

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended September 30, 2022 and 2021

## **TRAILBREAKER RESOURCES LTD.**

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

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#### **General**

This Management's Discussion and Analysis ("MD&A") of Trailbreaker Resources Ltd. ("Trailbreaker", or the "Company") for the three and nine months ended September 30, 2022 has been prepared by management as at November 29, 2022 and should be read in conjunction with the interim financial statements for the period ended September 30, 2022 and the notes thereto, and the audited consolidated financial statements for the year ended December 31, 2021 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 Territory, Canada.

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, to 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"). 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. The Atsutla Gold project, acquired through grassroots staking, evolved into the Company's new flagship property with the discovery

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of widespread, high-grade gold in 2021. As of September, 2022 the Company holds eight mineral properties in British Columbia and one property in Yukon Territory.

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

Since 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 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 40,000 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 28 kilometers: 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 m x 600 m 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.
- The Swan zone includes a 900 m x 700 m gold-in-soil anomaly, with soil sample assay values up to 406 ppb Au and grab samples up to 11.7 g/t Au and 212 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.

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#### **2.2 Plateau Property**

Trailbreaker Resources' Plateau property is a newly discovered, district-scale gold system in the Selwyn Basin, 120 km east of Mayo, Yukon Territory. It is comprised of 3,167 contiguous quartz claims, covering 662 square kilometers. Plateau's gold mineralization occurs across 50 km of strike within extensive sequences of quartz stockwork and hydrothermal breccias. Host rocks are Lake 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.

Since the discovery in 2010, the property had seen relatively little exploration. From 2012 to 2017 Trailbreaker drilled 68 diamond drill holes totaling 7026 meters. Newmont Mining optioned the property from 2017 to 2019. Under Newmont, an additional 26 holes were drilled in 2018 totaling 7752 meters. Newmont also performed 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).

On December 31, 2020, the Company decided to write down the carrying value of Plateau to \$2.14 million. The claims remain in good standing to at least 2030.

#### **2.3 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 1890s 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 the Stuhini volcanic package and a strong Au-As geochemical signature. 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 meters 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 meters and remains open.

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#### **2.4 *McMurdo Property***

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 of discovery and small-scale mining spanning from the 1890s through to the early 1900s. Mining was focused on high-grade gold veins and strata-bound polymetallic Pb-Zn-Ag replacement type mineralization. Though several prospectors and geologists have examined the numerous historical gold showings on the property over the decades, this is the first time modern exploration methods have been employed to identify the gold potential of the McMurdo area.

The property overlies Precambrian marine sediments of the Horsethief Group within a regional scale anticlinorium that is deformed by faults and folds and intruded by the Cretaceous Battle Range suite. The property was explored for shale-hosted lead-zinc SEDEX deposits in the early 1980s with significant prospecting, mapping and geochemical sampling programs. Gold mineralization was vastly overlooked during this time frame and most of the geochemical samples were not assayed for gold.

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) Au 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 400m x 300m area that contains auriferous quartz veins hosted in a micaceous grit unit. This area has been exposed following roughly 700m 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 centimeters to 3m 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.

#### **2.5 *Eakin Creek Property***

In March, 2022, the Company announced the acquisition of the Eakin Creek property via staking and the amalgamation of historical claims and showings. The Eakin Creek property is located 100 kilometers north of Kamloops, BC and can be accessed via Highway 24 and by well-maintained forest service roads. The property covers 1,610 ha of prospective ground that drains into placer gold-bearing Eakin Creek. Eakin Creek lies in an underexplored portion of the Quesnel tectonic terrane that hosts many of BC's producing copper and gold mines, such as New Afton, Ajax, Mt Polley, Highland Valley, and Copper Mountain. The claim package is 100%-owned by Trailbreaker Resources with no underlying royalties or payments.

A regional-scale till sampling survey conducted by the Geological Survey of Canada has shown that this underexplored portion of the Quesnel terrane has an anomalous Cu-Au-As-Mo geochemical signature that is indicative of copper porphyry environments elsewhere in BC. Furthermore, some of BC's highest gold grain-count values are recorded from till samples from the Eakin Creek property.

