

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

The accompanying unaudited interim consolidated financial statements of Trailbreaker Resources Ltd. for the three and nine months ended September 30, 2023, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These interim financial statements have not been reviewed by the Company's external auditor.

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars -Unaudited)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,733,037	\$ 446,605
Accounts receivable	3	26,502	22,472
Prepaid expenses and deposits	4	20,522	15,167
		1,780,061	484,244
Non-current assets			
Restricted cash		77,000	77,000
Marketable securities	6	70,332	117,004
Equipment		371	542
Exploration and evaluation assets	5	4,208,309	4,035,535
TOTAL ASSETS		\$ 6,136,073	\$ 4,714,325
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 223,797	\$ 88,530
Decommissioning liability		19,068	19,068
TOTAL LIABILITIES		242,865	107,598
EQUITY			
Share capital	8	51,961,889	49,338,743
Share-based payment reserves	8	18,979,332	18,971,290
Equity reserve		1,195,608	1,195,608
Accumulated other comprehensive loss		(223,882)	(191,311)
Deficit		(66,019,739)	(64,707,603)
TOTAL EQUITY		5,893,208	4,606,727
TOTAL LIABILITIES AND EQUITY		\$ 6,136,073	\$ 4,714,325

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

Approved on Behalf of the Board on November 29, 2023:

``Lucy Zhang``
Director

``Daithi Mac Gearailt``
Director

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars -Unaudited)

		For three months ended September 30		For the nine months ended September 30	
	Note	2023	2022	2023	2022
Expenses					
Amortization		\$ 48	\$ 92	\$ 171	\$ 331
Corporate development and communication		3,000	-	3,000	-
Listing and filing fees		12,812	4,373	84,421	19,553
Management fees	9	45,380	53,900	126,380	155,700
Investor relations		-	(327)	-	16,223
Office and miscellaneous		29,665	24,111	95,861	75,740
Professional fees		51,613	22,519	98,479	90,262
Stock-based compensation	8,9	-	-	-	169,293
		(142,518)	(104,668)	(408,312)	(527,102)
Other items					
Due diligence for mineral interests		9,922	-	19,681	(25,000)
Foreign exchange		41	(78)	56	(93)
Gain on sale of investments in marketable securities		-	(6,786)	-	(6,786)
Interest income		(1)	(2)	(306)	(643)
Impairment of exploration and evaluation assets	5	965,719	-	969,049	6,401
Expenditure on petroleum and natural gas properties		6,550	(7,003)	6,550	(7,003)
Miscellaneous income		-	(300,010)	(83,251)	(302,470)
Royalty income		(9,646)	(11,692)	(20,034)	(13,957)
Decommissioning Expenses		5,660	-	12,079	-
Total other income (expenses)		(978,245)	325,571	(903,824)	349,551
Net loss		\$ (1,120,763)	\$ 220,903	\$ (1,312,136)	\$ (177,551)
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Change in fair value on equity investments designated on FVTOCI, net of tax	6	(12,825)	30,001	(32,571)	(124,452)
Comprehensive income (loss) for the period		\$ (1,133,588)	\$ 250,904	\$ (1,344,707)	\$ (302,003)
Loss per share, basic and diluted		\$ (0.04)	\$ 0.02	\$ (0.06)	\$ (0.02)
Weighted average number of common shares outstanding, basic and diluted		29,990,683	12,709,614	22,885,052	12,709,614

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars -Unaudited)

	Share capital		Equity Reserve	Share-based Payment Reserve	Accumulated Other comprehensive loss	Deficit	Total
	Number of shares	Amount					
Balance at January 1, 2022	12,719,614	\$ 49,338,743	\$ 1,195,608	\$ 18,971,290	\$ (191,311)	\$ (64,707,603)	\$ 4,606,727
Shares issued for private placements	13,748,000	1,508,218	-	-	-	-	1,508,218
Shares issued pursuant to property agreements	200,000	59,000.00	-	-	-	-	59,000
Finders' warrants issued	-	-	-	8,042	-	-	8,042
Warrant exercise	7,039,520	1,055,928	-	-	-	-	1,055,928
Comprehensive loss for the period	-	-	-	-	(32,571)	(1,312,136)	(1,344,707)
Balance at September 30, 2023	33,707,134	\$ 51,961,889	\$ 1,195,608	\$ 18,979,332	\$ (223,882)	\$ (66,019,739)	\$ 5,893,208

