

**TRAILBREAKER RESOURCES LTD.**  
**(formerly Goldstrike Resources Ltd.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended September 30, 2021

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

#### **General**

This Management's Discussion and Analysis ("MD&A") of Trailbreaker Resources Ltd. ("Trailbreaker", or the "Company") has been prepared by management as at November 26, 2021 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts included in this MD&A are stated in Canadian dollars unless otherwise indicated. Readers are encouraged to read the Company's public information filings on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Cautionary Note Regarding Forward-Looking Statements**

In this MD&A, forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of risks as set forth in the following discussions.

#### **1. Company Overview**

Trailbreaker is a British Columbia corporation located in Vancouver, BC. It is a publicly traded company listed on both the TSX Venture Exchange ("Exchange") under the symbol "TBK" and the Frankfurt Stock Exchange under the symbol "KCG". Trailbreaker's primary focus is mineral exploration.

##### **1.1 Mineral Exploration**

Prior to June 2011, the Company owned and operated several types of industrial commercial businesses. In June of 2011, the Company completed a change of business (the "COB") and became a mineral exploration company under the new name, Goldstrike Resources Ltd. and proceeded to acquire options on twenty four mineral properties totaling 3,782 claims covering over 79,000 hectares in Yukon, Canada. By the end of fiscal 2011, the Company increased its property holdings to 5,989 claims covering 125,200 hectares.

Over the next several years, the Company continued to add mineral claims through staking and entering into option agreements with claim holders. Properties that have not demonstrated a likelihood for economic success were dropped and written off.

The Plateau developed into the Company's flagship property. In March 2017, the Company formed a strategic alliance with Newmont Canada FN Holdings ULC ("Newmont"), a subsidiary of Newmont Mining Corporation, a major mining company with operations throughout the world, to extensively explore and develop the Plateau property. The alliance was terminated in January 2019 while the Company continued to work the property on its own.

On August 10, 2018, the Company completed a plan of arrangement (the "Arrangement") and spun-off its exploration and evaluation assets comprising the "White Gold District Properties" into a newly formed public company named Luckystrike Resources Ltd ("Luckystrike"). (See news release dated August 10, 2018 for further details.) Luckystrike changed its name to Golden Sky Minerals Corp ("Golden Sky") in February 2020.

On January 17, 2020, the Company consolidated its issued and outstanding common shares on a 20-old-for-1-new share basis.

On March 22, 2021, the Company changed its name to Trailbreaker Resources Ltd, representing the Company's changing focus to developing an evolved brand of district-scale discoveries in safe jurisdictions.

##### **1.2 Petroleum and Natural Gas**

In November 2015, the Company entered into an agreement (the "POP Agreement") to acquire all issued and outstanding shares of Petro One Energy Corp. ("Petro One"), an Exchange listed company. The result of the acquisition, which completed during March 2016, allowed the Company to access \$1,250,000 in cash held by Petro

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

One to advance the Company's mineral projects. Petro One's oil and gas assets have been maintained since that time, but production has been suspended due to the historical low world prices for oil and gas.

In 2021, the Company has been focusing on reclaiming and divesting Petro One's oil and gas assets in order to free its resources to be applied fully on mineral exploration business.

## **2. Mineral Properties**

### **2.1 Plateau Property**

Located in the Yukon Territory, the Plateau Property is Trailbreaker's flagship property. Plateau was staked in 2010 and is currently comprised of 3167 contiguous quartz claims, covering 662 sq km. It is a newly discovered gold system in the Selwyn Basin, 120 km east of Mayo, YT.

Plateau's gold mineralization occurs across 50 km of strike within extensive sequences of quartz stockwork and hydrothermal breccias. Host rocks are Late Proterozoic sedimentary rocks of the Yusezyu Formation (580 Ma) that have been metamorphosed to greenschist facies and deformed by northeast-directed folding and thrust faulting. Two granitic stocks of mid-Cretaceous age have intruded the Proterozoic rocks along the property's southern boundary.

Before 2010, the property had seen relatively little exploration. From 2012 to 2017 Trailbreaker drilled 68 diamond drill holes totaling 7026 meters. In 2017, an option agreement was reached with Newmont Mining. Under Newmont, an additional 26 holes were drilled in 2018 totaling 7752 meters.

Also performed by Newmont was a property-wide airborne electromagnetic survey (SkyTEM), airborne magnetic survey, LiDAR survey, and a proprietary regional stream sediment survey (BLEG).

Significant drill results include 13.25 g/t Au over 17.5m at the Goldstack Zone and 7.6 g/t Au over 9.03m at the Gold Dome Zone (18km away).

The claims remain in good standing to at least 2030.

On December 31, 2020, the Company decided to write down the carrying value of Plateau to \$2.14 million.

#### **B2 Syndicate Option Agreements**

By nine separate option agreements dated March 22, 2011, the Company was granted options by the B2 Syndicate (the "Syndicate") to earn a 100% interest in nine mineral properties located in Yukon. Each of the properties is subject to a 3% Net Smelter Returns royalty ("NSR") which may be reduced by 1% for a payment of C\$1,500,000 at any time prior to the ninth anniversary of the nine option agreements. Two members of the Syndicate are now executive officers of the Company and one of them is also a director of the Company. Eight of the nine properties have been dropped. The ninth property, Plateau, is now the Company's flagship property.

Trailbreaker has exercised the Plateau option and now owns a 100% interest in the project subject to 3% NSR.

#### **Newmont Investment Agreement and Earning and Venture Agreement - Plateau Property Investment Agreement**

On March 4, 2017, the Company entered into an Investment Agreement with Newmont Canada FN Holdings ULC (Newmont), a subsidiary of Newmont Mining Corporation, whereby Newmont agreed to purchase 12,705,715 pre-consolidation units of the Company by way of a non-brokered private placement at \$0.4742 per unit and whereby the Company agreed to enter into an Earning and Venture Agreement with Newmont.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

During April 2017 the Company received shareholder and Exchange approval of the agreements with Newmont, and closing occurred on April 24, 2017. All proceeds from the private placement would be used by Trailbreaker to fund its 2017 exploration program on the Company's Plateau project, which would be jointly managed by Newmont and the Company.

The Investment Agreement also provided that for three years Newmont will have the option to purchase that number of units which will result in Newmont holding up to 19.9% of the Company's common shares. Each such unit will be issuable at a 10% or 15% premium to market and will be comprised of one common share and one warrant. The warrants will be exercisable at two times the issue price of the unit for two years.

At the same time, the Company also entered into an earning and venture agreement with Newmont whereby the Company granted the options to Newmont to earn the participating interest in the Plateau Property up to 80% ("Earn-In Transaction").

The Company received an option payment of USD \$1,000,000 (\$1,349,200) from Newmont pursuant to the Earn-In Transaction in 2018.

