

**CREST RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND 2019**  
**(UNAUDITED)**

## **Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements**

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

**CREST RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	February 29, 2020 (Unaudited)	May 31, 2019 (Audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 7,911	\$ 162,686
Short-term investments (Note 5)	987,307	-
Accounts receivable (Note 7)	146,334	4,673
Prepaid expenses	5,000	-
Deposits (Note 8)	250,000	-
Notes receivable (Note 9)	72,265	-
	1,468,817	167,359
Notes receivable (Note 9)	473,748	-
Investment (Note 6)	8,604	-
Exploration and evaluation assets (Note 10)	505,377	111,269
	\$ 2,456,546	\$ 278,628
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 178,046	\$ 37,335
Loan payable (Note 11)	103,344	-
	281,390	37,335
Notes payable (Note 9)	478,071	-
	759,461	37,335
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	1,885,042	406,458
Reserves	95,274	93,313
Deficit	(533,431)	(258,478)
Total equity attributable to shareholders of the company	1,446,885	241,293
Non-controlling interest	250,200	-
Total equity	1,697,085	241,293
	\$ 2,456,546	\$ 278,628

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)  
COMMITMENTS (Note 16)  
SUBSEQUENT EVENTS (Note 18)

Approved and authorized for issue on behalf of the Board on May 12, 2020

"Michael Collins" Director "Garry Stock" Director

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

**CREST RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

(Unaudited)

	Three months ended February 29, 2020	Three months ended February 28, 2019	Nine months ended February 29, 2020	Nine months ended February 28, 2019
<b>EXPENSES</b>				
Bank charges	\$ 762	\$ 37	\$ 1,550	\$ 144
Business development	(2,270)	-	8,074	-
Consulting fees	34,000	-	84,000	27,000
Management fees	82,900	-	175,400	-
Marketing fees	22,039	-	40,576	5,469
Office	(504)	(673)	7,844	4,093
Professional fees	15,177	17,845	40,148	39,048
Rent	2,000	-	5,207	8,333
Salaries	11,756	-	49,718	-
Share-based payments	-	-	1,961	34,486
Transfer agent and filing fees	4,130	4,303	20,699	14,109
Travel	29,839	-	39,015	-
<b>OPERATING LOSS</b>	<b>(199,829)</b>	<b>(21,512)</b>	<b>(474,192)</b>	<b>(132,682)</b>
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(199,829)</b>	<b>(21,512)</b>	<b>(474,192)</b>	<b>(132,682)</b>
<b>OTHER ITEMS</b>				
Management fees	88,500	-	157,500	-
Gain on sale of mineral properties	51,900	-	51,900	-
Interest income	1,219	-	2,120	-
Interest expense	(5,388)	-	(7,992)	-
Realized gain on sale of short-term investments	160,482	-	132,776	-
Unrealized loss on short-term investments	27,477	-	(33,129)	-
Share of loss from equity-accounted investment	(87,020)	-	(103,936)	-
	237,170	-	199,239	-
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 37,341</b>	<b>\$ (21,512)</b>	<b>\$ (274,953)</b>	<b>\$ (132,682)</b>
<b>LOSS PER COMMON SHARE (basic and diluted)</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
	33,239,971	12,809,001	27,455,534	11,611,263

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

**CREST RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

(Unaudited)

	<u>Common Shares</u>				<b>Total</b>	<b>Non-controlling Interests</b>	<b>Total Equity</b>
	<b>Number of Shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>			
		\$	\$	\$	\$	\$	\$
Balance, May 31, 2018	8,750,001	217,001	30,000	(65,025)	181,976	-	181,976
Shares issued for Initial Public Offering	3,859,000	395,900	-	-	395,900	-	395,900
Shares issued to acquire properties	100,000	10,000	-	-	10,000	-	10,000
Share issuance costs	100,000	(215,958)	30,804	-	(185,154)	-	(185,154)
Share-based payments	-	-	34,486	-	34,486	-	34,486
Net loss for the period	-	-	-	(132,682)	(132,682)	-	(132,682)
<b>Balance, February 28, 2019</b>	<b>12,809,001</b>	<b>406,943</b>	<b>95,290</b>	<b>(197,707)</b>	<b>304,526</b>	<b>-</b>	<b>304,526</b>
Balance, May 31, 2019	12,809,001	406,458	93,313	(258,478)	241,293	-	241,293
Shares issued for cash	18,768,333	1,242,625	-	-	1,242,625	-	1,242,625
Shares issued to acquire properties	2,600,000	246,500	-	-	246,500	-	246,500
Share-based payments	-	-	1,961	-	1,961	-	1,961
Share issuance costs	-	(10,541)	-	-	(10,541)	-	(10,541)
Acquisition of non-controlling interests	-	-	-	-	-	250,200	250,200
Net loss for the period	-	-	-	(274,953)	(274,953)	-	(274,953)
<b>Balance, February 29, 2020</b>	<b>34,177,334</b>	<b>1,885,042</b>	<b>95,274</b>	<b>(533,431)</b>	<b>1,446,885</b>	<b>250,200</b>	<b>1,697,085</b>