	Share capital		Equity Reserve	Share-based Payment Reserve	Accumulated Other comprehensive loss	Deficit	Total
	Number of shares	Amount					
Balance at January 1, 2021	12,524,614	\$ 49,291,293	\$ 1,195,608	\$ 18,801,997	\$ (71,733)	\$ (64,318,692)	\$ 4,898,473
Shares issued pursuant to property agreements	185,000	46,550	-	-	-	-	46,550
Stock-based compensation	-	-	-	169,293	-	-	169,293
Comprehensive loss for the period	-	-	-	-	(124,452)	(177,551)	(302,003)
Balance at September 30, 2022	12,709,614	\$ 49,337,843	\$ 1,195,608	\$ 18,971,290	\$ (196,185)	\$ (64,496,243)	\$ 4,812,313

See accompanying notes to the consolidated financial statements

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars -Unaudited)

	For three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating activities				
Net loss for the period	\$ (1,120,763)	\$ 220,903	\$ (1,312,136)	\$ (177,551)
Adjustments for non-cash items:				
Amortization	48	92	171	330
Stock-based compensation	-	-	-	169,293
Impairment of exploration and evaluation assets	965,719	12,802	969,049	6,401
Expenditures of petroleum and natural gas assets	-	(7,003)	-	(7,003)
Gain on sale of marketable securities	-	(6,786)	-	(6,786)
Changes in non-cash working capital:				
Accounts Receivable	10,012	(48,874)	(4,030)	(52,673)
Prepaid expenses and deposits	(11,393)	(4,703)	(5,355)	(8,257)
Trade payables and accrued liabilities	(16,440)	(35,967)	73,949	(36,602)
Reclamation paid	-	-	-	(463)
Net cash flows used in operating activities	(172,817)	130,464	(278,352)	(113,311)
Investing activities				
Exploration and evaluation assets	(292,971)	(412,817)	(1,021,506)	(762,822)
Petroleum and natural gas assets	-	7,003	-	7,003
Net proceeds on sale of marketable securities	-	41,260	14,102	41,260
Net cash flows used in investing activities	(292,971)	(364,554)	(1,007,404)	(714,559)
Financing activities				
Private placement, net of issuance costs	1,055,928	-	1,516,260	-
Changes in restricted cash	-	(30,000)	-	124,400
Net cash flows used in financing activities	1,055,928	(30,000)	2,572,188	124,400
Decrease in cash and cash equivalents	590,140	(264,090)	1,286,432	(703,470)
Cash	1,142,897	920,196	446,605	1,359,576
Cash, ending	\$ 1,733,037	\$ 656,106	\$ 1,733,037	\$ 656,106

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

1. Nature of operations and going concern

Trailbreaker Resources Ltd. (formerly Goldstrike Resources Ltd.) (the “Company”) was incorporated under the laws of the province of British Columbia, Canada. The Company trades on the TSV Venture Exchange (the “TSX-V”) under the symbol “TBK.V”, and the Frankfurt Stock Exchange under the symbol “KCG”. The registered office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C.

The Company is a mineral exploration company focusing on acquiring and developing exploration and evaluation assets.

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern. The Company has no current source of revenues from operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and the private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These consolidated financial statements do not include these adjustments. Such adjustments could be material.

2. Significant accounting policies and basis of preparation

The condensed interim consolidated financial statements were authorized for issuance on November 29, 2023 by the directors of the Company.

Statement of compliance with IFRS

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of measurement

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars, except otherwise indicated. The financial currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar.