On January 23, 2019, Newmont provided notice to the Company that it was terminating its rights with respect to the Earn-In Transaction.

#### **2.2 Skelly Property**

The Skelly property covers 2,525.59 hectares (2 claims) and is 100% owned by Trailbreaker Resources with no underlying royalties or payments. It is located just south of the British Columbia-Yukon border, approximately 100 km southwest of Whitehorse, Yukon Territory. The property is contiguous to Bessor Mineral's 8,178 hectare Golden Eagle property that contains significant drilled gold prospects with the dominate mineralization consisting of high-grade gold-bearing quartz-sulphide veins. Exploration history dates back to the 1890's with old shafts providing the only evidence of past exploration. No documented modern exploration has been conducted on the majority of the Skelly property.

Skelly is situated in the northern-most end of British Columbia's Stikine terrane that contains both the Stuhini volcanic package and a strong Au-As geochemical signature unique to the Golden Triangle district which hosts 188 M oz gold estimated reserves. This northern portion of the Stikine terrain is highly prospective for gold yet has seen far less exploration than other gold districts in BC. Trailbreaker's exploration team believes this district has been overlooked and has strong potential to host similar gold deposits to that of the Golden Triangle district, 300 kilometers to the south. The property covers some of BC's strongest Cu-Au-As-Sb government-collected stream sediment geochemical anomalies and resides in a geological setting indicative for both epithermal, VMS, and intrusion-related gold deposits.

Since the summer of 2020, Trailbreaker has conducted 5 days of exploration on the property. Two historic shafts have been re-identified with grab samples assaying up to 35.5 g/t (1.03 oz/ton) Au and 1147 g/t (33.46 oz/ton) Ag. A chip sample conducted across one of the showings returned an assay of 25.4 g/t Au and 882 g/t Ag over 1.5m. Mineralization related to these historic showings have been traced along strike for 180 meters to the northwest. It is interpreted to be related to a shear zone at the contact between late Cretaceous granite to the southwest, and older, late Paleozoic metamorphic rocks to the northeast.

Multiple mineralized quartz veins have been discovered 200 metres west-southwest of the historic showings in a deeply incised creek canyon which also cuts through the aforementioned high-grade shear. Assays returned grades as high as 3.43 g/t Au and 78.3 g/t Ag. Soil sample results indicate that the gold mineralization discovered in this zone likely extends westward along the creek for a minimum of 250 metres and remains open.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

#### **2.3 Atsutla Gold Project**

The Atsutla Gold project represents a brand-new, high-grade gold discovery in British Columbia where greenfield exploration has returned rock samples assaying up to 18.38 oz/ton (630 g/t) gold and 55.25 oz/ton (1,894 g/t) silver in an area with no previously known gold mineralization. The project consists of 28 mineral tenures covering over 37,000 hectares of under-explored, highly prospective ground in northwestern British Columbia. The claims are 100%-owned by Trailbreaker Resources with no underlying royalties or payments.

The project covers a portion of the Atsutla mountain range within the Kawdy Plateau of northwestern BC, 70 km south of the BC-Yukon border and 120 km northwest of Dease Lake, BC. Although placer gold was recorded in multiple drainages in the area during the early 1900's, very little mineral exploration has occurred since then. The area was briefly explored for copper, tungsten, and molybdenum during the 1970's with gold mineralization completely overlooked.

The Atsutla Gold project is centred over the crustal-scale Teslin – Thibert fault system that marks the division between the Quesnel and Cache Creek tectonic terranes. Gold mineralization on the property is closely related to the Mesozoic intrusive batholiths that comprise the Atsutla mountain range. The geological setting suggests strong potential for multiple styles of gold mineralization including Cu-Au porphyry, epithermal, orogenic vein and intrusion-related.

To date, Trailbreaker has defined four significant gold zones over 26 kilometres: Highlands, Christmas Creek, Willie Jack and Swan.

- The Highlands zone is comprised of widespread high-grade gold and silver veins with coarse visible gold over a 750 metres X 600 metres area with assays up to 630 g/t (18.38 oz/ton) Au and 1,894 g/t (55.25 oz/ton) Ag;
- The Christmas Creek zone is located 2 km east of the Highlands zone and consists of high-grade mineralization with assays up to 102 g/t Au & 524 g/t Ag;
- The Willie Jack zone consists of a 1.25-kilometer-long gold-in-soil anomaly, with soil sample assay values up to 3.77 g/t Au and rock grab samples up to 9.9 g/t Au; and
- The Swan zone includes a 900 metres x 700 metres gold-in-soil anomaly, with soil sample assay values up to 406 ppb Au and grab samples up to 11.5 g/t Au and 175 g/t Ag. The Swan zone anomaly is directly adjacent to a historic molybdenum-copper (Mo-Cu) porphyry prospect that was not explored or analyzed for gold.

#### **2.4 McMurdo**

The McMurdo property covers 1727.62 hectares (1 claim) and is 100%-owned by Trailbreaker Resources with no underlying royalties or payments. McMurdo is a regional grassroots exploration target, generated in-house by Trailbreaker's exploration team. The property is situated in southeastern British Columbia within the Spillimacheen Mountain Range, 30 km southwest of Golden, BC. The property has a rich history with the discovery of high-grade gold veins and strata-bound polymetallic Ag-Pb-Zn replacement type mineralization in the early 1890's with a couple small scale mines operating intermittently in the early 1900's. Although several prospectors and geologists have examined the numerous historical gold showings on the property over the decades; no real modern systematic exploration to exploit the gold potential of the property has occurred since the turn of the century.

The property is located in Pre-Cambrian marine sediments of the Horsetheif group within a regional scale anticlinorium and deformed by faulting and folding; and intruded by Mesozoic granites of the Battle Range suite. The property was extensively explored for shale hosted lead-zinc SEDEX deposits in the early 1980's with abundant prospecting, mapping and geochemical sampling completed. Gold mineralization was vastly overlooked during this time frame, as very limited geochemical analysis was completed for the precious metal gold.

## TRAILBREAKER RESOURCES LTD.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

Upon examination of the limited historic gold geochemical analysis obtained from prospecting grab samples on the McMurdo property; it appeared that a weakly mineralized carbonate unit on the property consistently contained anomalous gold and silver, suggesting potential for a previous unrecognized sedimented hosted gold-silver deposit. Sedimentary hosted gold mineralization is often microscopic and can easily be walked over and missed altogether. The geological setting at McMurdo shares characteristics with other sediment-hosted gold districts in North America, including the prolithic Carlin Trend in Nevada and Atac Resources' newly discovered Rackla project in the Yukon Territory.