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**CREST RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

(Unaudited)

	Three months ended February 29, 2020	Three months ended February 28, 2019	Nine months ended February 29, 2020	Nine months ended February 28, 2019
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ 37,341	\$ (21,512)	\$ (274,953)	\$ (132,682)
Item not involving cash:				
Share-based payments	-	-	1,961	34,486
Gain on sale of mineral properties	(51,900)	-	(51,900)	-
Realized gains on sale of short-term investments	(160,482)	-	(132,776)	-
Unrealized (gains) losses on short-term investments	(27,477)	-	33,129	-
Share of losses from equity-accounted investment	87,020	-	103,936	-
Changes in non-cash working capital balances:				
(Increase) decrease in amounts receivable	(88,242)	320	(141,661)	(3,922)
Increase in prepaid expenses	20,157	-	(5,000)	-
Increase in accounts payable	77,692	6,819	140,711	5,669
Increase in notes payable	2,356	-	4,323	-
Cash used in operating activities	(103,535)	(14,373)	(322,230)	(96,449)
<b>INVESTING ACTIVITIES</b>				
Increase in deposits	(225,000)	-	(250,000)	-
Increase in notes receivable	(23,505)	-	(72,265)	-
Exploration and evaluation assets	(78,150)	-	(115,708)	-
Redemption (purchase) of short-term investments	437,961	-	(721,396)	-
Investment	(8,604)	-	(8,604)	-
Cash provided by (used in) investing activities	102,702	-	(1,167,973)	-
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares	-	-	1,242,625	220,746
Share issuance costs	-	-	(10,541)	-
Increase in loans payable	2,983	-	103,344	-
Cash provided by financing activities	2,983	-	1,335,428	220,746
INCREASE (DECREASE) IN CASH	2,150	(14,373)	(154,775)	124,297
CASH, BEGINNING OF PERIOD	5,761	206,875	162,686	68,205
CASH, END OF PERIOD	\$ 7,911	\$ 192,502	\$ 7,911	\$ 192,502
<b>NON-CASH TRANSACTIONS</b>				
Assignment and settlement of debt	\$ -	\$ -	\$ 473,748	\$ -
Shares issued for exploration and evaluation assets	\$ 324,200	\$ -	\$ 496,700	\$ -

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**CREST RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

(Expressed in Canadian dollars)

(Unaudited)

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**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 and Peru and the investment in mineral exploration and mining technology companies. As at February 29, 2020, 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 \$274,953 for the period ended February 29, 2020, and, as of that date, the Company had an accumulated deficit of \$533,431, 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 condensed consolidated interim 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. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of presentation and measurement**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – “*Interim Financial reporting*” (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed interim financial statements do not include all information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual financial statements for the year ended May 31, 2019.

The financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 12, 2020.

The preparation of condensed consolidated interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

**CREST RESOURCES INC.**  
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**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(ii) Basis of Consolidation**

The condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

Name of Entity	Ownership interest as at February 29, 2020
Crest GP Canada Inc.	100%
Exploits Gold Corp.	60%

**(iii) Significant accounting policies**

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those disclosed in Note 2 of the Company's audited financial statements for the year ended May 31, 2019.

**(iv) Joint Ventures**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. Joint control is considered to exist when all parties to the joint arrangement are required to reach a unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint ventures are recognized as an investment and accounted for using the equity method of accounting.

