through financing completed on December 31, 2020, the Company is required to spend $122,280 on qualifying Canadian Exploration Expenses ("CEE") by December 31, 2022. As at June 30, 2021, $4,142 of this amount had been spent on CEE. The Company plans to spend the remainder during 2021.

In addition, the Company raised a further $415,200 in flow-through funds on June 25, 2021. This amount must be spent on qualifying CEE by December 31, 2022.

Warrants

On June 25, 2021, the Company issued 4,210,000 warrants and 334,200 finder's warrants, having an exercise price of $0.15 for a period of twenty-four (24) months, in connection with closing the $0.10 unit financing and issued 1,730,000 warrants having an exercise price of $0.20 for a period of twenty-four (24) months, in connection with closing the $0.12 flow-through unit financing.

The warrants and finder's warrants are subject to certain conditions, in the event the Company goes public before the expiry date, which allows for acceleration of the twenty-four (24) month timeframe.

No warrants were exercised in 2021 during the period up to September 13, 2021.

Corporate Developments

On July 6, 2021, Mr. Joshua Bailey joined the Board of Directors as an independent director and Mr. William Love resigned as a director to make room on the Board for Mr. Bailey. The Board of New Break is now comprised of three independent directors and three non-independent directors.

Overview of Financial Results

Three and Six Months Ended June 30, 2021 vs. June 30, 2020

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(Expressed in Canadian Dollars)	**2021**	2020	**2021**	2020
Expenses				
Exploration and evaluation	**$ 77,867**	$ 264,070	**$ 96,630**	$ 304,305
Management fees	**43,100**	30,500	**79,600**	56,150
Consulting fees	**3,655**	-	**8,285**	-
Professional fees	**7,006**	4,965	**11,971**	9,930
General and administrative	**5,749**	3,891	**10,206**	9,851
Shareholder costs	**1,508**	360	**1,898**	840
Travel	**-**	-	**-**	1,718
Total expenses	**138,885**	303,786	**208,590**	382,794
Loss before the undernoted	**(138,885)**	(303,786)	**(208,590)**	(382,794)
Bank charges	**(458)**	(63)	**(521)**	(115)
Flow-through share premium recovery	**867**	120,817	**1,243**	126,287
Net loss and comprehensive loss for the period	**$ (138,476)**	$ (183,032)	**$ (207,868)**	$ (256,622)
Net loss per share				
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.02)

Three months ended June 30, 2021 vs. three months ended June 30, 2020

- Overall, the Company recorded a net loss and comprehensive loss of $138,476 or $0.01 per share for the quarter ended June 30, 2021 compared to a net loss and comprehensive loss of $183,032 or $0.01 per share for the quarter ended June 30, 2020.
- Exploration and evaluation expenses were $77,867 in the second quarter of 2021 compared to $264,070 in the second quarter of 2020. The 2021 amount relates primarily to the payment of $74,000 for the purchase of Nunavut related exploration data while the 2020 amount relates entirely to work performed on the Kraken project, including $260,882 spent on a 2,049 metre drilling program before dropping the option on the Kraken property.
- Management fees were $43,100 in the second quarter of 2021 compared to $30,500 in the second quarter of 2020. They relate to amounts charged by the Company's President and Chief Financial Officer, the Executive Chairman and the non-exploration related portion of fees charged by the Company's Vice President, Exploration.
- Consulting fees were $3,655 in the second quarter of 2021 compared to $nil in the second quarter of 2020.
- Professional fees were $7,006 in the second quarter of 2021 compared to $4,965 in the second quarter of 2020. These relate to legal fees and the accrual of audit and tax return preparation fees.
- General and administrative expenses were $5,749 during the second quarter of 2021 compared to $3,891 during the second quarter of 2020.
- Flow-through share premium recovery was $867 during the second quarter of 2021 on eligible CEE of $2,887 from flow-through funds raised in 2020 compared to $120,817 during the second quarter of 2020 on eligible CEE of $260,882 from flow-through funds raised in 2019. These recoveries are non-cash amounts.