In the summer of 2020, Trailbreaker Resources conducted a limited first pass program of prospecting and geochemical surveying at the McMurdo property to confirm the presence and grades of historic gold-bearing quartz-sulphide veins and to evaluate the vein density for a potential bulk tonnage model. The program was successful in both extending historical gold showings and confirming high-grade gold mineralization in quartz veins. This includes in situ and float rock samples that assayed up to 175.9 g/t (5.13 oz/t) gold from its newly expanded "Crown Point" zone. A total of 33 soil samples and 74 rock grab samples were collected during the program.

The Crown Point zone comprises a 400 metres x 300 metres area that contains auriferous quartz veins hosted in a micaceous grit unit. This area has been exposed following roughly 700 metres of glacial retreat since the turn of the 20th century, which provided company geologists with the opportunity to significantly expand the known historic mineralized zone. The quartz veins range from a few centimetres to 3 metres in width and contain irregularly disseminated pyritic mineralization throughout. The confirmed high-grade gold values in quartz veins highlights the potential for significant precious metal mineralization in the area.

### 3. Petroleum and Natural Gas

#### Petroleum and natural gas exploration assets

	Well Equipment	Decommissioning	Exploration and Evaluation	Total
<b>Balance at December 31, 2019</b>	\$ 94,950	\$ -	\$ -	\$ 94,950
Additions	-	497,087	55,824	552,911
Incidental revenue	-	-	(9,250)	(9,250)
Amortization	(9,144)	-	9,144	-
Impairment	(85,806)	(497,087)	(55,718)	(638,611)
<b>Balance at December 31, 2020</b>	\$ -	\$ -	\$ -	\$ -
Additions	-	-	29,634	29,634
Impairment	-	-	(29,634)	(29,634)
<b>Balance at September 30, 2021</b>	\$ -	\$ -	\$ -	\$ -

The Company's petroleum and natural gas assets consist of a number of oil and gas wells located in Saskatchewan and Manitoba that were acquired as a result of the acquisition of Petro One. The primary assets are the wells that comprise the Milton property located in Saskatchewan.

Certain of these petroleum and natural gas assets were subject to a joint venture agreement between the Company and Petro One. On completion of the acquisition of Petro One, the joint venture agreement was terminated. During the quarter ended September 30, 2021 and year ended December 31, 2020, the Company wrote off the carrying value of all the well equipment to \$nil.

### 4. 2021 Exploration Activities

During the nine month period ended September 30, 2021, exploration activities were conducted at the Atsutla Gold Project, the Skelly Project as well as numerous other regional targets. Exploration programs on these other regional targets totalled 809 soil samples and 114 rock samples. The Company did not conduct any work on Plateau and McMurdo.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

Results of the 2021 exploration season have been reviewed by Carl Schulze, P. Geo, a qualified person as defined by National Instrument 43-101. Mr. Schulze is a consulting geologist with Aurora Geosciences Ltd.

#### **4.1 Skelly Property**

A two-day exploration program was conducted at the Skelly property in 2021 to follow-up on 2020 assay results, and to explore a portion of newly staked ground. The team collected 111 soil samples, 28 prospecting rock grab samples, and one rock chip sample.

The chip sample was conducted across the previously identified historic showing and returned an assay of 25.4 g/t Au and 882 g/t Ag over 1.5 metres. A grab sample located 3 metres from the chip sample also yielded high gold and silver grades, assaying 22.4 g/t Au and 1,147 g/t Ag. Mineralization related to this historic showing has been traced along strike for 180 metres to the northwest. It is interpreted to be related to a shear zone at the contact between late Cretaceous granite to the southwest, and older, late Paleozoic metamorphic rocks to the northeast.

Newly identified mineralization was discovered 200 metres west-southwest of the historic showings in a deeply incised creek canyon which also cuts through the high-grade shear which hosts the historic showings. Multiple 'stacked' quartz-pyrite-arsenopyrite veins were identified. These veins are typically shallow dipping to flat lying, and 20-30cm in width. Assays returned grades as high as 3.43 g/t Au and 78.3 g/t Ag with anomalous Mo, Cu, Pb, As, Sb, Bi, and Te.

Soil sample results indicate that the gold mineralization discovered in this zone likely extends westward along the creek for a minimum of 250 metres and remains open. A series of four soil samples over 150 metres assayed anomalous gold values ranging from 24.1 ppb Au to 65.6 ppb Au.

Prospecting 1.5 km northwest of the high-grade gold zone has also uncovered a zone of gossanous shears in metamorphic rock close to the granite contact. One rock grab sample of local pyritic float returned an assay of 0.21 g/t Au.

#### **4.2 Atsutla Gold Project**

Trailbreaker conducted a significant, 3-phase exploration program at the Atsutla Gold project in 2021. The program involved the collection of 2,101 soil samples and 532 rock samples, as well as geological mapping and an airborne magnetic/radiometric survey.

Surface exploration was successful in defining four gold zones across 26 kilometers of strike including the Highlands zone, Christmas Creek zone, Willie Jack trend, and Swan zone.

#### **HIGHLANDS ZONE**

The Highlands zone is located in the northwestern area of the Atsutla Gold project and entirely hosted within early Jurassic-age granite of the Christmas Creek batholith. Prospecting uncovered an extensive, high-grade (>100 g/t Au) quartz vein system occurring within a 750 metres X 600 metres area with multiple coarse visible gold showings. The high-grade gold and silver veins are closely associated with a prominent gossan zone with numerous 20-50 cm thick quartz veins displaying arsenopyrite, pyrite, galena, and visible gold mineralization. Bedrock and proximal float samples have returned grades up to 630.04 g/t (18.38 oz/ton) Au and 1,894 g/t (55.25 oz/ton) Ag.

#### **CHRISTMAS CREEK ZONE**

High grade mineralization was discovered 2.0 km east of the Highlands zone. A 30 cm-wide galena-rich quartz vein in bedrock returned assay values up to 102 g/t Au and 524 g/t Ag.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

#### **WILLIE JACK TREND**

The Willie Jack trend occurs along the southwestern margin of the early Jurassic Christmas Creek batholith, where it lies in contact with older, Permian Kedahda formation sediments. The 2021 program defined a 1.25-kilometer-long Au-As-Ag-Mo-Te soil anomaly, coined the Willie Jack trend, which hosts auriferous quartz veins with rock grab sample assay values up to 9.9 g/t Au. The Willie Jack trend falls within a broader, 6.5-kilometer-long anomalous gold trend with soil sample assays up to 3.77 g/t Au. Sampling of quartz float and quartz in bedrock indicate that the anomalous gold-in-soil trend is caused by a series of metasediment-hosted, northwest-trending auriferous quartz veins. A chip sample across siliceous quartzite yielded 0.35 g/t Au over 6.5 metres in the eastern part of the Willie Jack zone; suggesting potential for low-grade bulk tonnage style mineralization.