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its subsidiary. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. Details of the controlled entity are as follows:

Entity:	Country of incorporation:	Ownership interest	
		September 30, 2023	December 31, 2022
Petro One Energy Corp.	Canada	100%	100%

Inter-company balances and transactions have been eliminated upon consolidation.

2. Significant accounting policies and basis of preparation (Continued)***Significant estimates and assumptions***

The preparation of these condensed interim financial statements in accordance with IFRS requires management to make certain estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the year in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting include the recoverability of the carrying value of exploration and evaluation assets and petroleum and natural gas assets, the measurements for financial instruments and share-based payments, the recoverability of deferred tax assets and the measurement of decommissioning liabilities.

Critical judgements in applying accounting policies

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern, the identification of cash-generating units, determining whether the Company has significant influence over an investee, and the classification of evaluation and exploration assets.

3. Accounts receivable

	September 30, 2023	December 31, 2022
GST receivable	\$ 21,416	\$ 13,078
Royalty income receivable	5,086	8,028
Other receivables	-	1,366
	\$ 26,502	\$ 22,472

4. Prepaid expenses and deposits

	September 30, 2023	December 31, 2022
Current prepaid expenses	\$ 20,522	\$ 15,167
	\$ 20,522	\$ 15,167

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

5. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets as of September 30, 2023 is as follows:

	Balance at December 31, 2022	Acquisition	Exploration										Subtotal	Impairment	Balance at September 30, 2023	
			Assay	Trenching & Drilling	Contractors & Labour	Exploration Management	Logistics	Field Equipment	Travel & Accommodatio n	Mapping	Geological & Geophysical Consulting					
Mineral Property Interests																
Plateau	\$ 2,152,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018	\$ 1,018	\$ -	\$ 2,153,426
McMurdo	60,218	-	24	-	-	2,688	-	-	-	16	-	148	2,876	-	63,094	
Atsutla	1,372,648	-	-	-	-	22,608	-	-	-	86	10,093	48,511	81,298	-	1,453,946	
Eakin Creek	272,715	-	65,633	304,975	5,005	33,877	131,922	3,293	57,555	-	90,746	693,005	(965,719)	1		
Eagle Lake	141,849	-	-	-	-	4,945	-	-	264	-	24,298	29,507	-	171,356		
Castle Rock	35,693	61,316	-	29,550	-	21,734	9,031	-	5,057	-	35,151	100,523	-	197,532		
Golden Sable	-	17,292	37,094	-	-	8,400	12,921	-	9,992	-	36,044	104,451	-	121,743		
MT Sheldon	-	-	5,440	-	-	9,601	5,238	-	3,649	-	23,279	47,207	-	47,207		
Other properties	4	416	-	-	-	1,776	-	-	-	-	1,139	2,915	(3,331)	4		
									\$ 76,61							
Total:	\$ 4,035,535	\$ 79,024	\$108,191	\$ 334,525	\$ 5,005	\$ 105,629	\$159,112	\$ 3,293	9	\$ 10,093	\$ 260,334	\$1,062,800	\$ (969,050)	\$ 4,208,309		

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars - Unaudited)
For the three and nine months ended September 30, 2023 and 2022

5. Exploration and evaluation assets (Continued)

A continuity of the Company's exploration and evaluation assets as of December 31, 2022 is as follows:

