

CREST RESOURCES INC.
FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Crest Resources Inc.

Opinion

We have audited the financial statements of Crest Resources Inc. (the "Company") which comprise the statements of financial position as at May 31, 2019 and 2018, and the statements of comprehensive loss, changes in equity and cash flows for the periods ended May 31, 2019 and 2018, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2019 and 2018, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that the Company had a loss of \$193,453 for the year ended May 31, 2019 and, as of that date, the Company had an accumulated deficit of \$258,478. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 12, 2019

CREST RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	May 31, 2019	May 31, 2018
ASSETS		
CURRENT		
Cash	\$ 162,686	\$ 68,205
Amounts receivable	4,673	5,542
	167,359	73,747
DEFERRED FINANCING COSTS	-	10,000
EXPLORATION AND EVALUATION ASSET (Note 5)	111,269	101,269
	\$ 278,628	\$ 185,016
LIABILITIES		
Accounts payable and accrued liabilities	\$ 37,335	\$ 3,040
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	406,458	217,001
CONTRIBUTED SURPLUS	93,313	30,000
DEFICIT	(258,478)	(65,025)
	241,293	181,976
	\$ 278,628	\$ 185,016

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 11)

Approved and authorized for issue on behalf of the Board on July 12, 2019

"Owen King" Director "Paul John" Director

The accompanying notes are an integral part of these financial statements.

CREST RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year ended May 31, 2019	Period from November 23, 2017 to May 31, 2018
EXPENSES		
Advertising and promotion	\$ 5,469	\$ 2,188
Bank charges	190	339
Consulting fees	32,000	18,000
Office	4,240	4,116
Professional fees	87,755	4,429
Rent	8,333	5,953
Salary	7,828	-
Share-based payments	38,937	30,000
Transfer agent and filing fees	8,701	-
COMPREHENSIVE LOSS	\$ (193,453)	\$ (65,025)
LOSS PER SHARE (basic and diluted)	\$ (0.02)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	11,207,642	4,941,535

The accompanying notes are an integral part of these financial statements.

CREST RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Incorporation, November 23, 2017	1	1	-	-	1
Shares issued for founder	2,000,000	10,000	-	-	10,000
Shares issued for cash	2,500,000	122,000	-	-	122,000
Shares issued for cash (flow-through)	4,250,000	85,000	-	-	85,000
Share-based payments	-	-	30,000	-	30,000
Net loss for the period	-	-	-	(65,025)	(65,025)
Balance, May 31, 2018	8,750,001	217,001	30,000	(65,025)	181,976
Shares issued for cash	3,859,000	385,900	-	-	385,900
Shares issued for Red Metal Ridge Property	100,000	10,000	-	-	10,000
Share-based payments	-	-	38,937	-	38,937
Share issued for corporate finance service	100,000	10,000	-	-	10,000
Share issuance costs – finder's warrants	-	(24,376)	24,376	-	-
Share issuance costs	-	(192,067)	-	-	(192,067)
Net loss for the year	-	-	-	(193,453)	(193,453)
Balance, May 31, 2019	12,809,001	406,458	93,313	(258,478)	241,293

The accompanying notes are an integral part of these financial statements.

CREST RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended May 31, 2019	Period from November 23, 2017 to May 31, 2018
OPERATING ACTIVITIES		
Net loss for the period	\$ (193,453)	\$ (65,025)
Item not involving cash:		
Share-based payments	38,937	30,000
Changes in non-cash working capital balances:		
(Increase) decrease in amounts receivable	869	(5,541)
Increase in accounts payable	34,295	3,040
Cash used in operating activities	(119,352)	(37,526)
INVESTING ACTIVITY		
Exploration and evaluation asset expenditures	-	(101,269)
FINANCING ACTIVITIES		
Issuance of common shares, net of costs	213,833	217,000
Deferred finance costs	-	(10,000)
Cash provided by financing activities	213,833	207,000
INCREASE IN CASH	94,481	68,205
CASH, BEGINNING OF PERIOD	68,205	-
CASH, END OF PERIOD	\$ 162,686	\$ 68,205

SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)

The accompanying notes are an integral part of these financial statements.

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Crest Resources Inc. (the “Company”) 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 activities include the acquisition and exploration of mineral property assets in Canada. As at May 31, 2019, the Company had not yet determined whether the Company’s mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a loss of \$193,453 for the period ended May 31, 2019 and, as of that date, the Company had an accumulated deficit of \$258,478, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on July 12, 2019.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars which is the functional currency of the Company.

d) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of May 31, 2019, the Company held no cash equivalents.

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Share-based payments

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.

g) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Flow-through shares (continued)

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

h) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

i) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the Company's business model for managing the financial assets and terms of the related cashflow. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument - by - instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. The Company's cash is classified as FVTPL.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non - current assets based on their maturity date. The Company does not have any financial assets classified at amortized cost.