#### **SWAN ZONE**

The Swan zone area was staked to cover a historical molybdenum-copper porphyry prospect that was discovered in the late 1960's and explored periodically since then. Despite collection of more than 500 soil and surface rock samples, and completion of almost 1,000 metres of shallow diamond drilling, *no geochemical analysis for gold was ever completed* before Trailbreaker staked the area.

The initial Phase 1 program at the Swan zone involved the completion of a soil sampling grid adjacent to the historical drilling on a large gossanous ridge. Assay results from the soil sampling revealed a ~900 metres x 700 metres Au-As-Ag-Sb-Cu-Mo-Pb soil anomaly, with soil samples assaying up to 406 ppb Au. The core of the soil anomaly is located ~1.2km east of the historical drilling. The anomaly occurs within a leucogranite-porphyry unit of the Upper Cretaceous Glundebery Batholith.

Phase 2 involved a one day of follow-up work in this area and uncovered significant arsenopyrite mineralization in bedrock, proximal float, and talus float. Rock samples taken from a mid-slope outcrop returned grades of 11.5 g/t Au with 16.8 g/t Ag, and 8.39 g/t Au with 55.8 g/t Ag. A sample of proximal float 200 metres southeast of this outcrop yielded grades of 7.6 g/t Au with 175 g/t Ag. Numerous other samples assayed >1 g/t Au in a 500 metres x 200 metres area within the soil anomaly.

#### **AIRBORNE MAGNETIC SURVEY**

An airborne magnetic and radiometric survey was completed at the Atsutla Gold project. The survey covered the Highlands and Christmas Creek zones, as well as the Willie Jack trend. Precision GeoSurveys was contracted to complete the survey. A total of 737 line kilometers were flown at 50 meter spacings.

#### **5. Petroleum and natural gas assets**

As a result of its acquisition of Petro One, Trailbreaker has indirectly acquired all of Petro One's petroleum assets, including the Milton Viking Oil Field (Saskatchewan) and a farmout well at Bromhead (Saskatchewan). Total oil production from all of the Company's wells between October 27, 2011 and September 30, 2021 was 32,389 bbl generating gross revenues of \$2,518,321.

As of April 30, 2015, McDaniel and Associates Consultants Ltd. assigned Petro One gross proved and probable reserves of 113,900 barrels of light/medium oil, including 17,000 barrels of proved developed producing reserves, 9,500 barrels of probable developed producing reserves, and 87,500 barrels of probable undeveloped reserves (Petro One Management Discussion and Analysis, December 23, 2015). Due to prevailing low oil prices, Petro One's Milton production was suspended in August 2015. The Company resumed production in three Milton Viking oil wells in the summer of 2017, 2018 and 2019 to further test the fields and understand the production patterns. The farmout well remains in production.

All of the wells in Petro One's Milton field have produced oil, but operating economics vary greatly between wells, and all wells are currently shut in due to the current low global oil prices. The Company has decided to cease its oil and gas operations and focus fully on its mineral resource exploration and evaluation operations. Three of the existing

## TRAILBREAKER RESOURCES LTD.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

oil wells have completed downhole abandonments by June 30, 2021. Further surface reclamation work will be carried out in the fall of 2021. The Company is exploring some opportunities to sell the remaining four wells to an interested party.

The historical production figures for all of Petro One's wells are given in the attached table. Note that natural gas was flared and did not add to revenues. All the revenue received to date in the development stage from test wells or other incidental production is treated as recovery of capitalized exploration costs.

The Company's petroleum sales summary to September 30, 2021 is as follows:

PETRO ONE MILTON			
10A-15-30-27W3	Suspended August 2015, resumed production July 2017, suspended Nov 2017, resumed production July 2018, suspended Nov 2018, resumed production July 2019, suspended Sep 2019		
Quarter (Petro One)	oil m3	oil bbl	Gross oil receipts
July 1, 2011 – Aug 31, 2015	2,708	17,033	\$1,411,155
July 1, 2017 – Dec 31, 2017	228	1,434	77,656
July 1, 2018 – Dec 31, 2018	261	1,639	120,424
July 1, 2019 - Sept 30, 2019	109	683	40,946
July 1, 2020 - Sept 30, 2020	16	101	3,907
Subtotal	3,322	20,890	1,654,088
11-15-30-27W3	Suspended October 31, 2014, resumed production July 2017, suspended Nov 2017, resumed production July 2018, suspended Nov 2018, resumed production July 2019, suspended Sep 2019		
Aug1, 2011 -- Oct 31, 2014	608	3,819	330,655
July 1, 2017 – Sept 30, 2017	44	274	15,795
July 1, 2018 – Dec 31, 2018	53	333	24,547
July 1, 2019 – Sept 30, 2019	17	106	6,234
July 1, 2020 – Sept 30, 2020	21	132	5,343
Subtotal	743	4,664	382,574
8-15-30-27W3	Suspended June 19, 2012		
Subtotal	29	183	13,757
7-15-30-27W3	Suspended May 29, 2012, retested Q2 2014, suspended October 31, 2014		
Subtotal	43	272	23,115
6A-15-30-27W3	Suspended May 21, 2012		
Subtotal	53	334	28,143
15-15-30-27W3	Suspended May 31, 2012		
Subtotal	-	-	-
hz 8-21/6-22-30-27W3	Suspended April 30, 2015, resumed production July 2017, suspended Nov 2017, resumed production July 2018, suspended Nov 2018, resumed production July 2019, suspended Sep 2019		
Jan 1, 2015 - April 30, 2015	110	688	33,867

