

September 21, 2020

Dear shareholders,

We are pleased to provide you with an update on New Break Resources Ltd. (“New Break” or the “Company”). New Break currently has 18,499,300 shares outstanding and 38 shareholders. We would like to thank you for your support since the inception of the Company’s endeavours, approximately a year and a half ago. We would like to update you on the following highlights:

- **Timmins Property Update**
- **Current \$0.10 Unit Financing**
- **Acquisition of the Moray Gold Project in Ontario from Exiro Minerals Corp.**
- **New Break Strengthens Board of Directors**
- **Sundog Gold Project in Nunavut**
- **Going Forward**

#### **Timmins Property Update**

The New Break story began about a year and a half ago, with the signing of a lease with option to purchase agreement on March 1, 2019, with a private company, Kraken Gold Corporation (“Kraken”), to earn a 100% interest over a three-year period, in approximately 6,500 hectares of mineral property claims near Timmins, Ontario. Based on a significant amount of data compilation work completed by Kraken, we were excited about the prospect of exploring a newly identified structural break, which we had hoped would lead to an exciting new gold discovery. We received our exploration permits in July 2019 to enable us to begin exploration work on the property and in August 2019, ran a stripping program on various outcrops to confirm the geological setting and aid in drill hole location targeting. We then hoped to run a follow-on 2,000 metre drilling program.

In the meantime, in connection with completed exploration work, Kraken submitted work assessment reports through the Ontario Mining Lands Administration System (“MLAS”). MLAS had recently been revamped by the Government of Ontario. Many companies experienced problems properly submitting work assessment reports. Unfortunately, Kraken experienced similar difficulties when submitting the information. The net result was that New Break was forced to wait from October 2019 until March 2020 for the issue to be sorted out and corrected by the Ontario Ministry of Energy, Northern Development and Mines (“MENDM”). Accordingly, we were unable to perform any work on the property during that period, in accordance with the Ontario Mining Act.

With these issues finally resolved, New Break was in a position to begin its drilling program. The Company raised approximately \$324,000 in Flow-Through financing at \$0.07 per share (flow-through funds must be spent on qualifying Canadian Exploration Expenditure), through the issuance of 4,624,300 shares, and in April 2020, in the midst of shutdowns by other mining companies due to COVID-19, New Break completed a 2,049 metre drilling program on the Kraken property. In summary, while the Company was able to discover a new volcanogenic massive sulfide (“VMS”) system, our best results were base metal in nature (copper, lead, zinc) rather than gold. We were unsuccessful in locating the source of the basal till gold grains, which had been identified in the data compilation stage.

In addition to the drilling program, New Break had made the initial cash option payment of \$20,000 and issued 600,000 shares of New Break to Kraken. No further payments have been made since. The Company believes that there is still merit in exploring this property, however, as discussed below, the Timmins property is no longer the Company's primary focus. New Break is currently in the process of renegotiating the terms of the property option agreement with Kraken. In the event that terms favourable to New Break cannot be renegotiated, management is prepared to allow the option agreement to lapse, with no further amounts owing.

### **Current \$0.10 Unit Financing**

One important positive development during the last few months has been a significant increase in the price of gold. In U.S. dollar terms, the gold price eclipsed US\$2,000 per ounce for the first time in history and currently sits around US\$1,940 per ounce. A weaker Canadian dollar has meant that the price of gold in Canadian dollar terms has done even better, rising to over CDN\$2,700 per ounce and currently sitting around CDN\$2,555. This increase has resulted in a significant increase in financings for junior gold explorers, with many of those oversubscribed.

The management and Board of New Break recognized this very early and began assembling a new portfolio of highly prospective precious metals properties in Canada (discussed below), with a view of completing a financing and taking New Break public, on a recognized Canadian stock exchange, with an even stronger Board of Directors.