	Balance at December 31, 2021	Exploration										Impairment	Balance at December 31, 2022
		Acquisition	Assay	Contractors & Labour	Exploration Management	Logistics	Travel & Accommodation	Mapping	Permitting	Geological & Geophysical Consulting	Subtotal		
Mineral Property Interests													
Plateau	\$ 2,148,566	\$ -	\$ -	\$ 648	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ 794	\$ 3,842	\$ -	\$ 2,152,408
McMurdo	38,887	-	152	-	16,800	170	2,264	-	-	1,945	21,331	-	60,218
Atsutla	1,002,248	5,755	18,973	14,330	42,599	124,635	17,704	35,174	-	111,230	364,645	-	1,372,648
Eakin Creek	-	33,306	3,570	1,009	39,600	44,042	20,536	-	602	130,050	239,409	-	272,715
Eagle Lake	-	40,235	1,117	6,560	14,400	27,801	726	-	-	51,010	101,614	-	141,849
Castle Rock	-	4,351	4,323	-	8,400	9,745	576	-	-	8,298	31,342	-	35,693
Oher properties	71,088	9,529	282	-	11,400	200	76	-	-	24,063	36,021	(116,634)	4
Total:	\$ 3,260,789	\$ 93,176	\$ 28,417	\$ 22,547	\$ 135,599	\$ 206,593	\$ 41,882	\$ 35,174	\$ 602	\$ 327,390	\$ 798,204	\$ (116,634)	\$ 4,035,535

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

5. Exploration and evaluation assets (continued)

Plateau Property

The Company has a 100% interest in the Plateau Property located in the Yukon Territory, which is subject to a 3% Net Smelter Royalty ("NSR") which may be reduced by 1% for a payment of \$1,500,000.

McMurdo Property

During 2020, the Company staked the McMurdo property in the province of British Columbia and owns 100% interest in the property.

Atsutla Gold Project

Willy Jack Property

During 2020, the Company staked the Willy Jack property in the province of British Columbia and owns 100% interest in the property.

SWAN Property

During 2020, the Company staked the SWAN property in the province of British Columbia and owns 100% interest in the property.

In November 2022, an Option Agreement has been signed for the Company to obtain a 100% interest to expand the Swan 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:

- 10,000 common shares (issued) 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 (NSR) 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.

Castle Rock

In February 2022, the Company staked the Castle Rock property in the province of British Columbia and owns 100% interest in the property.

In January 2023, the Company acquired the Castle Rock property on the northern Vancouver Island, British Columbia (BC) through claim staking, then expanded through a partnership with Cazador Resources Ltd ("Cazador"). Together, the companies own 100% of the property with no underlying payments or royalties.

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

5. Exploration and evaluation assets (continued)

On July 27th, 2023, an option agreement was signed with Cazador which provides the Company the option to acquire the remaining 50% of the Castle Rock property (for 100% ownership) by completing the following:

- Upon receipt of TSX-V approval for the option agreement, issuance to Cazador of 200,000 common shares (issued);
- A total of \$60,000 of expenditures on the Castle Rock property by the second anniversary of the effective date;
- On the second anniversary of the effective date and annually to the fifth anniversary date, payment to Cazador of \$5,000 as advance payments on the royalty; and
- On or before the fifth anniversary of the effective date, issuance to Cazador of a further 300,000 common shares. Cazador will retain a 2% NSR on claims currently 100% held by Cazador, and a 1% NSR on claims held jointly between Cazador and the Company. Once the option is exercised the Company may buy back 50% of the royalty by paying Cazador \$1,000,000.

Eakin Creek

In March 2022, the Company staked the Eakin Creek property in the province of British Columbia and owns 100% interest in the property. In March 2022, the Company acquired the property by issuing 60,000 common shares at price \$0.255 for a fair value of \$15,300 and a cash payment of \$13,475 pursuant to the property sale agreement.

During the nine months ended September 30, 2023, the Company assessed that the carrying value of the property was impaired to \$1.

Eagle Lake

In June 2022, the Company acquired the Eagle Lake property in the province of British Columbia by a combination of staking and a sale agreement with Teck Resources Limited ("Teck"). The Company owns 100% interest in the property, with a portion of it subject to an underlying 1% NSR to Teck.

The sale of the claims held by Teck had the following terms:

- issue 125,000 common shares (issued).
- Teck shall retain a 1% NSR on the Property.

Golden Sable

In May 2023, the Company acquired 100% interest in the Golden Sable property in South-Central of the province of British Columbia by an option agreement, subject to 1% of royalty. The option agreement provides the Company the sole and exclusive right and option (the "Option") to acquire an undivided 100% interest in the Property by making payments of \$205,000 to the Optionor as follows:

- \$15,000 cash payment upon the effective date, May 25, 2023 (paid);
- \$30,000 cash payment on or before May 25, 2024;
- \$60,000 cash payment on or before May 25, 2025; and
- \$100,000 cash payment on or before May 25, 2026.