**TRAILBREAKER RESOURCES LTD.**

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

July 1, 2017 – Dec 31, 2017	20	128	7,766
July 1, 2018 – Dec 31, 2018	35	219	13,904
July 1, 2019 – Sep 30, 2019	46	289	17,178
<b>Subtotal</b>	<b>211</b>	<b>1,324</b>	<b>72,715</b>
<b>PETRO ONE ROSEBANK</b>			
11-29-4-32W1	Suspended December 21, 2011		
<b>Subtotal</b>	<b>4</b>	<b>25</b>	<b>2,237</b>
<b>Subtotal Petro One 100% owned wells</b>	<b>4,368</b>	<b>27,459</b>	<b>2,167,379</b>
<b>BROMHEAD FARMOUT (PETRO ONE SHARE OF PRODUCTION BASED ON 10%ORR)</b>			
hz 191/5-30-3-2W2	On production December 28, 2012		
Dec 28, 2012 – Feb 29, 2016	428	2,741	199,964
Mar-16	9	56	1,629
Apr 1, 2016 – June 30, 2016	17	105	4,413
July 1, 2016 – September 30, 2016	17	104	4,478
October 1, 2016 – December 31, 2016	16	104	4,933
January 1, 2017 – March 31, 2017	12	99	3,777
April 1, 2017 – June 30, 2017	14	86	4,248
July 1, 2017 – September 30, 2017	9	57	2,516
October 1, 2017 – December 31, 2017	11	72	4,459
January 1, 2018 – March 31, 2018	14	87	5,824
April 1, 2018 – June 30, 2018	15	96	7,018
July 1, 2018 – September 30, 2018	15	96	7,103
October 1, 2018 – December 31, 2018	17	106	4,281
January 1, 2019 – March 31, 2019	11	72	4,253
April 1, 2019 – June 30, 2019	13	82	5,764
July 1, 2019 – September 30, 2019	12	75	4,856
October 1, 2019 – December 31, 2019	18	111	7,085
January 1, 2020 – March 31, 2020	17	108	5,057
April 1, 2020 – June 30, 2020	16	101	2,696
July 1, 2020 – September 30, 2020	9	55	2,647
October 1, 2020 – December 31, 2020	8	50	2,387
January 1, 2021 – March 31, 2021	10	65	4,272
April 1, 2021 – June 30, 2021	13	83	5,988
<b>July 1, 2021 – September 30, 2021</b>	<b>9</b>	<b>86</b>	<b>4,204</b>
<b>Subtotal</b>	<b>730</b>	<b>4,697</b>	<b>303,852</b>
<b>Total all wells</b>	<b>5,135</b>	<b>32,389</b>	<b>2,480,481</b>

*Production from the Milton field has been restricted from March to the end of May each year due to spring break-up. Due to weather and access problems, a total of 27 production-days were lost in summer 2013, and an additional 82 production days*

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

*were lost in the first quarter of 2015, and 85 production days were lost in the second quarter of 2015. Mechanical problems caused the loss of 16 production days in the first quarter of 2016. All Petro One owned wells were shut in as of August 31, 2015. As the commodity price recovered in the summer of 2017, Petro One resumed production of three wells for further testing, which has returned positive production in two of the three wells. Petro One started the same testing of three wells in the summer 2018 and 2019. The production results are included and reported in the above table. The Bromhead farmout was shut in during the first quarter of 2016 but returned to production in the second quarter and has continued production since.*

#### **Saskatchewan and Manitoba oil resources**

In 2015, the Company reduced its land holdings to 887 hectares (2,192 acres/3.4 sections, 9,034 acres/9.65 sections). The remaining leased lands are known as J1, J4, J5 and J10. All of the leases are targeting light oil at reservoir depths ranging from 740 to 1,700 metres.

#### **J5 Property, Milton Saskatchewan**

As noted above, Petro One's J5 Milton property has current gross proved and probable reserves in the Viking (McDaniel and Associates Consultants Ltd., April 30, 2015).

Production from all wells on the Company's J5 property at Milton, Saskatchewan between July 27, 2011 and July 31, 2015 was 22,323 bbl. Due to the worldwide glut of oil, all Petro One's wells are uneconomic to produce at this time, and are currently suspended. The economics of re-establishing the production from these wells do not support the Company to resume the production of the wells. The Company will focus on the reclamation of all wells in the near future.

The Milton J5 property now covers three sections, two of which include all rights from surface to basement, and one covers all rights below the Viking. Most production to date has come from a highly porous and permeable conglomerate at the base of the Viking that runs east-west through Section 15. This reservoir is amenable to both horizontal and vertical drilling and yielded a 3 months initial production rate of 82 bopd in the 10A-15-30-27W3 discovery well. This well has proved to be a steady and dependable producer, yielding over 17,000 barrels of oil in its first four years of operation, at an average rate of 20 barrels per day. A horizontal well that was drilled outside the conglomerate trend from a surface location in 8-21-30-27W3 to a downhole location in 6-22-30-27W3 (1.3 kilometres north of the 10A-15 producer) successfully produced oil from a tight sand in the Upper Viking that is widespread in the area, but due to current economic conditions, this well had to be shut in along with the rest of the field.

As part of the J5 property, Petro One holds subsurface rights to one section with Bakken.

#### **J10 Prospect, Bromhead Saskatchewan**

In 2012, the Company signed a farmout and royalty agreement with ARC Resources Ltd. on its 100% controlled J10 property at Bromhead, Saskatchewan. By paying 100% of the drilling and completion costs, ARC earned a 100% before payout and 70% after payout interest in the Test Well Spacing Unit to the base of the Frobisher, subject to a 10% gross overriding royalty (the "GORR") in favour of Petro One.

Having earned an interest in the southwest quarter of the Bromhead property by drilling the discovery well, ARC decided to drop its option on the remainder of the property, but indicated an intention to conduct additional drilling on its earned quarter in 2014, under the terms of the agreement, giving Petro One a 10% GORR on the additional wells, convertible at Petro One's option to a 30% working interest after payout.

ARC's earning well went on production December 28, 2012, with a three month average initial production of 110.3 barrels of oil per day (11 bopd for Petro One's 10% GORR). Total production from the farmout well to December 31, 2020 was 6,880 m<sup>3</sup> (43,278 bbl), with an average production rate of approximately 25 bopd over the life of the well.

On the remaining three quarters of the Bromhead property that is 100% owned by Petro One, seismic has indicated several more low risk horizontal development drilling locations close to the farmout discovery.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

#### **J1 Prospect, Rosebank, Saskatchewan**

Petro One's initial drill hole at 11-29-4-23W1 on its 100% owned J1 Rosebank property produced oil at a steady rate from the top of the Alida Beds. The property is adjacent to strong, long-lived producers in the Rosebank oil field, but the target Frobisher Beds above were tight at this location, and the well had to be shut in due to a consistently high water cut attributed to the Alida Beds. The high water cut is understood to be due to the close proximity of the regional oil-water contact two metres below the lowest perforations in the Alida zone, and the high porosity and permeability of the reservoir. The Company retains the subsurface rights to LSD 11, but LSDs 12, 13, and 14 expired on March 31, 2015. The well site has been remediated pending final abandonment.

#### **J4 Prospect, South Reston, Manitoba**

On February 24, 2013 Petro One and Trailbreaker Resources Ltd. announced the completion of the first well of a joint venture announced on November 26, 2013: the SR-1 vertical wildcat oil well at South Reston, Manitoba (5-17-6-26W1). Drilling encountered a large Waulsortian mound with a strong oil show in a 20 metre interval at the top of the Mississippian Lodgepole formation, which was the targeted formation. Cuttings from 790 to 810 metres drill depth had medium brown oil stain, vivid fluorescence and fluorescent cut, and emitted a strong petroliferous odor during sample wash. Parameters calculated by an independent petrophysicist for what he has indicated to be a newly discovered reservoir are 17 metres of indicated net pay, 10.34 per cent porosity, 50.89 per cent water saturation, and 0.63 mD permeability.