Placer gold was first discovered in Eakin Creek in the late 1800s with small scale placer mining occurring through to the 1940s. The hard rock source of the placer gold was never found and remained a mystery for over 100 years. Gold in bedrock was first discovered on the property in 1983 during the construction of Highway 24, with subsequent hard rock discoveries continuing through to the early 1990s.

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The property hosts a strong, widespread gold-in-soil anomaly with 58 historical samples containing greater than 100 ppb Au, to a maximum of 2,600 ppb (2.6 g/t). Prospecting and trenching have proved difficult in the area due to widespread glacial till cover, however the limited prospecting and trenching completed to date have been successful in determining the causes of gold-in-soil anomalies. Numerous high-grade float rock grab samples have been obtained from surficial pits, assaying up to 2.60 oz/ton (89.13 g/t) Au and locally containing visible gold. Limited outcrop sampling to date has returned a 3.0 m chip sample interval grading 3.15 g/t Au, within a 14.0 m interval grading 0.9 g/t Au. Gold is associated with fracture-controlled quartz-calcite veins and breccias, hosted by a Jurassic altered diorite.

In 2022, Trailbreaker completed a 302-sample Mobile Metal Ion (MMI) soil survey, a 10.75 line-kilometre IP survey, and reconnaissance prospecting. The MMI survey defined a 1,000 x 600 metre Au-Ag-Cu-Sb (gold-silver-copper-antimony) anomaly that is open to the south. This anomaly is coincident with resistivity and chargeability anomalies defined by the IP survey, which is strongest at 50 to 100m of depth.

Prospecting identified gold-bearing mineralization hosted by two main lithologies, with the majority of mineralized samples occurring within the geochemical and geophysical anomalies. Grab samples from bedrock returned assay values up to 8.2 g/t Au and 130 g/t Ag from separate outcrops more than 1 km apart.

Until 2022, no IP surveys had been conducted on the property. No drilling has ever been conducted on the property. Trailbreaker's team believes there is strong potential for a bulk-tonnage intrusive-related gold deposit underlying the glacial till. The IP and MMI surveys have helped to delineate the potential buried auriferous diorite and have contributed to the identification of high-quality drill targets.

#### **2.6 Connector Gold Property**

In May, 2022, the Company announced the staking of the Connector Gold property in the Merritt area of British Columbia. The 1,894 ha, 100%-owned Connector Gold property straddles Highway 97C and is located 40 km west of Kelowna and 55 km southeast of Merritt in south-central BC. The property is contiguous with Glencore Corp's Brenda property which hosts the past-producing Cu-Mo porphyry Brenda Mine. The mine is located just 500 meters to the south of Trailbreaker's claims.

The Connector Gold property was aggressively explored for Cu-Mo deposits in the early 1960s through to the 1990s, when the Brenda deposit was discovered and developed into a producing mine. At the Connector, many Cu-Mo soil geochemical anomalies were identified, and several drill holes intersected significant Cu-Mo porphyry mineralization. Exploration for precious metals, however, was largely ignored until 2008 with the rise in precious metal prices.

In 2009, Bitterroot Resources discovered a high-grade gold-bearing vein system located only 300 meters from the highway, during a trenching program targeting gold-in-soil anomalies. Numerous narrow gold-bearing shear zones and quartz veins were intersected over a 900-meter span with bedrock grab samples assaying up to 187.5 g/t Au and 71.8 g/t Ag. Several significant channel sample intercepts were encountered, including 39 g/t Au and 6.3 g/t Ag over 0.25 meters. In 2018, an inaugural 6-hole drill campaign tested a portion of the gold-bearing quartz vein system exposed by trenching. While no significant high-grade gold intercepts were encountered, anomalous gold values were detected in all holes. No exploration has been conducted on the property since 2018, rendering several other gold-in-soil anomalies un-tested by drilling.

The geological setting and style of gold mineralization are very similar to the currently producing Elk Gold mine located 15 km to the southwest (806,000 oz AuEq, M+I resource). As with the Connector Gold property, high-grade gold and silver within the Elk deposit is hosted in narrow quartz veins cutting Jurassic intrusive rocks adjacent to Triassic Nicola volcanic rocks. Trailbreaker's team believes this recent, high-grade gold discovery at the Connector Gold property has been overlooked and has strong potential to host high-grade gold mineralization similar to the

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nearby Elk Gold deposit. At the Elk Gold mine, Gold Mountain Mining continues to grow their resource, with a 32% increase in its total resource base reported in late 2021.