Six months ended June 30, 2021 vs. six months ended June 30, 2020

- Overall, the Company recorded a net loss and comprehensive loss of $207,868 or $0.01 per share for the six months ended June 30, 2021 compared to a net loss and comprehensive loss of $256,622 or $0.02 per share for the six months ended June 30, 2020.
- Exploration and evaluation expenses were $96,630 in the first six months of 2021 compared to $304,305 in the first six months of 2020. The 2021 amount relates primarily to the payment of $74,000 for the purchase of Nunavut related exploration data and consulting fees paid for work on the Company's newly staked mineral claims in Nunavut while the 2020 amount relates entirely to work performed on the Kraken project, including a share option payment to the optionor, valued at $30,000 and $266,204 spent on a 2,049 metre drilling program before dropping the option on the Kraken property.
- Management fees were $79,600 in the first six months of 2021 compared to $56,150 in the first six months of 2020. They relate to amounts charged by the Company's President and Chief Financial Officer, the Executive Chairman and the non-exploration related portion of fees charged by the Company's Vice President, Exploration.
- Consulting fees were $8,285 in the first six months of 2021 compared to $nil in the first six months of 2020.
- Professional fees were $11,971 in the first six months of 2021 compared to $9,930 in the first six months of 2020. These relate to legal fees and the accrual of audit and tax return preparation fees.
- General and administrative expenses were $10,206 during the first six months of 2021 compared to $9,851 during the first six months of 2020.

- Flow-through share premium recovery was $1,243 during the first six months of 2021 on eligible CEE of $4,142 from flow-through funds raised in December 2020 compared to $126,287 during the first six months of 2020 on eligible CEE of $270,454 from flow-through funds raised in 2019 and in April 2020. These recoveries are non-cash amounts.

Selected Quarterly Financial Information

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

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

	Q2 June 2020 (unaudited)	Q1 March 2020 (unaudited)	Annual Dec. 2019 (audited)	Q4 Dec. 2019 (unaudited)	Q3 Sept. 2019 (unaudited)
Revenue	$ -	$ -	$ -	$ -	$ -
Loss and comprehensive loss	($183,032)	$(73,590)	($231,718)	($48,147)	($75,029)
Loss per share – basic and diluted	($0.01)	($0.01)	($0.03)	($0.00)	($0.01)
Assets	$ 139,764	$ 172,275	$ 199,696	$ 199,696	$ 196,226

Liquidity and Capital Resources

The Company's cash increased by $872,739 during the three months ended June 30, 2021, compared to a decrease of $124,081 during the three months ended June 30, 2020. The Company's cash increased by $744,316 during the six months ended June 30, 2021, compared to a decrease of $181,821 during the six months ended June 30, 2020. As at June 30, 2021, the ending cash balance was $888,594 compared to $144,278 as at December 31, 2020.

Working Capital

As at June 30, 2021, the Company had a working capital surplus of $891,862 compared to a deficiency of $73,982 as at December 31, 2020. The non-cash flow-through share premium liability amount has been excluded from current liabilities in the calculation of working capital. As at June 30, 2021, $118,138 of flow-through funds raised on December 31, 2020, must be spent on qualifying CEE by December 31, 2022. Further, additional $415,200 of flow-through funds raised on June 25, 2021, must also be spent on qualifying CEE by December 31, 2022.

A summary of the Company's cash position and changes in cash for the three and six months ended June 30, 2021 and 2020 are provided below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Cash used in operating activities – gross	**$ (139,343)**	$ (303,849)	**$ (209,111)**	$ (352,909)
Changes in non-cash operating working capital	**(211,473)**	127,268	**(221,528)**	118,588
Cash used in operating activities – net	**(350,816)**	(176,581)	**(430,639)**	(234,321)
Cash used in investing activities	**(225)**	-	**(48,825)**	-
Cash provided by financing activities	**1,223,780**	52,500	**1,223,780**	52,500
Increase (decrease) in cash	**872,739**	(124,081)	**744,316**	(181,821)
Cash, beginning of period	**15,855**	135,038	**144,278**	192,778
Cash, end of period	**$ 888,594**	$ 10,957	**$ 888,594**	$ 10,957

Three months ended June 30, 2021 vs. three months ended June 30, 2020

Operating Activities

Cash used in operating activities before changes in non-cash working capital during the three months ended June 30, 2021 was $139,343 compared to $303,849 for the three months ended June 30, 2020. The difference is primarily the result of higher exploration and evaluation expenses during the 2020 quarter related to a drilling program conducted at the Kraken property in April 2020, compared to expenses incurred in the second quarter of 2021.

Investing Activities

Cash used in investing activities during the three months ended June 30, 2021 was $225 compared to $nil for the three months ended June 30, 2020. The 2021 outlay relates to mineral claim deposit amounts paid to the federal government of Canada in connection with staking mineral claims in Nunavut. The amounts are ultimately refundable, following the successful completion of required exploration work.

Financing Activities

Cash provided by financing activities during the three months ended June 30, 2021 was $1,223,780 compared to $52,500 for the three months ended June 30, 2020. The 2021 amount represents gross proceeds of $1,257,200 raised in the June 25, 2021 financing, less finder's fees of $33,420. The 2020 amount relates to gross proceeds of $52,500 closed on April 1, 2020 and May 1, 2020.