As such, New Break is extremely pleased to announce that it has begun its unit financing to raise proceeds of CDN\$1.0 million. Units are priced at CDN\$0.10 and are comprised of one common share of New Break and one-half of a common share purchase warrant. Each whole warrant shall entitle the holder thereof, to purchase an additional common share of New Break at a price of CDN\$0.15 for a period of twenty-four (24) months from the date of closing. The Company expects to complete the financing by the end of September 2020.

Proceeds from the financing will be used for the following purposes:

- to complete the acquisition of the Moray Gold Project from Exiro Minerals Corp. ("Exiro") (discussed below);
- to purchase a significant amount of invaluable data on the Sundog Gold Project in Nunavut from the previous property owner;
- to identify and complete additional potential property acquisitions;
- to go public, including the preparation of a technical report in compliance with National Instrument 43-101 ("NI 43-101") on the Moray property and the preparation of related listing materials; and
- general working capital purposes.

The Company is very pleased to announce that it has already closed \$125,000 of this financing.

Anyone interested in participating in the current New Break financing should contact either:

- Michael Farrant, President, CFO and Director at [mfarrant@newbreakresources.ca](mailto:mfarrant@newbreakresources.ca) or 416-278-4149;
- Nigel Lees, Executive Chairman at [nlees@newbreakresources.ca](mailto:nlees@newbreakresources.ca) or 416-887-3170;
- William Love, VP, Exploration and Director at [wlove@newbreakresources.ca](mailto:wlove@newbreakresources.ca) or 519-272-6312;
- Thomas Puppenthal – Director at [thomas@chanceryasset.com.sg](mailto:thomas@chanceryasset.com.sg);
- Michael Skutezky – Secretary and Director at [mskutezky@newbreakresources.ca](mailto:mskutezky@newbreakresources.ca)

Please take a moment to review our latest corporate presentation, which accompanies this shareholder letter. In addition, we've attached a blank subscription agreement for the financing. If you know of anyone who might like to make an investment in New Break, please also feel free to pass along our contact information and these documents.

### **Acquisition of the Moray Gold Project in Ontario from Exiro Minerals Corp.**

With a bull market in precious metals beginning to develop and the drilling results from our Timmins project being more base metal in nature, we identified the immediate need to acquire new, highly prospective gold focused exploration properties. New Break's Vice President of Exploration, Bill Love, through his vast experience and industry contacts, began discussions with various parties to identify and acquire a new gold project. One such group is Exiro Minerals Corp. ([www.exirominerals.com](http://www.exirominerals.com)).

Exiro includes a highly experienced technical team, focused on identifying high-quality mineral projects such as the Moray Gold Project, located near the town of Matachewan, approximately 60 km west of Kirkland Lake in Northern Ontario, within the Abitibi Greenstone Belt. The project is centrally located between Timmins, Kirkland Lake, North Bay and Sudbury, Ontario – a region well-known for servicing the global mining industry. More importantly, Moray sits approximately 32 km northwest of the Young Davidson gold mine operated by Alamos Gold Inc. ([www.alamosgold.com](http://www.alamosgold.com)). The Young Davidson mine produced approximately 188,000 ounces of gold in 2019 and has reserves of over 3 million ounces of gold. The gold occurs along the Galer Lake fault a possible splay off the Cadillac-Larder Lake break which represents the crustal control on many gold deposits extending from the Young-Davidson mine to the southeast through Kirkland Lake, Cadillac and Val d'Or in Quebec. Please see our corporate presentation for further discussion of the Moray Gold Project.