The well was completed, but it was shut in after inconclusive test results during completion, and a brief follow-up test in late 2014. The property initially consisted of 2 sections of mixed freehold and Crown land, and due to current low oil prices, no follow-up drilling was done, and the half section Crown lease was allowed to expire in August 2015. The well site has been remediated, pending final abandonment.

#### **J12 and 13 Prospect, Hardy- Minton Area, Saskatchewan**

The Company has relinquished all of its 100% owned Hardy-Minton properties except for a quarter section that is subject to a farmout agreement with Crescent Point Energy Corp. The Hardy-Minton land is located on a regional structural high that is associated with strong Red River production in the Hardy South and Minton oil fields.

## **6. National Instrument 51-101 Disclosure**

**BOE** means barrels of oil equivalent. It may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead.

**BOE** means barrels of oil equivalent. It may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead.

**Oil production** during a period is generally expressed in terms of "barrels per day", which indicates the total oil produced during a period divided by the number of hours that the well was in production during that period. "Barrels per day" is indicative of flow rate while a well is in production and does not mean that such well was in constant production during such period.

### **Prospective resources**

The resources described in the report and in this document are "undiscovered resources" as defined in the Canadian Oil and Gas Evaluation Handbook. Undiscovered resources are defined as those quantities of oil and gas estimates on a given date to be contained in accumulations yet to be discovered. The estimates of the potentially recoverable portions of undiscovered resources are classified as prospective resources.

Prospective resources are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. They are technically viable and economic to recover. Pursuant to s. 5.9(d)(v) of NI 51-101, the Company cautions that there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the

## TRAILBREAKER RESOURCES LTD.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

---

resources. Prospective resources are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations.

**Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

**Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

**Possible reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

#### 7. Future Outlook

In January 2019, Newmont terminated its rights and obligations under an option agreement with the Company as it felt that the Plateau property no longer met Newmont's criteria to continue. However, management assessed that Plateau still has potential and further evaluations and explorations are warranted. This view is supported by other third parties who have expressed interests in some form of joint cooperative venture.

The three newly-staked British Columbia properties show excellent promise, despite McMurdo's assays being unreceived. The company is currently carrying out its 2021 exploration programs for all three as well as continuing to generate new targets in BC.

#### 8. Selected Annual Information

	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$	Year Ended December 31, 2018 \$
Net and comprehensive gain (loss)	(8,868,049)	(2,685,155)	5,428,902
Basic loss per share	(0.93)	(0.28)	(0.03)
Total assets	4,643,662	12,743,110	15,412,933
Current liabilities	73,268	134,379	118,335
Working capital	1,663,432	2,156,640	2,680,618
Dividends	Nil	Nil	Nil

In 2018, the most significant item that comprised the net income of \$5,428,902 was the gain from asset distribution as per the plan of arrangement of \$6,790,671. Total assets decreased substantially in 2018 mainly due to a decrease of \$4,397,111 in exploration and evaluation assets as a result of the plan of arrangement and the write-off of impaired mineral properties. As at the end of fiscal 2018, cash on hand was \$2,672,671 (2017: \$4,729,827); exploration and evaluation assets were valued at \$9,469,998 (2017: \$13,867,109); and petroleum and natural gas assets were valued at \$757,892 (2016: \$671,014). Working capital in 2018 was \$2,680,618 (2017: \$4,821,496).

In 2019, the most significant item that comprised the net loss of \$2,685,155 was the fair value adjustment on investment of \$1,516,043 and impairment of petroleum and natural gas assets of \$764,901. Total assets decreased substantially in 2019 mainly due to a decrease of \$2,043,484 in investment associate. As at the end of fiscal 2019, cash on hand was \$2,245,407 (2018: \$2,672,671); exploration and evaluation assets were valued at \$9,572,178 (2018: \$9,469,998); and petroleum and natural gas assets were valued at \$94,950 (2018: \$757,892). Working capital in 2019 was \$2,156,640 (2017: \$2,680,618).

In 2020, the most significant item that comprised the net loss of \$8,868,049 was the impairment of exploration and evaluation assets of \$7,448,333 and impairment of petroleum and natural gas assets of \$638,611. Total assets decreased substantially in 2020 mainly due to a decrease of \$7,270,438 in exploration and evaluation assets. As at the end of fiscal 2020, cash on hand was \$1,698,112 (2019: \$2,245,407); exploration and evaluation assets were

## TRAILBREAKER RESOURCES LTD.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

valued at \$2,301,740 (2019: \$9,572,178); and petroleum and natural gas assets were valued at \$nil (2019: \$94,950). Working capital in 2020 was \$1,663,432 (2019: \$2,156,640).

#### 9. Results of operations

##### 9.1 For the nine months ended September 30, 2021 and 2020 Review

For the nine months ended September 30, 2021, the Company recorded a net loss of \$ \$381,097 as compared to \$1,139,109 for the nine months ended September 30, 2020. The main contributing factors for the loss in the current period were \$146,750 management fee and \$135,920 professional fees, offset by \$100,000 income from government grant.

Major accounts that changed notably for the periods were as follows:

	September 30, 2021	September 30, 2020		
	\$	\$	Change	
<b>Expenses:</b>				
Listing and filing fees	22,155	22,163	(8)	1
Management fees	146,750	76,050	70,700	2
Office and miscellaneous	96,185	83,483	12,702	3
Professional fees	135,920	77,615	58,305	4
Stock-based compensation	83,568	314,075	(230,507)	5
	<b>(484,578)</b>	<b>(573,386)</b>	<b>88,808</b>	
Impairment of exploration and evaluation assets	(26,237)	-	(26,237)	
Impairment of petroleum and natural gas assets	(29,634)	(559,039)	529,405	
Due diligence for mineral interests	(46,126)	-	(46,126)	
Amortization	(686)	(46,646)	45,960	
Income from government grant	100,000	-	100,000	
<b>All other accounts</b>	92,564	30,733	61,831	
<b>Unrealized gain on investments in marketable securities</b>	13,600	9,229	4,371	
<b>Total</b>	<b>(381,097)</b>	<b>(1,139,109)</b>	<b>758,012</b>	

1. Listing and filing fee decreased by \$8 compared to the same period in 2020.
1. Management consulting fee increased by \$70,700 compared to the same period last year due to an increase in management fees paid and reclass of expenses that were previously recorded as professional fees due to change in accounting policy.
2. Office expenses increased by \$12,702 due to higher marketing and promotion expense during 2021.
3. Professional fees increased by \$58,305 compared to the same period last year due to increases in legal and geological consulting services utilized in the period.
4. Stock-based compensation decreased by \$230,507 mainly due to the vesting of stock options issued in 2020.

## TRAILBREAKER RESOURCES LTD.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

#### 9.2 For the three months ended September 30, 2021 and 2020 Review:

For the three months ended September 30, 2021, the Company recorded a net loss of \$ \$187,221 as compared to a net loss of \$312,296 for the three months ended September 30, 2020. The main contributing factors for the loss in the current period were \$53,750 management fee and \$46,126 due diligence for mineral interests.

