CREST RESOURCES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the nine months ended February 28, 2019

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 nine months ended February 28, 2019 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the nine months ended February 28, 2019 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 April 29, 2019.

The accompanying condensed interim financial statements for the nine months ended February 28, 2019 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 Suite 1100 – 595 Howe Street, Vancouver, British Columbia, Canada. The Company's principal business activity is the acquisition and exploration of mineral property assets in Canada.

On October 22, 2018, Crest completed its initial public offering of 3,859,000 common shares in its capital, 359,000 shares 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 Inc., Leede Jones Gable Inc. and Mackie Research Capital Corp. compensation options entitling the holder to purchase in aggregate 385,900 common shares at a price of 10 cents per share, exercisable on or before October 22, 2020.

The Company's 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 the 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 February 28, 2019, the Company has incurred $111,269 in acquisition and exploration costs on the Red Metal property.

The following information regarding the Property is summarized or extracted from an independent technical report dated September 12, 2018, and dated effective August 21, 2018, entitled *"Technical Report: Red Metal Ridge Mineral Property, Vancouver Island, British Columbia, Canada"* (the "Technical Report") prepared for the Issuer by Donald George MacIntyre, Ph.D., P. Eng. (the "Author") in accordance with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The Author is a "qualified person" within the meaning of NI 43-101.

All figure and table references herein are numbered in accordance with the Technical Report available on the Issuer's SEDAR profile at www.sedar.com.

The Red Metal Ridge Property is located on Vancouver Island, British Columbia, Canada, approximately 74 km northwest of the City of Campbell River and 12 km southwest of the Village of Sayward.

Deposit Types

The Minfile database classifies the Billy 19 and Rooney 1-4 showings as porphyry Cu type occurrences. Other showings are classified as vein, breccia and stockwork type occurrences (Mineral Deposit Profile Category I). The Cruller showing is classified as a skarn. A complicating factor in the classification of the showings on the property is that in many cases there is evidence of post mineral shearing which has destroyed or modified some of the original vein features.

In the Author's opinion all of the showings on the property should be classified as vein showings, specifically Cu-Ag quartz veins (Lefebure 1996; Mineral Deposit Profile type I06). This deposit type is characterized by quartz-carbonate veins containing patches and disseminations of chalcopyrite with varying amounts of bornite, tetrahedrite, covellite and pyrite. Malachite and azurite are common secondary minerals. This type of vein typically crosscuts clastic sedimentary or volcanic sequences, however, there are also Cu quartz veins related to porphyry Cu systems and associated with felsic to intermediate intrusions.

A diversity of tectonic settings reflecting the wide variety of hostrocks including extensional sedimentary basins and volcanic sequences associated with rifting or subduction-related continental and island arc settings.

Veins are typically emplaced along faults; they commonly postdate major deformation and metamorphism. The veins related to felsic intrusions form adjacent to, and are contemporaneous with, mesozonal stocks. In the case of the Property showings this would be the mid Jurassic granodiorite northeast of Highway 19. Cu-Ag quartz veins are known to occur in virtually any rocks although the most common hosts are clastic metasediments and mafic volcanic sequences such as the Karmutsen basalts. Mafic dykes and sills are often spatially associated with metasediment-hosted veins. These veins are also found within and adjacent to felsic to intermediate intrusions. These occur on the Property as dykes.

This deposit type also typically forms simple to complicated veins and vein sets which follow high-angle faults which may be associated with major fold sets. These types of structures are common in the Adam River area. Single veins vary in thickness from centimetres up to tens of metres. Major vein systems extend hundreds of metres along strike and down dip. In some exceptional cases the veins extend more than a kilometre along the maximum dimension.

Sulphides are irregularly distributed as patches and disseminations. Vein breccias and stockworks are associated with some deposits. The mineralogy of intrusion related veins can include chalcopyrite, bornite, chalcocite, pyrite, pyrrhotite; enargite, tetrahedrite-tennantite, bismuthinite, molybdenite, sphalerite, native gold and electrum. Quartz and carbonate (calcite, dolomite, ankerite or siderite); hematite, specularite, and barite are common gangue minerals. Wallrocks are typically altered for distances of centimetres to tens of metres outwards from the veins. The metasediments display carbonatization and silicification. Decalcification of limy rocks and zones of disseminated pyrite in roughly stratabound zones are also reported for this deposit type. The volcanic hostrocks exhibit abundant epidote with associated calcite and chlorite. Epidote and chlorite alteration are commonly associated with showings on the Property Malachite or azurite staining is commonly associated with this deposit type and this is also the case on the Property.

Ore controls for this deposit type are structural. Veins and associated dikes follow faults. Ore shoots are commonly localized along dilational bends within veins. Sulphides may occur preferentially in parts of veins which crosscut carbonate or other favourable lithologies. Intersections of veins are an important locus for ore.

Lefebure (1996) indicates that the genetic model for this deposit type is one where the veins are associated with major faults related to crustal extension which control the ascent of hydrothermal fluids to suitable sites for deposition of metals. The fluids are believed to be derived from mafic intrusions which are also the source for compositionally similar dykes and sills associated with the veins.