Six months ended June 30, 2021 vs. six months ended June 30, 2020

Operating Activities

Cash used in operating activities before changes in non-cash working capital during the six months ended June 30, 2021 was $209,111 compared to $352,909 for the six months ended June 30, 2020. The difference is primarily the result of higher exploration and evaluation expenses during the first half of 2020 related to a drilling program conducted at the Kraken property in April 2020, compared to expenses incurred in the first half of 2021.

Investing Activities

Cash used in investing activities during the six months ended June 30, 2021 was $48,825 compared to $nil for the six months ended June 30, 2020. The 2021 outlay relates to mineral claim deposit amounts paid to the federal government of Canada in connection with staking mineral claims in Nunavut. The amounts are ultimately refundable, following the successful completion of required exploration work.

Financing Activities

Cash provided by financing activities during the six months ended June 30, 2021 was $1,223,780 compared to $52,500 for the six months ended June 30, 2020. The 2021 amount represents gross proceeds of $1,257,200 raised in the June 25, 2021 financing, less finder's fees of $33,420. The 2020 amount relates to gross proceeds of $52,500 closed on April 1, 2020 and May 1, 2020.

Liquidity Outlook

The Company had a cash balance of $888,594 at June 30, 2021. Of this amount, $533,338 must be spent on qualifying CEE by December 31, 2022 relating to flow-through funds raised on December 31, 2020 and June 25, 2021. As at June 30, 2021, the Company had a working capital surplus of $891,862.

On June 25, 2021, the Company completed a non-brokered private placement offering through the issuance of 8,420,000 units at a price of $0.10 per unit for aggregate gross proceeds of $842,000 and a further non-brokered private placement offering through the issuance of 3,460,000 flow-through units at a price of $0.12 per flow-through unit, for aggregate gross proceeds of $415,200.

As at September 13, 2021, New Break currently has approximately $800,000 in cash, of which approximately $486,000 must be spent on eligible CEE by December 31, 2022. The Company considers these financial resources to be sufficient to fund New Break's current operating budget, including costs associated with going public, and to fund the Company's near-term exploration plans.

In general, completion of all of the Company's ongoing and future exploration and development initiatives and its ability to continue as a going concern are subject to successfully raising additional funding (see "Risks and Uncertainties" in the annual MD&A for the year ended December 31, 2020).

Related Party Transactions and Key Management Compensation

Key Management Compensation

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Management fees	**$ 43,100**	$ 30,500	**$ 79,600**	$ 56,150
Management fees included in exploration nd evaluation	**2,400**	4,000	**6,400**	9,850
Finder's fees paid to an independent director	**4,440**	-	**4,440**	-
Total fees paid to management and directors	**$ 49,940**	$ 34,500	**$ 90,440**	$ 66,000

Exploration and evaluation fees and consulting fees charged by a geological consulting company, the President & CEO of which, is also a director of New Break	**$ 5,122**	$ -	**$ 23,540**	$ -

Related Party Transactions

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

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

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

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

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

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

As at June 30, 2021, $2,455 (December 31, 2020 - $187,211) included in accounts payable and accrued liabilities was owing to related parties, including $865 (December 31, 2020 - $54,487) owed to a geological consulting company, the President and Chief Executive Officer of which, is also a director of the New Break. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Subsequent Events

On July 29, 2021, the Company staked an additional mineral claim, located in Kivalliq Region, Nunavut, comprised of 1,408 hectares adjacent to the Noomut mineral claims.

Outstanding Capital and Share Data

New Break's authorized capital stock consists of an unlimited number of common shares without par value. As at September 13, 2021 there were 33,198,300 common shares issued and outstanding.

As at September 13, 2021, the Company also had the following items issued and outstanding:
- 7,660,150 common share purchase warrants at a weighted average exercise price of $0.16, expiring between December 31, 2021 and June 23, 2023.
- 650,000 stock options at an exercise price of $0.05, expiring July 5, 2024.

Off-Balance Sheet Arrangements

As at June 30, 2021, the Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

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

As of September 13, 2021, there are no material property acquisitions or possible transactions that the Company is examining.

Financial Instruments

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

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

Market Risk

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

Commodity Risk

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

Liquidity Risk

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

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

As at June 30, 2021 the Company held current assets of $908,596 (December 31, 2020 - $164,835) to settle current liabilities of $16,734 (December 31, 2020 - $238,817), exclusive of non-cash flow-through share premium liability.