#### **2.7 Eagle Lake Property**

In May, 2022, the Company announced the acquisition of the Eagle Lake property in south-central British Columbia. The property was acquired through a combination of staking and a sale agreement with Teck Resources Limited ("Teck") on their Takomkane property.

The 18,990-ha Eagle Lake property is an early-stage porphyry copper-gold and mesothermal gold prospect located in the Cariboo Mining district, approximately 55 km east of Williams Lake, BC. The property is road accessible by an extensive network of well-maintained forest service roads. The Eagle Lake property is 100%-owned by Trailbreaker, with a portion of it subject to an underlying 1% NSR to Teck.

The newly consolidated Trailbreaker claims are situated within the Quesnel terrane which is host to several of BC's large tonnage copper-gold porphyry deposits. These include New Gold's Afton mine, Imperial Metals' Mount Polley mine, Taseko's Gibraltar mine, and Centerra Gold's Mount Milligan and Kemess mines. The Quesnel terrane also hosts numerous advanced-stage gold projects, such as the Spanish Mountain Gold project (measured and indicated resource of >4.5 M oz Au) located 45 km north of Eagle Lake, and Karus Gold's FG gold project, located 35 km to the east.

The property is underlain by Late Triassic to Early Jurassic intrusive rocks of the Takomkane Batholith, with minor late Triassic volcanic rocks of the Nicola Group. The Eagle Lake property is contiguous to the advanced-stage Woodjam Cu-Au project and shares a similar geological setting. The Woodjam project covers a Cu-Au porphyry deposit with an inferred resource of 1.7 billion lbs copper and 968,100 oz gold.

Trailbreaker's team believes the gold potential of the property has been overlooked in the past, as copper porphyry-style mineralization was the focus of all previous exploration conducted on the property. For example, in 2010, a small diamond drill program targeting Cu-Au porphyry mineralization (the "Moffat zone") at the south end of the Eagle Lake property encountered significant gold-only mineralization. At the Moffat zone, drilling returned an intercept of 3.52 g/t Au over 9.9 m, (commencing at 253 m) within quartz stockworks and breccias. No follow-up work was ever done. A regional-scale till sampling program executed in 2019 demonstrated that anomalous gold-in-till values were returned from the southern portion of the Eagle Lake property hosting this drill hole.

In September, 2022, Trailbreaker reported the results of its 2022 exploration program. The program included prospecting, geological reconnaissance mapping, and a 432-sample Mobile Metal Ion (MMI) soil geochemical survey covering a 3 x 3.5-kilometre area.

The MMI survey was designed to cover historic drill showings which include a drill intercept of 3.52 g/t Au over 9.9 metres (2011 drill hole MOF-5). The survey identified an 850 x 700 metre Au-Cu-Ag-Mo (gold-copper-silver-molybdenum) anomaly which occurs over MOF-5 and extends east and north into an area where there is no documented historic drilling

During the 2022 program, the exploration team located the historic drill core from the 2011 drill campaign and was able to examine and re-log the gold- and copper-bearing mineralized intercepts. Significant amounts of hydrothermal breccia, quartz-carbonate-potassium feldspar veining, and fault gouge were observed within the gold-bearing interval of MOF-5 which commences at 253 metres depth. Trailbreaker geologists have determined that these features are representative of a regional-scale fault structure that parallels the northwest-trending geological contact between the late Triassic Copper Mountain Plutonic Suite and the early Jurassic Takomkane Batholith. The MMI soil anomaly occurs along this contact.

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To further investigate the surficial expression of the auriferous fault zone observed in drill core at depth, a large-scale induced polarization (IP) survey is recommended for the area of the 2022 MMI soil survey, as well as further MMI soil sampling to the east and north. Permits to conduct the geophysical survey as well as drilling at Eagle Lake have been applied for.