The optionor will retain a 1% NSR and the Company has the right to buy back the 1% NSR for a cash payment of \$500,000.

Sheldon

In July 2023, the Company received the 100% interest of Sheldon property, located in central Yukon. The property is a legacy property originally held by the Company.

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

5. Exploration and evaluation assets (continued)

Other properties

The Company has a 100% interest in the Cando2 Property which is subject to a 3% NSR and a 100% interest in the St. Patrick Property. During the year ended December 31, 2018, the Company assessed that the carrying value of the properties was impaired to \$1.

During 2021, the Company staked the Tuya property in the province of British Columbia. During the year ended December 31, 2022, the Company assessed that the carrying value and impaired the property to \$nil, recognizing an impairment charge of \$1.

The Company had a 100% interest in the Strike Claims Property. During the year ended December 31, 2018, the Company assessed that the carrying value of the property was impaired to \$1. During the year ended, December 31, 2021, the claims expired.

During 2020, the Company staked the Skelly property in the province of British Columbia and owns 100% interest in the property. During the year ended December 31, 2022, the Company assessed that the carrying value of the property was impaired to \$1, recognizing an impairment charge of \$73,167. During the nine months ended September 30, 2023, the Company recognized an impairment charge of \$888.

In May 2022, the Company staked the Connector Gold property in the province of British Columbia and owns 100% interest in the property. During the year ended December 31, 2022, the Company assessed that the carrying value of the property was impaired to \$1, recognizing an impairment charge of \$43,466. During the nine months ended September 30, 2023, the Company recognized an impairment charge of \$2,443.

6. Marketable securities

The Company holds a total of 395,000 Golden Sky Mineral Corp's common shares which is representing 2.01% (December 31, 2022– 450,000 and 2.34%) of the issued and outstanding Golden Sky Shares. The Company recognizes its investment at fair value through other comprehensive income (loss). The Company's shareholding of 100,040 Juggernaut common shares is unchanged.

During the nine months ended September 30, 2023, the Company sold 55,000 Golden Sky common shares for net proceeds of \$14,101. A loss of \$7,669 was recorded in the consolidated statement of comprehensive income (loss).

During the year ended December 31, 2022, the Company sold 200,778 Golden Sky common shares and 61,120 Juggernaut common shares for net proceeds of \$54,350. A loss of \$119,578 was recorded in the consolidated statement of comprehensive income (loss).

Marketable securities are measured at fair value by reference to quoted stock prices. During the nine months ended September 30, 2023, the Company recorded an unrealized loss of \$24,902 (2022 - \$ 82,843).

	Fair value
Carrying value at December 31, 2021	290,932
Loss on marketable securities sold	(36,735)
Fair value on marketable securities sold	(54,350)
Unrealized loss	(82,843)
Carrying value at December 31, 2022	\$ 117,004
Loss on marketable securities sold	(7,669)
Fair value on marketable securities sold	(14,101)
Unrealized loss	(24,902)
Carrying value at September 30, 2023	\$ 70,332

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

7. Accounts payable and accrued liabilities

	September 30, 2023	December 31, 2022
Accounts Payable	\$ 112,976	\$ 8,624
Accrued Liabilities	26,750	34,629
Due to related parties (Note 9)	84,071	45,277
	\$ 223,797	\$ 88,530

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital during the nine months ended September 30, 2023

In August 2023, the Company issued 7,039,520 common shares for the warrants exercised at the exercise price of \$0.15 for a gross proceed of \$1,055,928.

In August 2023, the Company issued 200,000 common shares at \$0.295 per share for a fair value of \$59,000 pursuant to an option agreement for Castle Rock Property (note 5).