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company recognizes loss allowances for expected credit losses (“ECLs”) on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability - weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

l) Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company’s accounting policy for each category is as follows:

FVTPL – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

Amortized cost – The Company’s accounts payables and accrued liabilities is recognized at amortized cost.

m) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 period in which the estimates are revised.

i. Impairment of mineral properties

The assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable.

ii. The measurement of deferred income tax assets and liabilities

Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

- iii. The inputs used in accounting for share-based payments
The fair value of share based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk-free rate of return and the estimated rate of forfeiture of options granted
- iv. The evaluation of the Company's ability to continue as a going concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the period ended May 31, 2019. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded that the Company has adequate ability to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern

4. RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements Adopted During the Year

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

IFRS 9 *Financial Instruments* – In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments (“IFRS 9”) to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected-loss’ impairment model, as well as a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements.

The Company assessed that there was no significant impact to the financial statements on the adoption of classification and measurement of its financial instruments, the classification under the new and old standard is set out below:

Financial Instrument	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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 period ended May 31, 2019, and have not been applied in preparing the financial statements.

Accounting standards effective for annual periods beginning on or after January 1, 2019

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.

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

5. EXPLORATION AND EVALUATION ASSETS

The costs incurred on the Red Metal Ridge Property are summarized as follows:

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Opening balance	-	-	-
Acquisition and exploration costs	5,000	96,269	101,269
Balance, May 31, 2018			
Acquisition and exploration costs	10,000	-	10,000
Balance, May 31, 2019	15,000	96,269	111,269

CREST RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

On July 30, 2018, the Company entered into an escrow agreement, whereby 2,500,000 common shares will be held in escrow and are scheduled for release in accordance with the terms of the escrow agreement. Pursuant to the escrow agreement, the shares will be released as follows: 10% on the Listing Date (October 22, 2018), and 15% will be released on 6, 12, 18, 24, 30 and 36 months thereafter.

As at May 31, 2019, there were 1,875,000 escrow shares outstanding.

c) Issued and Outstanding as at May 31, 2019: 12,809,001 common shares.

For the period ended May 31, 2019, the Company had the following share capital transactions:

- (i) The Company completed an initial public offering ("IPO") of 3,859,000 shares at \$0.10 for gross proceeds of \$385,900 on October 22, 2018. Share issuance costs of \$182,067 in cash were incurred with respect to this IPO along with the issuance of 385,900 Agent's Warrants exercisable at \$0.10 per common share for a period of 24 months from closing. The total fair value of these Agent's Warrants of \$24,376 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 2.26% and an expected volatility of 125%.

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6. SHARE CAPITAL (CONTINUED)

A further 100,000 common shares with a value of \$10,000 were issued for corporate finance services provided.

- (ii) On October 22, 2018, the Company issued 100,000 common shares with a value of \$10,000 towards consideration for the acquisition of exploration and evaluation assets (Note 5).

For the period from incorporation to May 31, 2018, the Company had the following share capital transactions:

- (i) On November 23, 2017, the Company issued an incorporation share for \$1.
- (ii) On December 31, 2017, the Company issued 2,000,000 common shares at a price of \$0.005 per share for gross proceeds of \$10,000. The fair value of the 2,000,000 common shares was estimated to be \$40,000. Accordingly, the Company recorded share-based payments of \$30,000 and a corresponding increase to contributed surplus.
- (iii) On March 16, 2018 and March 23, 2018, the Company issued a total of 6,750,000 common shares at a price between \$0.02 and \$0.05 per share for gross proceeds of \$207,000. 4,250,000 of those common shares were issued on a flow-through basis.

For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

d) Stock Options

During the period ended May 31, 2019, the Company adopted a Stock Option Plan ("Plan") for directors, officers and employees, consultants of the Company. The Company may grant options to individuals, options are exercisable over periods of up to ten years, as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

A summary of the Company's outstanding stock options at May 31, 2019 and May 31, 2018 and the changes for the periods then ended is presented below:

	May 31, 2019		May 31, 2018	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	-	-	-	-
Granted	525,000	\$0.10	-	-
Ending balance	525,000	\$0.10	-	-

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.

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6. SHARE CAPITAL (CONTINUED)

d) Stock Options (continued)

On April 5, 2019, the Company granted 100,000 stock options to the Chief Financial Officer of the Company at an exercise price of \$0.12 for a period of four years from the date of grant. The stock options entitle the holder thereof the right to vest 25% on the grant date and 25% at the end of each subsequent three years thereafter.

e) Details of stock options outstanding and exercisable as at May 31, 2019 are as follows:

Expiry Date	Exercise Price	Outstanding	Exercisable
July 7, 2019	\$0.10	75,000	75,000
December 31, 2019	\$0.10	75,000	75,000
April 30, 2020	\$0.10	75,000	75,000
July 13, 2023	\$0.10	200,000	200,000
April 4, 2023	\$0.12	100,000	25,000
		525,000	450,000

There were no stock options outstanding and exercisable as at May 31, 2018.