### 3. Petroleum and Natural Gas

#### *Petroleum and natural gas exploration assets*

	Well Equipment	Decommissioning	Exploration and Evaluation	Total
<b>Balance at December 31, 2020</b>	\$ -	\$ -	\$ -	\$ -
Additions	-	-	45,691	45,691
Impairment	-	-	(45,691)	(45,691)
<b>Balance at December 31, 2021</b>	-	-	-	-
Additions	-	-	(7,003)	(7,003)
Impairment	-	-	7,003	7,003
<b>Balance at September 30, 2022</b>	\$ -	\$ -	\$ -	\$ -

The Company's petroleum and natural gas assets consisted 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.

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 year ended December 31, 2021 and year ended December 31, 2020, the Company wrote off the carrying value of all the well equipment to \$nil.

During the year ended December 31, 2021, the Company sold 4 of the wells for \$10. As part of the transaction, the Company also waived the right to the \$169,200 security deposit held by the Government of Saskatchewan under the Licensee Liability Rating Program. The Company also discharged the decommissioning related to these wells in the amount of \$439,063. As result the Company recognized a gain of \$269,863.

### 4. 2022 Exploration Activities

As of September 30<sup>th</sup>, 2022, the Company has completed its exploration programs at the Eakin Creek, Eagle Lake, and Atsutla Gold properties. Results from the Atsutla Gold project remain outstanding.

#### 4.1 Eakin Creek Property

Exploration at the Eakin Creek property was conducted in late May, 2022. The program was designed to evaluate the known gold showings and to help in de-risking potential future drill programs. The exploration program included:

- 10.75 line-kilometers of deep-penetrating IP and resistivity surveying
- 90 prospecting grab samples
- 302 soil samples undergoing MMI analysis, covering a 1.8 x 1.4-kilometre area

The MMI survey defined a 1,000 x 600 metre Au-Ag-Cu-Sb (gold-silver-copper-antimony) anomaly that is open to the south. This anomaly is coincident with resistivity and chargeability anomalies defined by the IP survey, which is strongest at 50 to 100m of depth.

Prospecting has identified gold-bearing mineralization hosted by two main lithologies (expanded upon below), with the majority of mineralized samples occurring within the geochemical and geophysical anomalies. Grab samples from bedrock returned assay values up to 8.2 g/t Au and 130 g/t Ag from separate outcrops more than 1 km apart.

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Gold mineralization at the Eakin Creek property was found to be hosted in two distinct lithologies:

1. An altered diorite unit with disseminated pyrite and quartz-carbonate-pyrite veining. This unit outcrops along Highway #24 which bisects the property. Assays from outcrop grab samples returned values up to 8.2 g/t Au and 17.0 g/t Ag from the vicinity of the historic 'G Occurrence'. Grab samples from an outcrop located 1.0 km east-northeast of the G Occurrence (outside of the bounds of the IP survey) returned assays up to 1.1 g/t Au and 130 g/t Ag. The dioritic lithology is host to abundant quartz-calcite veining along multiple orientations. Disseminated pyrite occurs throughout the wallrock, as well as in the veins. This diorite unit is part of the early Jurassic Polaris ultramafic suite. It is bound to the west by a fault contact with similarly-aged granites of the Thuya Batholith.
2. A limonitic felsic intrusive unit with disseminated and massive pyrite. This rock type has not been observed in the very limited outcrop exposure on the property; rather it is most commonly found within a boulder field approximately 400 x 300 metres in area. Grab samples from this lithology returned assay values up to 5.6 g/t Au and 30.7 g/t Ag (from separate samples), with six samples assaying >1.0 g/t Au. This boulder field is located 'down-ice' (along the direction of documented glacial ice flow) of the zone of highest resistivity identified from the IP survey. As this felsic lithology would likely have a more resistive signature than the dominant diorite lithology, Trailbreaker geologists have determined the strongly resistive zone to be a likely source of these mineralized boulders.

Prospecting also uncovered a third, less common style of gold mineralization: quartz boulders bearing galena, chalcopyrite, and pyrite. These boulders were limited to a 5-metre area and are sub-rounded in shape. Assays returned values up to 4.2 g/t Au and 50.1 g/t Ag.

