CREST RESOURCES INC.

Management Discussion and Analysis of Financial Condition and results of Operations

For the three and six months ended November 30, 2018

This Management's Discussion and Analysis of Crest Resources Inc. ("Crest" or the "Company") ("MD&A") provides analysis of the Company's financial results for the three and six months ended November 30, 2018 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three and six months ended November 30, 2018 and with the audited financial statements and notes thereto for the period from inception on November 23, 2017 to May 31, 2018, all of which are available at www.sedar.com. This MD&A is based on information available as at January 28, 2019.

The accompanying condensed interim financial statements for the three and six months ended November 30, 2018 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. All amounts are expressed in Canadian dollars, unless otherwise stated.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

DESCRIPTION OF BUSINESS

Crest Resources Inc. was incorporated on November 23, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada. The Company's principal business activity is the acquisition and exploration of mineral property assets.

On October 22 2018, Crest completed its initial public offering of 3,859,000 common shares in its capital, 359,000 of which were sold pursuant to an overallotment option, at a price of 10 cents per share for gross proceeds of $385,900. The net proceeds from the initial public offering will be used for working capital and to carry out exploration of the company's Red Metal Ridge property, located approximately 74 km northwest of the town of Campbell River on Vancouver Island, in the Nanaimo mining division of British Columbia.

Haywood Securities Inc. acted as agent for the initial public offering. The agent received a cash commission equal to 10 per cent of the proceeds of the initial public offering and a corporate finance fee of $40,000, of which $30,000 was paid in cash and $10,000 was paid in common shares at $0.10 per share. Additionally, the company has granted Haywood

Securities, Leede Jones Gable Inc. and Mackie Research Capital Corp. compensation options entitling the holder to purchase in aggregate 385,900 shares at a price of 10 cents per share, exercisable on or before Oct. 22, 2020.

The shares began trading on the Canadian Securities Exchange on October 23, 2018, under the symbol CRES.

Red Metal Ridge Property

Pursuant to an option agreement (the "Agreement") dated January 5, 2018, the Company was granted an option to acquire a 100% undivided interest in two stages in the Red Metal Ridge Property (the "Property") located near Sayward in British Columbia.

In accordance with the Agreement, the Company has the option to acquire first 51% undivided interest (earned) in the Property by paying $5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling $155,000, and incurring a total of $500,000 in exploration expenditures as follows:

	Number of Common Shares	Cash	Exploration Expenditures
		$	$
Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing")	100,000	5,000	-
On or before the first anniversary of the Listing	100,000	20,000	100,000
On or before the second anniversary of the Listing	100,000	30,000	100,000
On or before the third anniversary of the Listing	300,000	100,000	300,000
Total	600,000	155,000	500,000

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the commencement of commercial production

As of November 30, 2018 the Company has incurred $111,269 in acquisition and exploration costs on the Red Metal property.

SELECTED ANNUAL INFORMATION

	Period ended May 31, 2018
Revenue	$ Nil
Net Loss	$ 65,025
Loss per Share	$ (0.01)
Total Assets	$ 327,838
Long-Term Debt	$ Nil
Dividends	$ Nil

OPERATIONS

Three month period ended November 30, 2018

During the three months ended November 30, 2018 the Company reported a net loss of $30,521. Included in the determination of operating loss was $3,649 for rent, $2,400 for professional fees, $18,000 for consulting fees, $962 for transfer agent and filing fees, $42 for bank charges, $4,452 for advertising and promotion, and $1,016 for office expenses.

Six month period ended November 30, 2018

During the six months ended November 30, 2018 the Company reported a net loss of $111,170. Included in the determination of operating loss was $8,333 for rent, $21,203 for professional fees, $27,000 for consulting fees, $9,806 for transfer agent and filing fees, $107 for bank charges, $5,469 for advertising and promotion, and $4,766 for office and miscellaneous expenses. The Company also incurred a stock-based compensation charge (a non-cash expense) of $34,486 for the granting of stock options.

Summary of Quarterly Results

	Q2-2019	Q1-2019	Fiscal 2018
Net loss ($)	30,521	80,650	65,025
Per Share ($)	0.00	0.00	0.01

The loss for the second quarter of fiscal 2019 decreased to $30,521 from the loss of $80,650 incurred during the first quarter of fiscal 2018 primarily due to the elimination of share-based payment expense (a non-cash item) during the second quarter.

Comparative figures for the periods prior to May 31, 2018 are not available, as the Company was recently incorporated.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at November 30, 2018 were $206,875 compared to $68,205 at May 31, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has incurred the following key management personnel cost from related parties:

	Period ended November 30, 2018	**Period ended May 31, 2018**
	$	$
Share-based payments	34,486	30,000
Total	34,486	30,000

Share-based payments were incurred from the Chief Executive Officer of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

COMMITMENTS

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 36 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

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CRITICAL ACCOUNTING POLICIES

<u>Stock-based Compensation</u>

The Company has a stock option plan, which is described in to the financial statements. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

<u>Financial Instruments</u>

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company's cash is classified as FVTPL assets.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

SHARE CAPITAL

Equity Securities Issued and Outstanding

The company had 12,809,901 shares issued and outstanding at January 28, 2019.

Share Purchase Options

The Company had 425,000 stock options outstanding at January 28, 2019.

Warrants

The Company had 385,900 share purchase warrants outstanding at January 28, 2019.

Escrow Shares

The Company has 2,250,000 common shares held in escrow as at January 28, 2019.