The remaining average remaining contractual life of stock options outstanding at May 31, 2019 was 3.49 years (May 31, 2018: nil years).

The weighted average fair value at grant date of options granted during the period ended May 31, 2019 was \$0.086 per option. The fair value of the stock options was estimated at \$38,937 using the Black-Scholes Pricing Model with the following assumptions:

Share price	\$0.10
Risk free interest rate	1.96%
Expected life	4.81 years
Expected volatility	120%
Expected forfeiture rate	Nil
Expected dividends	Nil

e) Warrants

During the period ended May 31, 2019, the Company completed an IPO and issued 385,900 Agents' warrants exercisable at \$0.10 per common share until October 22, 2020. There are no other warrants outstanding.

7. RELATED PARTY BALANCES AND TRANSACTIONS

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.

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7. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	Year ended	
	May 31,	Period from November 23,
	2019	2017 to May 31, 2018
	\$	\$
Salaries	7,828	-
Consulting fees	15,000	-
Share-based payments	38,937	-

The Company has entered into an Employment Agreement with its Chief Executive Officer (“CEO”) effective April 1, 2019. As compensation for the services to be provided, the CEO will receive a monthly fee of \$2,500. During the period ended May 31, 2019, the Company paid \$5,000 (2018 - \$nil) in salary to the CEO.

The Company has entered into an Employment Agreement with its Corporate Secretary effective April 18, 2019. As compensation for the services to be provided, the Corporate Secretary will receive a monthly fee of \$2,000. During the period ended May 31, 2019, the Company paid \$2,828 (2018 - \$nil) in salary to the Corporate Secretary.

The Company has entered into a Consulting Agreement with its Chief Financial Officer (“CFO”) effective April 1, 2019. As compensation for the services provided, the CFO will receive a monthly fee of \$2,500. During the period ended May 31, 2019, the Company paid \$5,000 (2018 - \$nil) in fees to the CFO and granted 100,000 stock options (2018 - nil) exercisable at a price of \$0.12 per share until April 4, 2023. The options had a fair value of \$2,987 and will vest over a period of four years as to 25% per year.

During the period ended May 31, 2019, the Company paid \$5,000 (2018 - \$nil) in fees to a director and \$5,000 (2018: \$nil) in fees to the former CEO, president and director.

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 \$35,950.

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8. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 27% and the Company's effective income tax expense is as follows:

	Year ended May 31, 2019	Period from November 23, 2017 to May 31, 2018
Loss for the year	\$ (193,453)	\$ (65,025)
Combined federal and provincial rate	27%	26%
Expected income tax (recovery)	(52,232)	(16,907)
Change in statutory, foreign tax, foreign exchange rates and others	-	(350)
Permanent difference	(38,527)	7,800
Change in unrecognized deductible temporary differences	90,759	9,457
Total income tax expense (recovery)	\$ -	\$ -

Significant components of the deferred income tax assets (liabilities) are as follows:

	May 31, 2019	May 31, 2018
Deferred tax assets (liabilities)		
Share issue costs	\$ 39,326	\$ -
Exploration and evaluation assets	-	-
Non-capital losses	60,889	9,457
	100,215	9,457
Unrecognized deferred tax assets	(100,215)	(9,457)
Deferred tax assets (liabilities)	\$ -	\$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences at May 31, 2019 and 2018 are as follows:

	May 31, 2019	May 31, 2018
Non-capital losses	\$ 225,515	\$ 35,025
Share issuance costs	145,654	-
Total unrecognized temporary differences	\$ 371,169	\$ 35,025

As at May 31, 2019, the Company has a non-capital loss for income tax purposes of approximately \$225,515 (2018 - \$35,025) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years

Expiry	2019
2038	\$ 35,025
2039	190,490
Total	\$ 225,515

The Company has not recorded deferred tax assets related to these unused non-capital loss carryforwards as it is not probable that future taxable profits will be available to utilize these loss carryforwards

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9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Values and Classification of Financial Instruments

The Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. Financial instruments are classified into one of the following categories: FVTPL, FVTOC, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2019	May 31, 2018
Cash	FVTPL	\$ 162,686	\$ 68,205
Accounts payable and accrued liabilities	Amortized cost	35,335	3,040

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at May 31, 2019 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	162,686	–	–	162,686

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at May 31, 2018 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	68,205	–	–	68,205

The fair value of the Company's financial instruments approximates their carrying value as at May 31, 2019 and 2018 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short - term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. COMMITMENTS

The Company is committed to common share issuances as described in Note 5.

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the period ended May 31, 2019, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	Year ended May 31, 2019	Period from November 23, 2017 to May 31, 2018
Share issued for corporate finance service	\$ 10,000	-
Share issued for mineral properties	\$ 10,000	-
Share issuance costs - warrants	\$ 24,376	-

There were no amounts of cash paid for interest or income taxes for the periods presented.