The highest gold grades occurring within the diorite unit were found 90m northwest of the historic 'G Occurrence', which consists of a 3.0 m chip sample interval grading 3.15 g/t Au, within a 14.0 m interval grading 0.9 g/t Au.

Despite the historic mineral occurrences and its proximity to infrastructure, the Eakin Creek property has never been drilled. A permit application to conduct a drill program has been submitted to the BC EMLI (Ministry of Energy, Mines and Low Carbon Innovation) and is pending approval. Trailbreaker geologists are currently planning drill targets at three areas of heightened interest:

1. The historic "G Occurrence" and associated mineralized outcrops
2. The zone of strongest chargeability and resistivity (north of Highway #24)
3. The felsic intrusive boulder field and strongest soil geochemical gold anomaly

#### **4.2 Eagle Lake Property**

During September 2022, Trailbreaker reported the results of its 2022 exploration program at the Eagle Lake property. The program included prospecting, geological reconnaissance mapping, and a 432-sample Mobile Metal Ion (MMI) soil geochemical survey covering a 3 x 3.5-kilometre area.

The MMI survey was designed to cover historic drill showings which include a drill intercept of 3.52 g/t Au over 9.9 metres (2011 drill hole MOF-5). The survey identified an 850 x 700 metre Au-Cu-Ag-Mo (gold-copper-silver-molybdenum) anomaly which occurs over MOF-5 and extends east and north into an area where there is no documented historic drilling

During the 2022 program, the exploration team located the historic drill core from the 2011 drill campaign and was able to examine and re-log the gold- and copper-bearing mineralized intercepts. Significant amounts of hydrothermal breccia, quartz-carbonate-potassium feldspar veining, and fault gouge were observed within the gold-bearing interval of MOF-5 which commences at 253 metres depth. Trailbreaker geologists have determined that these features are representative of a regional-scale fault structure that parallels the northwest-trending geological

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contact between the late Triassic Copper Mountain Plutonic Suite and the early Jurassic Takomkane Batholith. The MMI soil anomaly occurs along this contact.

To further investigate the surficial expression of the auriferous fault zone observed in drill core at depth, a large-scale IP survey is recommended for the area of the 2022 MMI soil survey, as well as further MMI soil sampling to the east and north. Permits to conduct the geophysical survey as well as drilling at Eagle Lake have been applied for.

#### 4.3 Atsutla Gold Project

During September 2022, Trailbreaker announced the completion of an exploration program at its 100%-owned Atsutla Gold project, located in northwestern BC.

The program included detailed structural geological mapping at the four high-grade gold zones discovered and defined in 2021 with a focus on drill target generation, as well as continued first pass prospecting and soil sampling on newly staked claims.

A total of 330 soil samples and 220 rock grab samples were collected. All assays are currently pending. Prospecting efforts have led to the discovery of several new mineralized zones approximately 3.5 km northeast of the Highlands zone as well as 1.5 km northeast of the Christmas Creek zone. The mineralization is consistent with the high-grade gold veins at both the Highlands and Christmas Creek zones, primarily consisting of quartz-arsenopyrite-galena-pyrite veining and quartz-chalcopyrite-bornite veining. Additional arsenopyrite-rich mineralized outcrops were found at the Swan zone, and widespread quartz-arsenopyrite veining spanning 750m was discovered along a ridge 2 km west of the Swan zone.

#### 5. Petroleum and natural gas assets

As a result of its acquisition of Petro One, Trailbreaker 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, 2022 was 32,606 bbl generating gross revenues of \$2,504,477.

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. 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 oil wells have completed downhole abandonments by June 30, 2021. Further surface reclamation work was carried out in the fall of 2021 and summer of 2022. One of the three wells completed AOR submission and the liability was removed. The Company sold the remaining four wells to an interested party in November 2021.