Percentage ownership	February 29, 2020	May 31, 2019
Investment in associates (equity method)		
Carbon Foundry Corp.	50.0%	-%



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2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**(v) Investment in associates**

Associates are entities, including unincorporated entities such as partnerships, over which the Company has significant influence and that are neither subsidiaries nor interests in joint arrangements. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel, or the provision of essential technical information. Associates are equity accounted for from the effective date of commencement of significant influence to the date that the Company ceases to have significant influence.

Results of associates are equity accounted for using the results of their most recent annual financial statements or interim financial statements, as applicable. Losses from associates are recognized in the financial statements until the interest in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

The carrying value of the investment in an associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, accumulated other comprehensive income ("AOCI") and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired. No impairment was required for the three and nine months ended February 29, 2020.

The investment in associates of the Company is listed below. Principal activities of the entity, which is incorporated in Canada, in mineral exploration and acquisition of royalties:

<b>Percentage ownership</b>	<b>February 29, 2020</b>	<b>May 31, 2019</b>
Investment in associates (equity method)		
Volatus Capital Corp.	47.3%	-%

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the Company's condensed consolidated interim 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
- 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 February 29, 2020. 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. NEW ACCOUNTING STANDARDS**

The following new standards have been adopted effective June 1, 2019:

##### **IFRS 16 Leases** (“IFRS 16”)

IFRS 16 replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after June 1, 2019.

In line with the option under IFRS 16, the accounting standard is being applied using the modified retrospective method. Applying this method, the comparative information for the 2018 fiscal year has not been reinstated. The previous determination pursuant to IAS 17 and IFRIC 4 of whether a contract is a lease has been maintained for the existing contracts. In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short term leases and to leases of low-value assets. There were no new leases agreements entered into during the period being reported.

The Company adopted all the requirements of IFRS 16, Leases as of June 1, 2019. Management’s assessment is that there will not be a change in the valuation of prior period balances nor impact the current disclosure and accounting of such items under this accounting policy.

##### **IFRIC 23 Uncertainty over Income Tax Treatments** (“IFRIC 23”)

In 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (“IFRIC 23” or “the Interpretation”). The Interpretation 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 requires:

- 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;
- an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable 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.

The Interpretation is effective for annual periods beginning on or after January 1, 2019. The Company has retrospectively adopted the new interpretations with no impact on the condensed interim financial statements.

**CREST RESOURCES INC.**  
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**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**  
(Expressed in Canadian dollars)

(Unaudited)

**5. SHORT-TERM INVESTMENTS**

Short-term investments consist of term deposits and marketable securities. As at February 29, 2020 and May 31, 2019, the fair values of the short-term investments are as follows:

	<b>February 29, 2020</b>	<b>May 31, 2019</b>
	\$	\$
Term deposits	5,000	-
Marketable securities	523,202	-
Investment in associates	459,105	-
<b>Total</b>	<b>987,307</b>	<b>-</b>

**a) Term deposits**

A restricted term deposit of \$5,000 is held with the Royal Bank of Canada as security against the Company's corporate credit card account.

**b) Marketable securities**

During the period ended February 29, 2020, the Company acquired common shares of publicly traded mining exploration companies for investment purposes. A summary table of the Company's investments in marketable securities is as follows:

	<b>Number of shares</b>	<b>Fair value \$</b>
<b>Scottie Resources Corp.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	5,100,000	797,250
Sale of securities	(4,100,000)	(788,661)
Realized gains	-	147,734
Unrealized gains	-	18,677
Balance, February 29, 2020	<b>1,000,000</b>	<b>175,000</b>
<b>Prime Mining Corp.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	150,000	60,455
Sale of securities	(150,000)	(48,124)
Realized losses	-	(12,331)
Balance, February 29, 2020	<b>-</b>	<b>-</b>

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**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**  
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(Unaudited)

**5. SHORT-TERM INVESTMENTS (continued)**

**b) Marketable securities (continued)**

	<b>Number of shares</b>	<b>Fair value \$</b>
<b>International Prospect Ventures Ltd.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	1,946,000	163,341
Sale of securities	(204,000)	(20,224)
Realized gains	-	3,793
Unrealized gains	-	27,290
Balance, February 29, 2020	<u>1,742,000</u>	<u>174,200</u>
<b>Troubadour Resources Inc.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	2,045,000	101,910
Unrealized losses	-	(30,335)
Balance, February 29, 2020	<u>2,045,000</u>	<u>71,575</u>
<b>Apex Resources Inc.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	255,000	21,982
Unrealized losses	-	(4,132)
Balance, February 29, 2020	<u>255,000</u>	<u>17,850</u>
<b>International Samuel Exploration Corp.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	336,500	40,940
Unrealized losses	-	(17,385)
Balance, February 29, 2020	<u>336,500</u>	<u>23,555</u>
<b>Tarku Resources Ltd.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	307,692	40,520
Unrealized losses	-	(12,828)
Balance, February 29, 2020	<u>307,692</u>	<u>27,692</u>