In May 2023, the Company completed a non-brokered private placement of non-flow through units for aggregate gross proceeds of \$715,000 by issuing 6,500,000 non-flow through units ("NFT Unit") at a price of \$0.11 per NFT Unit. Each NFT Unit consisting of one common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 36 months following the date of issuance.

In March 2023, the Company completed a non-brokered private placement of flow-through and non-flow through units for combined aggregate gross proceeds of \$809,120 by issuing 4,216,000 flow-through units ("FT Unit") at a price of \$0.12 per FT Unit, for gross proceeds of \$505,920, and 3,032,000 non-flow through units ("NFT Unit") at a price of \$0.10 per NFT Unit for aggregate gross proceeds of \$303,200. Each FT Unit consisting of one flow-through common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 36 months following the date of issuance, subject to the right of the Company to accelerate the exercise period to 30 days if, following the expiry of the 4-month hold, shares of the Company close at or above \$0.25 for 10 consecutive trading days. Each NFT Unit consisting of one common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 36 months following the date of issuance, subject to the right of the Company to accelerate the exercise period to 30 days if, following the expiry of the 4-month hold, shares of the Company close at or above \$0.25 for 10 consecutive trading days.

The Company paid cash finders' fees totaling \$7,860 and issued 72,000 broker warrants exercisable at \$0.15 for 36 months.

Issued share capital during the year ended December 31, 2022

In December 2022, the Company issued 10,000 common shares at \$0.09 per share for a fair value of \$900 pursuant to an option agreement for Swan Property.

In April 2022, the Company issued 60,000 common shares at \$0.255 per share for a fair value of \$15,300 pursuant to a purchase agreement for Eakin Creek property.

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

In June 2022, the Company issued 125,000 commons shares at \$0.25 per share for a fair value of \$31,250 to acquire Eagle lake property.

8. Share capital (Continued)

Renunciation of exploration expenditure

During the nine months ended September 30, 2023. The Company incurred and renounced \$505,920 exploration expenditure under its flow-through share program.

Stock option

The Company has adopted a stock option plan, which provides that the Board of Directors of the Company may, in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

As at September 30, 2023, the Company had the following options outstanding and exercisable:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
April 28, 2016	April 28, 2026	\$ 3.15	15,000	15,000
May 18, 2017	May 18, 2027	\$ 5.95	17,500	17,500
July 9, 2020	July 9, 2025	\$ 0.24	1,430,000	1,430,000
March 24, 2021	March 24, 2026	\$ 0.30	150,000	150,000
May 31, 2022	May 31, 2027	\$ 0.24	785,000	785,000
			2,397,500	2,397,500

The following is a summary of the Company's stock option activities:

	September 30, 2023		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,427,500	\$ 0.30	1,762,500	\$ 0.33
Options granted	-	-	785,000	0.24
Options cancelled	(30,000)	0.24	(120,000)	0.24
Options outstanding, ending	2,397,500	\$ 0.30	2,427,500	\$ 0.30

On March 31, 2023, 30,000 stock options previously issued to a consultant were cancelled.

On September 30, 2022, 120,000 stock options previously issued to a retired officer and a former contractor were cancelled.

On May 31, 2022, 785,000 stock options were granted to directors and consultants of the Company exercisable at a price of \$0.24 per share for a term of five years. The options were fully vested on the grant date.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars - Unaudited)
For the three and nine months ended September 30, 2023 and 2022

8. Share capital (Continued)

Stock option (Continued)

As at September 30, 2023, 2,397,500 options were exercisable. The weighted average life and weighted average exercise price of exercisable options are 2.46 years and \$0.30 respectively.