The only well that the Company retains 10% overriding royalty is in Bromhead Saskatchewan. The royalty income summary in 2021 and 2022 is as follows:

BROMHEAD FARMOUT (PETRO ONE SHARE OF PRODUCTION BASED ON 10%ORR)			
Quarter (Petro One)	oil m3	oil bbl	Gross oil receipts
hz 191/5-30-3-2W2	On production December 28, 2012		
January 1, 2021 – March 31, 2021	10	65	4,272

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April 1, 2021 – June 30, 2021	13	83	5,988
July 1, 2021 – September 30, 2021	9	86	4,204
October 1, 2021 – December 31, 2021	12	75	6,539
January 1, 2022 – March 31, 2022	7	45	4,586
April 1, 2022 – June 30, 2022	1	9	1,180
July 1, 2022 – September 30, 2022	17	108	11,691
<b>Total</b>	<b>69</b>	<b>471</b>	<b>38,460</b>

#### 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.

#### **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

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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

The Company now holds seven mineral properties in BC and Yukon. The Atsutla Gold project has developed into the Company's flagship property with the discovery of widespread, high-grade gold in 2021. It remains undrilled and dominantly un-explored, including new claims added to the project in late 2021. An aggressive exploration program is planned for 2022 which will include drill hole planning, detailed structural mapping, and an airborne LiDAR survey.

The three new acquisitions in early 2022 - Eakin Creek, Connector Gold, and Eagle Lake - show excellent promise and have highly anticipated exploration programs planned for each. These programs will include induced polarization survey(s), MMI soil sampling, prospecting, geological mapping, and drill hole planning.

The Company is currently discussing forms of option agreements or joint ventures for the Skelly, McMurdo, and Plateau properties with interested third parties, as well as continuing to generate new targets in BC.

#### 8. Selected Annual Information

	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$
Net and comprehensive gain (loss)	271,972	(8,868,049)	(2,685,155)
Basic loss per share	0.02	(0.93)	(0.28)
Total assets	5,163,556	4,643,662	12,743,110
Current liabilities	265,083	862,543	134,379
Working capital	1,144,401	874,157	2,156,640
Dividends	Nil	Nil	Nil

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 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 \$874,157 (2019: \$2,156,640).

In 2021, the most significant items that comprised the net income of \$271,972 were gain from disposal of wells of \$269,863, settlement of flow-through share premium of \$242,560 and revaluation of decommissioning liabilities of

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\$209,855. Total assets increased by \$519,894, mainly due to an increase of \$959,049 in exploration and evaluation assets, offset by a decrease of \$338,536 in cash and cash equivalents. As at the end of fiscal 2021, cash on hand was \$1,359,576 (2020: \$1,698,112); exploration and evaluation assets were valued at \$3,260,789 (2020: \$2,301,740). Working capital in 2021 was \$1,144,401 (2020: \$874,157).

#### 9. Results of operations

##### 9.1 For the nine months ended September 30, 2022 and 2021 Review:

For the nine months ended September 30, 2022, the Company recorded a net loss of \$302,003 as compared to a net loss of \$381,097 for the nine months ended September 30, 2021. The main contributing factors for the net loss in the current period were stock based compensation of \$169,293, management fees of \$155,700 and professional fees of \$90,262.

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

	September 30, 2022	September 30, 2021		
	\$	\$	Change	
<b>Expenses:</b>				
Listing and filing fees	19,553	22,155	(2,602)	1
Management fees	155,700	146,750	8,950	2
Office and miscellaneous	75,740	96,185	(20,445)	3
Professional fees	90,262	135,920	(45,658)	4
Stock-based compensation	169,293	83,568	85,725	5
	(510,548)	(484,578)	(25,970)	
Impairment of exploration and evaluation assets	(6,401)	(26,237)	19,836	
Impairment of petroleum and natural gas assets	7,003	(29,634)	36,637	
Amortization	(331)	(686)	355	
Income from government grant	-	100,000	(100,000)	
Due diligence for mineral interests	25,000	(46,126)	71,126	
<b>All other accounts</b>	307,726	92,564	215,162	
<b>Unrealized (loss) gain on investments in marketable securities</b>	(124,452)	13,600	(138,052)	
<b>Total</b>	(302,003)	(381,097)	79,094	

1. Listing and filing fees decreased by \$2,602, mainly due to more filing fees requirement in relation to the equity financing in 2021.
2. Management consulting fees increased by \$8,950 mainly due to bonus paid to the management during the period.
3. Office expenses decreased by \$20,445 due to cost reductions as a result of Covid-19 working from home arrangements.
4. Professional fees decreased by \$45,658 compared to the same period last year due to more legal services utilized in the same period 2021.