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**5. SHORT-TERM INVESTMENTS (continued)**

**b) Marketable securities (continued)**

	<b>Number of shares</b>	<b>Fair value \$</b>
<b>Rockridge Resources Ltd.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	233,000	38,874
Sale of securities	(155,000)	(21,605)
Realized losses	-	(4,256)
Unrealized losses	-	(2,483)
Balance, February 29, 2020	78,000	10,530
<b>Westminster Resources Ltd.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	456,000	34,733
Unrealized losses	-	(11,933)
Balance, February 29, 2020	456,000	22,800
<b>Three D Capital Inc.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	2,000,000	40,559
Sale of securities	(2,000,000)	(34,485)
Realized losses	-	(6,074)
Balance, February 29, 2020	-	-
<b>Peruvian Metals Corp.</b>		
Balance, May 31, 2019	-	-
Purchase of securities	1,000,000	35,470
Sale of securities	(1,000,000)	(39,380)
Realized gains	-	3,910
Balance, February 29, 2020	-	-

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(Unaudited)

**5. SHORT-TERM INVESTMENTS (continued)**

**c) Investment in associates**

Investment in associates relates to the Company's investment in Volatus Capital Corp. ("Volatus"). As at February 29, 2020, the Company owns 8,000,000 common shares of Volatus representing 47.3% of the outstanding share capital. The shares of Volatus were trading at \$0.07 per share on that date.

The Company has no contingent liabilities relating to its interest in the associates.

		<b>Volatus</b>
As at May 31, 2019	\$	-
Investment		519,000
Capitalized legal fees		2,645
Share of loss from equity-accounted investment		(62,540)
As at February 29, 2020	\$	459,105

For the nine months ended February 29, 2020, the Company recognized a loss of \$62,540 (May 31, 2019 - \$nil) from its share of loss from equity-accounted investment.

As at February 29, 2020, the Company compared the carrying value of investment in Volatus to the fair value less costs to sell the common shares as indicated by the trading price on the Canadian Securities Exchange and determined that no impairment loss is to be recognized.

**6. INVESTMENT**

On December 12, 2019, the Company entered into a shareholder's agreement (the "Shareholder's Agreement") with Lab 4 Inc. ("Lab 4") to form a joint venture entity known as Carbon Foundry Corp. ("Carbon Foundry") to develop, build and operate a facility to refine graphite and other similar carbon elements. Under the terms of the Shareholder's Agreement, the Company and Lab 4 will each own an initial 50% equity interest in Carbon Foundry, for which the Company will contribute \$50,000 and Lab 4 will contribute intellectual property. The Company has the right to appoint two of four members of the board of directors and to appoint the Chair of the Management Committee.

A reconciliation of the summarized financial information to the carrying amount of the investment in Carbon Foundry is set out below:

		<b>Carbon Foundry</b>
As at May 31, 2019	\$	-
Investment		50,000
Share of loss from equity-accounted investment		(41,396)
As at February 29, 2020	\$	8,604

As a privately held company, there are no quoted market prices available for the shares of Carbon Foundry.

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(Unaudited)

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**7. ACCOUNTS RECEIVABLE**

	<b>February 29, 2020</b>	<b>May 31, 2019</b>
	\$	\$
Trade receivables	145,425	-
GST recoverable	909	4,673
	<b>146,334</b>	<b>4,673</b>

**8. DEPOSITS**

On October 29, 2019, as amended on January 28, 2020, the Company entered into an agreement (the "Agreement") to invest \$1,000,000 in EcoMine Technologies Corporation ("EcoMine"), a private British Columbia company that produces bespoke bio-chemical reagents for recovery of metals in the mineral industry. The Company, together with such parties agreeable to EcoMine, will purchase an aggregate 4,000,000 common shares of EcoMine at a price of \$0.25 per share (each, a "Share") for total investment of \$1,000,000. The Shares will be acquired by way of private placement in four tranches of 1,000,000 Shares each as follows: the First Tranche shall close on or before April 15, 2020 (the "First Closing"), with each Subsequent Investment to close on or before the six, twelve and eighteen month anniversary of the First Closing. The closing dates of the Subsequent Investments may be subject to Revised Tranche Dates as agreed by the parties, depending on the cash needs of EcoMine. A non-refundable deposit of \$25,000 was paid by the Company upon signing the Agreement and the Company agreed to advance \$250,000 towards the First Tranche as an interest free unsecured loan until completion of the First Closing. The Company has advanced \$100,000 as at February 29, 2020.