Share purchase warrants

As at September 30, 2023, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price	Number of warrants outstanding
May 12, 2021	May 12, 2024	\$ 0.25	2,424,600
May 12, 2021	May 12, 2024	\$ 0.25	800,000
May 4, 2023	May 4, 2026	\$ 0.15	6,500,000
			9,724,600

The following is a summary of the Company's warrant activities:

	September 30, 2023		December 31, 2022	
	Number of Common Shares Issuable	Weighted Average Exercise Price	Number of Common Shares Issuable	Weighted Average Exercise Price
Warrants outstanding, beginning	3,224,600	\$ 0.25	3,224,600	\$ 0.25
Warrants issued	13,820,000	0.15	-	-
Warrants exercised	(7,039,520)	0.15	-	-
Warrants expired	(280,480)	0.15	-	-
Warrants outstanding, ending	9,724,600	\$ 0.18	3,224,600	\$ 0.25

On May 4, 2023, the Company issued 6,500,000 warrants at \$0.15 per share and exercisable until May 4, 2026, as part of a private placement offering.

On March 6, 2023, the Company issued 7,248,000 warrants at \$0.15 per share and exercisable until March 6, 2026, as part of a private placement offering.

On March 6, 2023, the Company issued 72,000 broker warrants at \$0.15 per share and exercisable until March 6, 2026, as finder's fee.

During the year ended December 31, 2022, the Company modified the warrants to extend the expiry date to May 12, 2024 and reduced the exercise price to \$0.25.

As at September 30, 2023 the weighted average exercise price and weighted average life of the warrants are \$0.18 and 1.94 years, respectively.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars - Unaudited)
For the three and nine months ended September 30, 2023 and 2022

8. Share capital (Continued)

Equity reserve and share-based payment reserves

The equity reserve records items related to share purchase warrants issued alongside with share offering. At the time of exercise, the corresponding amount will be transferred to share capital.

The share-based payment reserves record items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. Related party transactions

Key personnel compensation:

	September 30, 2023	September 30, 2022
Management and accounting fees incurred to a company controlled by the Chief Financial Officer of the Company	\$ 103,500	\$ 114,900
Management fees incurred to a company controlled by the President and Chief Executive Officer of the Company	\$ 18,000	\$ 40,800
Exploration management fees incurred to a company controlled by the President and Chief Executive Officer and capitalized to exploration and evaluation assets	\$ 108,629	\$ 99,600
Directors' fees incurred to directors of the Company	\$ 9,000	\$ 9,000

As at September 30, 2023, \$84,071 (2022 - \$45,277) was owing to related parties and has been included in accounts payables and accrued liabilities (Note 7). 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.

10. Contingencies

As of September 30, 2023 the Company's restricted cash balance was \$77,000 (December 31, 2022 - \$77,000) which consisted of one guaranteed letters of credit in the amount of \$15,000 (expiring and renewable in June 2024) issued by Bank of Montreal for the Minister of Finance – the Saskatchewan Oil and Gas Orphan Fund, and one reclamation bond in the amount of \$62,000 (December 31, 2022 - \$62,000) for the Ministry of Energy, Mines and Petroleum Resources of British Columbia relating to the Mines Act Permit. During the nine months ended September 30, 2023, the Company received the release of \$nil (December 31, 2022 - \$186,400) of the guaranteed letters of credit.

11. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

equivalents. Cash and cash equivalents are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

11. Financial risk management (Continued)

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. The fair value of cash and cash equivalents are minimally affected by changes in short term interest rates.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2023	December 31, 2022
Amortized cost:		
Cash (including restricted cash)	\$ 1,810,037	\$ 523,605
Accounts receivable	5,086	8,028
Fair value through other comprehensive income:		
	\$ 1,815,123	\$ 531,633
FVTOCI:		
Marketable securities	\$ 70,332	\$ 117,004
	\$ 1,885,455	\$ 648,637

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2023	December 31, 2022
Amortized cost:		
Accounts payables	\$ 112,976	\$ 8,624
Due to related parties	84,071	45,277

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three and nine months ended September 30, 2023 and 2022

	\$	197,047	\$	53,901
--	----	---------	----	--------

11. Financial risk management (Continued)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities as at September 30, 2023 and December 31, 2022 approximate their fair value due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

12. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital.

12. Subsequent Events

In November 2023, the Company issued 10,000 common shares at \$0.21 for a fair value of \$2,100 pursuant to an option agreement for Swan property.