Major accounts that changed notably for the periods were as follows:

	September 30, 2021	September 30, 2020		
	\$	\$	Change	
<b>Expenses:</b>				
Listing and filing fees	2,500	2,605	(105)	1
Management fees	53,750	29,050	24,700	2
Office and miscellaneous	33,411	17,732	15,679	3
Professional fees	36,939	40,064	(3,125)	4
Stock-based compensation	6,830	314,075	(307,245)	5
	<b>(133,430)</b>	<b>(403,526)</b>	<b>270,096</b>	
Impairment of exploration and evaluation assets	(26,237)	-	(26,237)	
Impairment of petroleum and natural gas assets	(897)	(30,985)	30,088	
Due diligence for mineral interests	(46,126)	-	(46,126)	
Amortization	(187)	(15,440)	15,253	
<b>All other accounts</b>	49,591	20,093	29,498	
<b>Unrealized gain (loss) on investments in marketable securities</b>	(30,435)	117,562	(147,997)	
<b>Total</b>	<b>(187,721)</b>	<b>(312,296)</b>	<b>124,575</b>	

- Listing and filing fee decreased by \$105 compared to the same period in 2020.
- Management consulting fee increased by \$24,700 compared to the same period last year due to an increase in management fees paid and reclass of expenses that were previously recorded as professional fees due to change in accounting policy.
- Office expenses increased by \$15,679 mainly due to higher marketing and promotion expense in 2021.
- Professional fees decreased by \$3,125 compared to the same period last year due to less legal services were utilized in the current period.
- Stock-based compensation is \$6,830 mainly due to stock options vested during the period.

#### 9.3 Resource Property Expenditures:

For the nine months ended September 30, 2021, exploration and evaluation assets increased by \$801,756 (2020 - decreased by \$7,270,438), the total valuation increased to \$3,103,496 (2020: \$2,301,740). The increase in the capital expenditure was mainly due to the following expenditures: logistics of \$249,761, and travel and accommodation of \$151,973.

**TRAILBREAKER RESOURCES LTD.**

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

For a detailed breakdown, see the mineral property schedule in Note 5 of the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2021.

**10. Quarterly Financial Information**

	<b>2021-09-30</b>	<b>2021-06-30</b>	<b>2021-03-31</b>	<b>2020-12-31</b>
<b>Description</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operations</b>				
Interest and other income (loss)	50,184	137,292	5,019	19,745
Expenses	(127,202)	(124,312)	(149,377)	(116,560)
Stock-based compensation	(6,830)	(11,201)	(65,537)	(27,325)
Write-off of petroleum and natural gas assets	(897)	(23,587)	(5,150)	(79,572)
Write-off of exploration and evaluation assets	(26,237)	-	-	(7,448,333)
Due diligence for mineral interests	(46,126)	-	-	-
Other non-cash charges	(187)	(225)	(274)	(15,301)
Foreign exchange gain (loss) and other	9	(6)	(53)	(32)
<b>Net loss</b>	<b>(157,286)</b>	<b>(22,039)</b>	<b>(215,372)</b>	<b>(7,667,378)</b>
Unrealized gain (loss) on investments in marketable securities	(30,435)	86,035	(42,000)	(61,562)
<b>Comprehensive income (loss)</b>	<b>(187,721)</b>	<b>63,996</b>	<b>(257,372)</b>	<b>(7,728,940)</b>
Basic gain (loss) per share	(0.03)	(0.02)	(0.03)	(0.81)
<b>Total Assets</b>				
Cash and cash equivalents	1,572,732	2,317,817	1,548,548	1,698,112
Other current assets	120,638	90,001	38,537	38,588
Restricted cash	235,800	298,100	298,100	298,100
Marketable securities	213,150	273,780	245,000	287,000
Exploration and valuation assets	3,103,496	2,593,343	2,329,990	2,301,740
Equipment and other assets	37,106	11,420	1,519	20,122
	5,282,922	5,584,461	4,461,694	4,643,662

	<b>2020-09-30</b>	<b>2020-06-30</b>	<b>2020-03-31</b>	<b>2019-12-31</b>
<b>Description</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operations</b>				
Interest and other income (loss)	38,705	30,075	36,807	94,040
Expenses	(108,034)	(126,093)	(98,983)	(98,598)
Stock-based compensation	(314,075)	-	-	-
Write-off of petroleum and natural gas assets	(30,985)	(27,865)	(500,189)	(764,901)
Gain from distribution as per arrangement	-	-	-	(1,433,016)
Fair value adjustment on investment	-	(15,541)	-	(123,275)
Other non-cash charges	(15,440)	(15,541)	(15,665)	(61,320)
Foreign exchange gain (loss) and other	(29)	(88)	(938)	998
<b>Net gain (loss)</b>	<b>(429,858)</b>	<b>(155,053)</b>	<b>(578,968)</b>	<b>(2,386,072)</b>

**TRAILBREAKER RESOURCES LTD.**

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

Unrealized gain (loss) on investments in marketable securities	117,562	83,333	(191,666)	(20,833)
<b>Comprehensive income (loss)</b>	<b>(312,296)</b>	<b>(56,179)</b>	<b>(770,634)</b>	<b>(2,406,905)</b>
Basic gain (loss) per share	(0.03)	(0.01)	0.06	0.25
<b>Total Assets</b>				
Cash and cash equivalents	1,880,850	2,022,739	2,141,432	2,245,407
Other current assets	51,953	53,029	45,235	45,612
Restricted cash	318,300	318,300	318,300	318,300
Marketable securities	352,688	-	-	-
Marketable securities	-	275,000	191,667	383,333
Exploration and valuation assets	9,673,330	9,579,790	9,592,186	9,572,178
Petroleum and natural gas assets	88,006	90,262	92,577	94,950
Right of use asset	14,963	29,925	44,888	59,850
Equipment and other assets	21,721	22,199	22,777	23,480
	<b>12,401,811</b>	<b>12,391,244</b>	<b>12,449,062</b>	<b>12,743,110</b>

**Quarter ending September 30, 2021:**

Normal operating expenses for the quarter with the exception of recognizing exploration and evaluation assets write-off of \$26,237 and due diligence for mineral interests of \$46,126.

**Quarter ending June 30, 2021:**

Normal operating expenses for the quarter with the exception of the recognition of an income from government grant of \$100,000.

**Quarter ending March 31, 2021:**

Normal operating expenses for the quarter with the exception of the recognition of stock based compensation of \$65,537.

**Quarter ending December 31, 2020:**

Normal operating expenses for the quarter with the exception of the recognizing write-off of exploration and evaluation assets of \$7,448,333.