On January 30, 2020, the Company entered into a subscription agreement to acquire 1,000,000 units of Cleghorn Minerals Ltd. ("Cleghorn") at a price of \$0.05 per unit for a total cost of \$50,000. Each unit consists of one common share of Cleghorn and one common share purchase warrant to acquire an additional common share at a price of \$0.10 for a period of three years. The Company advanced payment for the investment on February 24, 2020 and the private placement closed subsequent to period end on March 5, 2020.

On February 19, 2020, the Company entered into a subscription agreement to acquire 1,000,000 common shares of Essex Minerals Inc. ("Essex") at a price of \$0.10 per common share for a total cost of \$100,000. The Company advanced payment for the investment on February 21, 2020 and the private placement closed subsequent to period end on April 6, 2020.



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**9. NOTES RECEIVABLE**

Pursuant to a Loan Agreement dated September 12, 2019, as amended on November 28, 2019 and March 20, 2020, between the Company as Lender and Westminster Resources Ltd. ("Westminster") as Borrower, the Company agreed to lend up to \$75,000 (the "Loan") to Westminster on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand and the Loan shall be secured by Westminster's interest in its Peruvian subsidiary as collateral.

On October 1, 2019, as amended on January 14, 2020, the Company entered into a loan agreement to lend up to \$30,000 to Opawica Explorations Inc. ("Opawica"), a company with a common corporate secretary and formerly a common director. The principal amount of the loan plus accrued interest, being 10% per annum, is payable on demand after December 31, 2019. The Company has advanced a total of \$22,000 under the loan agreement and has been paid interest of \$375. The principal amount along with interest receivable of \$186 are included in notes receivable as at February 29, 2020.

	<b>Westminster Resources Ltd.</b>	<b>Opawica Explorations Inc.</b>	<b>Total</b>
Principal	\$	\$	\$
Balance, May 31, 2019	-	-	-
Principal	48,600	38,060	86,660
Accrued interest	1,651	389	2,040
Repayment	-	(16,435)	(16,435)
Balance, February 29, 2020	50,251	22,014	72,265

**Assignment of debt**

On September 16, 2019, the Company acquired \$473,748 in receivables from Westminster and assumed \$473,748 in corresponding liabilities payable to certain creditors. The liabilities are payable at face value in cash or in kind on or before three years, accrue interest at a rate of 2.0% per annum and a good faith payment of \$150 is payable to each creditor on or around December 25 of each year the liability is outstanding. The Company has accrued interest expense of \$4,323 as at February 29, 2020. At September 16, 2019, the corporate secretary of one of the creditors was a director of the Company. The amount owing to the related party creditor is \$196,748.

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**10. EXPLORATION AND EVALUATION ASSETS**

	British Columbia, Canada			Ontario, Canada	Newfoundland and Labrador, Canada		Chala, Peru	Total
	Red Metal Ridge	Split Dome Copper	Lion's Den	Cleghorn	Jonathan's Pond	Mt. Peyton	Chala Copper	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>								
Balance, May 31, 2018	5,000	-	-	-	-	-	-	5,000
Acquisition	10,000	-	-	-	-	-	-	10,000
Balance, May 31, 2019	15,000	-	-	-	-	-	-	15,000
Acquisition	29,500	218,100	47,311	7,140	100,000	150,000	21,958	574,009
Sale of property	-	(218,100)	-	-	-	-	-	(218,100)
Balance, February 29, 2020	44,500	-	47,311	7,140	100,000	150,000	21,958	370,909
<b>Exploration expenditures</b>								
Balance, May 31, 2018	96,269	-	-	-	-	-	-	96,269
Additions	-	-	-	-	-	-	-	-
Balance, May 31, 2019	96,269	-	-	-	-	-	-	96,269
Additions	-	-	-	-	-	-	38,199	38,199
Balance, February 29, 2020	96,269	-	-	-	-	-	-	134,468
<b>Total acquisition costs and exploration expenditures</b>								
May 31, 2018	101,269	-	-	-	-	-	-	101,269
May 31, 2019	111,269	-	-	-	-	-	-	111,269
February 29, 2020	140,769	-	47,311	7,140	100,000	150,000	60,157	505,377