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 February 28, 2019

During the three months ended February 28, 2019, the Company reported a net loss of $21,512 compared to a net loss of $14,777 for the three months ended February 28, 2018. Included in the determination of operating loss was $17,845 for professional fees, $4,303 for transfer agent and filing fees, $37 for bank charges, and a refund of $673 relating to taxes recorded in office expenses.

Nine-month period ended February 28, 2019

During the nine months ended February 28, 2019, the Company reported a net loss of $132,682 compared to a net loss of $14,776 for the period from November 23, 2017 (date of Incorporation) to February 28, 2018. Included in the determination of operating loss was $8,333 for rent, $39,048 for professional fees, $27,000 for consulting fees, $14,109 for transfer agent and filing fees, $144 for bank charges, $5,469 for advertising and promotion, and $4,093 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

	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Incorporation to Nov 30, 2018
Net loss ($)	21,512	30,520	80,650	50,428	14,776	-
Per Share ($)	0.00	0.00	0.00	0.00	0.00	0.00

The loss for the third quarter of fiscal 2019 decreased to $21,512 from the loss of $30,520 and $80,650 incurred during the second and first quarters of fiscal 2019 respectively, primarily due to the elimination of share-based payment expense (a non-cash item) during the second quarter.

The loss for the third quarter of fiscal 2018 increased to $14,776 primarily as a result of increase in operations since its incorporation on November 23, 2017.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash balance at February 28, 2019 was $192,502 compared to $68,205 at May 31, 2018. Based on the above financial condition at February 28, 2019, Management believes that the Company has the financial resources to meet its financial obligations as they become payable in the current fiscal year.

The Company does not have any commitments for capital expenditures. The Company does not have any capital resources in the form of debt, equity and any other financing agreements.

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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and former Chief Financial Officer. The Company has incurred the following key management personnel cost from related parties:

	Nine months ended February 28, 2019	**Period from November 23, 2017 (Incorporation) to February 28, 2018**
	$	$
Share-based payments	34,486	-
Total	34,486	-

On July 13, 2018, the Company granted 425,000 stock options to certain directors and officers of the Company at an exercise price of $0.10 for a period of five years from the date of grant. These options had a fair value of $34,486. Dusan Berka, the President, Chief Executive Officer and Director of the Company at the date of grant, was granted 75,000 options; Mark Lotz, the Chief Financial Officer and Director of the Company at the date of grant, was granted

75,000 options; John E. Hiner, a Director of the Company at the date of grant, was granted 75,000 options, and Paul John, a Director of the Company, was granted 200,000 options.

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 following new standards, and amendments to standards and interpretations, are effective for the year ended May 31, 2019, and have been applied in preparing these financial statements:

IFRS 15 Revenue from Contracts with Customers ¬ In May 2014, the IASB issued IFRS 15 which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended May 31, 2019, and have not been applied in preparing the financial statements.

The following new standards, amendments and interpretations have not been early adopted in these financial statements and are not expected to have a material effect on the Company's future results and financial position:

<u>Accounting standards effective for annual periods beginning on or after January 1, 2019</u>

IFRS 16 Leases ¬– IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRIC 23 Uncertainty over Income Tax Treatments – IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

CRITICAL ACCOUNTING POLICIES

Stock-based Compensation

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.

Financial Instruments

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.

SUBSEQUENT EVENTS

In April 2019, the Company granted 100,000 stock options with an exercise price of $0.12 per share expiring April 5, 2023 to an officer of the Company. The options will vest over a period of four years as to 25% per year.

SHARE CAPITAL

Equity Securities Issued and Outstanding

The Company had 12,809,901 shares issued and outstanding at April 29, 2019.

Share Purchase Options

The Company had 525,000 stock options outstanding at April 29, 2019.

Warrants

The Company had 385,900 share purchase warrants outstanding at April 29, 2019.

Escrow Shares

The Company has 2,250,000 common shares held in escrow as at April 29, 2019.

CHANGES IN MANAGEMENT

On February 14, 2019, John E. Hiner resigned as a Director of the Company.

On March 15, 2019, Owen King was appointed as a Director of the Company.

On April 5, 2019, Emma Fairhurst was appointed as a Director of the Company.

On April 5, 2019, Mark Lotz resigned as Chief Financial Officer, Corporate Secretary and a Director of the Company. Sean Ty was appointed as Chief Financial Officer and Corporate Secretary.

On April 18, 2019, Michael Collins was appointed as a Director of the Company.

On April 18, 2019, Owen King was appointed as Chairman, President and Chief Executive Officer of the Company, to replace Dušan Berka who stepped down from that role.

On April 18, 2019, Sandra Wong was appointed Corporate Secretary of the Company, to replace Sean Ty who stepped down from that role.

The Directors of the Company are Owen King (Chairman, President and Chief Executive Officer), Dušan Berka, Michael Collins, Emma Fairhurst and Paul John. Sean Ty is the Chief Financial Officer and Sandra Wong is the Corporate Secretary.