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5. Stock-based compensation increased by \$85,725, mainly due to new stock options granted during the period.

#### 9.2 For the three months ended September 30, 2022 and 2021 Review:

For the three months ended September 30, 2022, the Company recorded a net income of \$250,904, compared to a net loss of \$187,721 for the three months ended September 30, 2021. The main contributing factors for the net income in the current period were miscellaneous income of \$300,000.

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

	September 30, 2022	September 30, 2021		
	\$	\$	Change	
<b>Expenses:</b>				
Listing and filing fees	4,373	2,500	1,873	1
Management fees	53,900	53,750	150	2
Office and miscellaneous	24,111	33,411	(9,300)	3
Professional fees	22,519	36,939	(14,420)	4
Stock-based compensation	-	6,830	(6,830)	5
	(104,903)	(133,430)	28,527	
Impairment of exploration and evaluation assets	-	(26,237)	26,237	
Impairment of petroleum and natural gas assets	7,003	(897)	7,900	
Amortization	(92)	(187)	95	
Impairment of exploration and evaluation assets	-	(46,126)	46,126	
<b>All other accounts</b>	318,895	49,591	269,304	
<b>Unrealized (loss) gain on investments in marketable securities</b>	30,001	(30,435)	60,436	
<b>Total</b>	250,904	(187,721)	438,625	

1. Listing and filing fees increased by \$1,873, mainly due to more filing fees requirement in relation to the option agreements for two mineral properties.
2. Management consulting fees increased by \$150 compared to the same period last year.
3. Office expenses decreased by \$9,300 due to cost reductions as a result of Covid-19 working from home arrangements.
4. Professional fees decreased by \$14,420 compared to the same period last year due to more legal services utilized in 2021.
5. Stock-based compensation decreased by \$6,830, mainly due to all stock options were fully vested during the period.

#### 9.3 Resource Property Expenditures:

For the nine months ended September 30, 2022, exploration and evaluation assets increased by \$802,971 (2021 - \$959,049), the total valuation increased to \$4,063,760 (2021 - \$3,260,789). The increase in the capital expenditure

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was mainly due to the following expenditures: \$301,771 in geological and geophysical consulting, \$205,774 in logistics and \$99,600 in exploration management.

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, 2022.

**10. Quarterly Financial Information**

	2022-09-30	2022-06-30	2022-03-31	2021-12-31
Description	\$	\$	\$	\$
<b>Operations</b>				
Interest and other income (loss)	318,583	(1,722)	7,088	122,038
Expenses	(104,576)	(132,793)	(120,109)	(141,750)
Stock-based compensation	-	(172,249)	2,956	(6,448)
Write-off of petroleum and natural gas assets	7,003	-	-	(16,057)
Write-off of exploration and evaluation assets	-	-	(6,401)	(6,369)
Gain from disposal of wells	-	-	-	269,863
Revaluation of decommissioning liabilities	-	-	-	209,855
Settlement of flow-through share premium	-	-	-	242,560
Due diligence for mineral interests	-	25,000	-	(6,869)
Other non-cash charges	(92)	(109)	(130)	(155)
Foreign exchange gain (loss) and other	(15)	188	(173)	1
<b>Net loss</b>	<b>220,903</b>	<b>(281,685)</b>	<b>(116,769)</b>	<b>666,669</b>
Unrealized gain (loss) on investments in marketable securities	30,001	(69,944)	(84,509)	(12,167)
<b>Comprehensive income (loss)</b>	<b>250,904</b>	<b>(351,629)</b>	<b>(201,278)</b>	<b>654,502</b>
Basic gain (loss) per share	(0.02)	(0.04)	(0.02)	0.02
<b>Total Assets</b>				
Cash and cash equivalents	656,106	920,196	1,117,217	1,359,576
Other current assets	108,597	55,020	39,219	49,908
Restricted cash	77,000	47,000	233,400	201,400
Marketable securities	132,005	136,479	206,423	290,932
Exploration and valuation assets	4,063,760	3,663,743	3,347,110	3,260,789
Equipment and other assets	621	713	821	951
	<b>5,038,089</b>	<b>4,823,151</b>	<b>4,944,190</b>	<b>5,163,556</b>

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	2021-09-30	2021-06-30	2021-03-31	2020-12-31
Description	\$	\$	\$	\$
<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)	-	-	-
Gain from distribution as per arrangement	-	-	(7,448,333)	(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 gain (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
	<b>5,282,922</b>	<b>5,584,461</b>	<b>4,461,694</b>	<b>4,643,662</b>

**Quarter ending September 30, 2022:**

Normal operating expenses for the quarter with the exception of recognizing a miscellaneous income of \$300,000.