Interest Rate Risk

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

Credit Risk

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

The Company's financial assets and liabilities as at June 30, 2021 and December 31, 2020 were as follows:

	Amortized Cost	FVPL	Total
December 31, 2020			
Financial assets			
Cash	$ 144,278	$ -	$ 144,278
Financial liabilities			
Accounts payable and accrued liabilities	$ 238,817	$ -	$ 238,817
June 30, 2021			
Financial assets			
Cash	$ 888,594	$ -	$ 888,594
Financial liabilities			
Accounts payable and accrued liabilities	$ 16,734	$ -	$ 16,734

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

Going Concern

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

Critical Accounting Policies and the Use of Estimates and Judgment

The preparation of the condensed interim financial statements in conformity with IFRS requires that management make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses and income during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. A detailed summary of the Company's significant accounting policies and use of estimates, is included in Notes 2 and 3 of the Company's audited financial statements for the year ended December 31, 2020. The accounting policies and management estimates applied in the condensed interim financial statements for the three and six months ended June 30, 2021, are consistent with those used in the Company's audited financial statements for the year ended December 31, 2020.

Commitments

As at June 30, 2021, the Company had a commitment to spend $533,338 (December 31, 2020 - $122,280) on eligible Canadian Exploration Expenditures ("CEE"), from amounts raised from flow-through financing, by December 31, 2022.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on eligible qualifying CEE. The Company has indemnified current and previous flow-through subscribers for any tax and related costs payable by them in the event the Company does not incur the required exploration expenditures. No amounts have been recorded in these financial statements for potential liabilities relating to these indemnities as a triggering event has not taken place. As a result of the issuance of flow-through shares, the Company had aggregate flow-through share premium liabilities of $36,684 and $98,028 as at December 31, 2020 and 2019, respectively which are drawn down as income through the statement of loss as eligible CEE is incurred. During the three and six months ended June 30, 2021, the Company incurred $2,887 and $4,142, respectively in eligible CEE and recorded flow-through share premium recoveries of $867 and $1,243, respectively in the statement of loss. During the three and six months ended June 30, 2020, the Company incurred $260,882 and $270,454, respectively in eligible CEE and recorded flow-through share premium recoveries of $120,817 and $126,287, respectively in the statement of loss.

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

The Company and its operations have been largely unaffected by the impact of the COVID-19 global pandemic. The Company continues to believe that it will remain largely unaffected.

Risks and Uncertainties

Readers of the MD&A should give careful consideration to the information included or incorporated by reference in this document and the Company's unaudited condensed interim financial statements and related notes. New Break's business of exploring and developing mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry, including the limited extent of the Company's assets, the Company's state of development and the degree of reliance upon the expertise of management. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative. Only those persons who can bear the risk of the entire loss of their investment should participate.

An investor should carefully consider the risks described in the Company's audited financial statements for the year ended December 31, 2020 and the "Risks and Uncertainties" discussion in the Company's MD&A for the year ended December 31, 2020, dated June 21, 2021, before investing in the Company's common shares. Readers are also encouraged to read and consider the risk factors more particularly described in Note 4 to the unaudited condensed interim financial statements for the three and six months ended June 30, 2021, which have been posted on the Company's website at www.newbreakresources.ca.

The risks described in these documents is not an exhaustive list. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business in the future. If any of the risks noted in the Company's financial disclosure occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In this event, investors may lose part or all of their investment.

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

Forward Looking Statements

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

Management's Evaluation of Disclosure Controls

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Executive Chairman and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2021 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at June 30, 2021.

Other MD&A Requirements

Additional Disclosure for Companies Without Significant Revenue

Additional disclosure concerning New Break's exploration and evaluation expenditures, mineral property costs and general and administrative expenses is provided in the Company's unaudited condensed interim financial statements and in Note 6 of the unaudited condensed interim financial statements for the three and six months ended June 30, 2021 and 2020 that are available on the Company's website at www.newbreakresources.ca.

Approval

The Board of Directors of New Break approved the disclosure contained in this MD&A on September 13, 2021. A copy of this MD&A will be provided to anyone who requests it from the Company.

Additional Information

Officers and Directors:
Michael Farrant, President, Chief Financial Officer and Director
William Love, Vice President, Exploration
Nigel Lees, Executive Chairman and Director (1) (2)
Michael Skutezky, Corporate Secretary and Director

Independent Directors
Thomas Puppendahl, Director (1) (Audit Committee Chair)
Ashley Kirwan, Director (2) (Compensation, Governance and Nominating Committee Chair)
Joshua Bailey, Director (1) (2)

(1) Member of the Audit Committee

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

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

Comparative Figures

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