**Quarter ending September 30, 2020:**

Normal operating expenses for the quarter with the exception of recognizing stock-based compensation of \$314,075 and write-off of petroleum and natural gas assets of \$30,985.

**Quarter ending June 30, 2020:**

Normal operating expenses for the quarter with the exception of recognizing write-off of petroleum and natural gas assets of \$27,865 offset by unrealized gain on investment in marketable securities of \$83,333.

**Quarter ending March 31, 2020:**

Normal operating expenses for the quarter with the exception of recognizing write-off of petroleum and natural gas assets of \$500,189.

**Quarter ending December 31, 2019:**

Normal operating expenses for the quarter with the exception of the recognition of a loss of \$1,433,016 of fair value adjustment on investment and write-off of petroleum and natural gas assets of \$764,901.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

#### **11. Liquidity and Capital Resources**

At this time, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find, acquire, or place in production and operate a mining property. Historically, the Company has raised funds through loans, shares for debt settlements, private placements and the exercise of options and warrants. Through such means, the Company raised in excess of \$7,000,000 in fiscal 2017.

On May 13, 2021, the Company completed a private placement for gross proceeds of \$1,048,610 by issuing 800,000 non-flow-through Units (the "Unit") at \$0.25 and 2,424,600 FT Units at \$0.35. Each non-flow-through Unit consists of 1 common share of the Company and 1 common share purchase warrant (the "Unit Warrants"), each Unit Warrant being exercisable for an additional common share of the Company at \$0.39 for 24 months from closing, subject to the right of the Company to accelerate the exercise period should, after the expiration of the 4-month hold, shares of the Company trade close at or above \$0.59 for 10 consecutive trading days. Proceeds of this portion of the financing will be used for general working capital purposes. Each FT Unit consists of 1 flow-through share and 1 common share purchase warrant (the "FT Unit Warrants"), each full FT Unit Warrant being exercisable at \$0.49 for a common share of the Company for 24 months. The flow-through shares will entitle the holder to receive tax benefits applicable to flow-through shares in accordance with the provisions of the Income Tax Act (Canada). Proceeds of the financing will be used to advance Trailbreaker's newly assembled Atsutla Gold Project in the province of British Columbia.

During the nine months ended September 30, 2021, the Company incurred and renounced \$606,150 exploration expenditure under its flow-through share program.

On September 30, 2021, the Company had cash and cash equivalents of \$1,572,732 (2020 - \$1,698,112) and working capital of \$890,531 (2020 - \$874,157). Currently and into the foreseeable future, the Company is able to fund overhead expenses and to meet obligations committed to maintaining ownership and rights pertaining to all of the Company's mineral properties. The Company has no significant financial commitments.

For the remainder of the fiscal year and beyond, significant resources will be required to finance the Company's planned exploration expenditures. While there are no assurances new funds can be raised, management believes such financing will be made available as required.

The Company manages its capital base by monthly, quarterly and annual cash flow forecasts. The timing and extent of both program implementation and financing are determined by management's evaluation of economic factors at the time, such as commodity prices, interest rates and foreign exchange, and non-economic factors such as expected impact that completion of a given program may have on the cost of capital.

#### **12. Off-Balance Sheet Arrangements**

The company does not utilize off-balance sheet arrangements.

## TRAILBREAKER RESOURCES LTD.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

#### 13. Transactions with Related Parties

Key personnel compensation:

	September 30, 2021	September 30, 2020
Management and accounting fees incurred to a company controlled by the Chief Financial Officer of the Company	\$ 85,500	\$ 70,500
Management fees incurred to a company controlled by the President and Chief Executive Officer of the Company	\$ 54,000	\$ 18,000
Corporate development and communication fees incurred to a company controlled by the President and Chief Executive Officer of the Company	\$ 2,400	\$ 44,705
Exploration management fees incurred to a company controlled by the President and Chief Executive Officer and capitalized to exploration and evaluation assets	\$ 33,600	\$ 20,000
Directors' fees incurred to directors of the Company	\$ 24,000	\$ 9,000
Share-based payments to a director	\$ 48,168	\$ -

As at September 30, 2021 \$10,000 (December 31, 2020 - \$nil) was owing to related parties and has been included in accounts payables and accrued liabilities (Note 8). The amounts are unsecured, non-interest bearing and due on demand.

On March 24, 2021, 150,000 stock options were granted to a director of the Company exercisable at a price of \$0.30 per share for a term of five years. The options were fully vested on the grant date.

On July 9, 2020, 1,250,000 stock options were granted to directors and officers of the Company. All options have a term of 5 years and exercisable at \$0.24.

#### 14. Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 of the Company's audited financial statements for the year ended December 31, 2020.

#### 15. Outstanding Share Data

The following securities were outstanding as at November 26, 2021:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	12,524,614	N/A	N/A
Share purchase options	1,762,500	0.33	July 9, 2025 - May 18, 2027
Share purchase warrants	3,224,600	0.47	May 12, 2023
Fully diluted share capital	17,511,714	N/A	N/A

For a breakdown of the securities as at September 30, 2021 refer to Note 9 of the condensed interim consolidated financial statements for the nine months ended September 30, 2021.

## **TRAILBREAKER RESOURCES LTD.**

### **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2021 and 2020

---

#### **16. Risk Factors**

The Company operates as a mineral explorer in the mining industry, which presents the Company with new risks and uncertainties. Mineral exploration involves considerable financial and technical risks. Substantial time and expenditures are usually required to make a discovery and to establish economic ore reserves. It is impossible to assure that the current exploration properties and programs planned by the Company will result in an economic mineral discovery and development. Accordingly, success in achieving the objectives of the Company is affected by many circumstances over which the Company has no control. There is inherent risk in the exploration for mineral resources that is unavoidable.

Also, there are risks associated with the impact of commodity prices on the valuation of mineral properties and share prices and general changes in economic conditions.

Currency risk – The Company's operations are in Canada with most of its expenses being incurred in Canadian dollars. Therefore, currency risk is minimal.

Commodity risk – The valuation of the Company's gold as well as petroleum & natural gas projects and consequently its access to capital are influenced by the price of gold and oil. The price of gold has continued to be robust, yet the price oil has taken a severe beat. The long term trend of the price is unpredictable.

Market risk – The Company's mineral exploration activities have to be financed either through joint ventures or in the capital markets through the sale of its Common Shares. The ability of the Company to raise exploration funds in the capital market is highly dependent on the value the market places on the Company's mineral properties and the strength of the metal markets. The value the market places on the Company's mineral properties is directly related to the grade and thickness of the contained mineralization being reported and the potential to develop mineral values into an economic deposit. There is no assurance that the Company will be successful in obtaining the required financing.

Since September 2008, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur. Share prices of these companies have trended downward making equity financing for many in the shorter term extremely difficult.