On June 29, 2020, New Break entered into a Mining Claim Acquisition Agreement with Exiro to purchase 14 mineral claims, covering approximately 1,900 hectares. New Break agreed to issue Exiro 2,500,000 shares of the Company (issued) and pay Exiro CDN\$100,000 (paid). CDN\$20,000 was paid upon signing and the remaining CDN\$80,000 was paid out of the initial proceeds of the current financing. In addition, Exiro retained a 2% net smelter return ("NSR") royalty, of which 1% can be bought back for CDN\$1.0 million. Following the issuance of the 2.5 million shares, but before the current financing, Exiro has become one of New Break's largest shareholders, owning a 13.5% interest in the Company. Management believes that the addition of Exiro as a large shareholder and strategic partner, will serve to focus positive attention on New Break and offer opportunities for additional gold project acquisitions. We are extremely pleased to have Exiro as a new partner. Exiro is also an affiliate Company of Orix Geoscience Inc. ("Orix"), a leading Canadian geological consulting company. The relationship with Orix provides us with access to a highly professional and competent team of geological consultants.

### **New Break Strengthens Board of Directors**

Orix was co-founded by Ashley Kirwan and Shastri Ramnath. Ms. Ramnath serves as President, Chief Executive Officer and Director of Exiro and as Non-Executive Chair of Orix. Ms. Kirwan serves as President, Chief Executive Officer and Principal Geologist of Orix. We are extremely pleased to announce that Ms. Kirwan has agreed to join the Board of New Break. We believe that her strong technical expertise and significant ties to the mining industry as a whole, will provide much valued diversity and technical representation on the New Break Board as we move to grow the Company and take New Break public. Please join me in welcoming Ashley to our Board.

## **Sundog Gold Project in Nunavut – Underexplored with Huge Potential**

Recently, our property search has extended beyond historical gold camps to the vast northern expanse of Nunavut. Nunavut is Canada’s newest, largest and most northerly territory. It formally became Canada’s newest territory on April 1, 1999, separating from the Northwest Territories. Nunavut has quickly become an extremely important source of Canadian gold production. Canadian major gold miner, Agnico Eagle Mines Limited (“Agnico Eagle”) ([www.agnico-eagle.com](http://www.agnico-eagle.com)) produced 431,883 ounces of gold from its two Nunavut gold mines in 2019, Meliadine and Meadowbank.

New Break has applied for a Mineral Exploration Agreement with Nunavut Tunngavik Incorporated (“NTI”), the Inuit development corporation that controls the prospective Sundog gold project. The initial cost of forming this partnership with the Inuit and ongoing exploration work requirements under the partnership, is far lower in Nunavut than mineral claim acquisition costs and ongoing government exploration work requirements in other parts of Canada. The 9,801-hectare Sundog Gold Project was presented to Bill Love a few years ago by Dr. Ulrich Kretschmar, who controlled an extensive geological database on the property, along with his partner, Ken Reading, a well-known prospector who discovered the Sundog property in the 1980’s through identifying high gold values in surface quartz veins and surrounding country rock. In addition to Sundog, Ken discovered the Meliadine deposit, now Agnico Eagle’s largest deposit in terms of resources. New Break has struck a deal with Mr. Reading to acquire all of his data on the Sundog project and he has agreed to act as a consultant to the Company.

The geological setting for Sundog is entirely different from the iron formation hosted setting at Meliadine. Sundog is more analogous to lode gold deposits found in Timmins, Kirkland Lake and Val d’Or, with pervasive carbonate alteration, a porphyry intrusion and abundant quartz tourmaline veining. The Sundog property is hosted by volcanoclastics and exhibits structural, lithological and alteration characteristics typical of both gold-rich VMS and orogenic lode gold deposits.

### **Going Forward**

With a precious metals bull market well underway, New Break has embarked on a path forward, that we hope will yield success for the Company and prosperity for our shareholders. We have aggressively pursued exciting new gold projects, strengthened our Board, begun steps to strengthen our treasury and have begun the work necessary towards going public.

We look forward to executing these plans in a timely manner and with best industry practices. We plan to continue to build a gold exploration company of which you can be proud and wish to thank our shareholders for your continued support.

Sincerely,

*Michael Farrant*  
President

*Nigel Lees*  
Executive Chairman

On behalf of the Board and Management