**Quarter ending June 30, 2022:**

Normal operating expenses for the quarter with the exception of the recognition of stock-based compensation of \$172,249.

**Quarter ending March 31, 2022:**

Normal operating expenses for the quarter with the exception of recognizing an unrealized loss on investment in marketable securities of \$84,509.

**Quarter ending December 31, 2021:**

Normal operating expenses for the quarter with the exception of recognizing a gain from disposal of wells of \$269,863, settlement of flow-through share premium of \$242,560 and revaluation of decommissioning liabilities of \$209,855.

**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.

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#### ***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.

### **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 since 2011.

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). On issuance of the FT units, the Company recorded a flow through premium liability of \$242,560. The Company incurred share issuance cost of \$52,117 in connection with this financing.

During the year ended December 31, 2021, the Company incurred and renounced \$848,610 exploration expenditure under its flow-through share program, and recognized income from the reversal of the flow-through premium in the amount of \$242,560.

As at September 30, 2022, the Company had cash and cash equivalents of \$656,106 (2021 - \$1,359,576) and working capital of \$538,927 (2021 - \$1,144,401). 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.

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#### 13. Transactions with Related Parties

Key personnel compensation:

	September 30, 2022	September 30, 2021
Management and accounting fees incurred to a company controlled by the Chief Financial Officer of the Company	\$ 114,900	\$ 85,500
Management fees incurred to a company controlled by the President and Chief Executive Officer of the Company	\$ 40,800	\$ 54,000
Corporate development and communication fees incurred to a company controlled by the President & Chief Executive Officer of the Company	\$ -	\$ 2,400
Exploration management fees incurred to a company controlled by the President and Chief Executive Officer and capitalized to exploration and evaluation assets	\$ 99,600	\$ 33,600
Directors' fees incurred to directors of the Company	\$ 9,000	\$ 24,000
Share-based payments to directors	\$ 131,656	\$ 48,168

As at September 30, 2022, \$32,087 (December 31, 2021 - \$12,022) 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 May 31, 2022, 600,000 stock options were granted to directors of the Company exercisable at price of \$0.24 per share for a term of five year. The options were fully vested on the grant date.

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.

#### 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 consolidated financial statements for the year ended December 31, 2021.

#### 15. Outstanding Share Data

The following securities were outstanding as at November 29, 2022:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	12,709,614	N/A	N/A
Share purchase options	2,427,500	0.30	July 9, 2025 - May 18, 2027
Share purchase warrants	3,224,600	0.25	May 12, 2024
Fully diluted share capital	18,361,714	N/A	N/A

For a breakdown of the securities as at September 30, 2022 refer to Note 9 of the condensed interim consolidated financial statements for the nine months ended September 30, 2022.

#### 16. Proposed Transactions

In November 2022, an Option Agreement has been signed for the Company to obtain a 100% interest to expand the Swam Property within the Atsutla Gold Project. The claim block consists of one claim covering 132 hectares.

Pursuant to the terms of the Option Agreement and subject to receipt of all regulatory approvals, the Company can earn a 100% interest in the Property by making staged share issuances totaling 80,000 common shares over three years and a making a one-time cash payment of \$25,000 as follows:

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- 10,000 common shares on receipt of TSX Venture Exchange approval;
- 10,000 common shares on or before November 16, 2023;
- 10,000 common shares on or before November 16, 2024; and
- 50,000 common shares and \$25,000 cash payment on or before November 16, 2025.

The optionor will retain a 1% Net Smelter Royalty and the Company has the right to buy back the 1% NSR within a two-year period from the exercise of the option for a cash payment of \$50,000 and issuance of 100,000 common shares.

#### **17. 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.