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**10. EXPLORATION AND EVALUATION ASSETS (continued)****a) Red Metal Ridge Property (Sayward, British Columbia)**

Pursuant to an option agreement (the "Agreement") dated January 5, 2018, as amended on October 30, 2019, November 28, 2019 and February 27, 2020, the Company was granted an option to acquire a 100% undivided interest in two stages in the Red Metal Ridge property ("Red Metal") located near Sayward in British Columbia.

Under the Agreement and its subsequent amendments, the Company has the option to acquire an initial 51% undivided interest (earned) in Red Metal by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in Red Metal by issuing a total of 800,000 common shares of the Company to the Optionors, making cash payments totaling \$145,000, 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 <sup>1</sup>	5,000 <sup>2</sup>	-
On or before October 19, 2019 (amended)	-	-	100,000 <sup>3</sup>
On or before February 21, 2020 (amended)	-	5,000 <sup>2</sup>	-
On or before February 29, 2020 (amended)	300,000 <sup>4</sup>	-	-
On or before April 27, 2020 (amended)	-	5,000	-
On or before October 19, 2020 (the second anniversary of the Listing)	100,000	30,000	100,000
On or before October 19, 2021 (the third anniversary of the Listing)	300,000	100,000	300,000
<b>Total</b>	<b>800,000</b>	<b>145,000</b>	<b>500,000</b>

1. Issued on October 22, 2018 with a fair value of \$10,000.
2. Paid.
3. Incurred.
4. Issued on February 28, 2020 with a fair value of \$19,500.

The Optionors will retain a 3% Net Smelter Returns royalty on Red Metal. 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.

**b) Split Dome Copper Property (Hazelton, British Columbia)**

Pursuant to an agreement dated September 9, 2019, the Company agreed to acquire up to a 100% interest in the Split Dome copper property ("Split Dome") located near Hazelton, British Columbia for consideration of \$10,600 and the issuance of 2,000,000 common shares of the Company. On September 12, 2019, the Company completed the acquisition of an initial 75% interest, subject to a 0.25% net smelter return royalty, in Split Dome with the payment of \$10,600 and issuance of 1,500,000 common shares with a fair value of \$187,500. On January 2, 2020, the Company acquired the final 25% interest to bring its ownership interest to 100% through the issuance of 500,000 common shares with a fair value of \$35,000.

Two of the vendors of Split Dome are directors of the Company. One director received cash payment of \$10,600, 500,000 common shares of the Company with a fair value of \$57,500 and retained a 0.25% NSR royalty, and another director received 500,000 common shares of the Company with a fair value of \$57,500.

**10. EXPLORATION AND EVALUATION ASSETS (continued)**

**b) Split Dome Copper Property (continued)**

Pursuant to an agreement dated January 31, 2020, the Company sold its 100% interest in Split Dome to Volatus for consideration of 3,000,000 common shares of Volatus and 1,500,000 common share purchase warrants exercisable at a price of \$0.10 per share for a period of 36 months. The total fair value of the consideration was \$270,000. This transaction was completed on February 5, 2020 and a gain on disposal of exploration and evaluation assets of \$51,900 was recorded during the period ended February 29, 2020.

**c) Lion's Den Property (Toodoggone, British Columbia)**

Pursuant to an agreement dated February 19, 2020, the Company agreed to acquire a 100% interest in 11 mineral claims known as the Lion's Den Property, located in the Toodoggone region of north-central British Columbia, for consideration of 300,000 common shares of the Company (issued February 28, 2020 with a fair value of \$19,500). An additional \$27,811 in acquisition costs was incurred on claims registration during the period ended February 29, 2020.

**d) Chala Copper Property (Chala, Peru)**

Pursuant to a staking syndicate agreement in November 2019, the Company has acquired ownership of a 68.5% interest in four mineral claims known as the Chala Copper Project located east of Chala, Peru for consideration of funding an exploration program to the value of USD \$50,000 (\$38,199 incurred). The claims were acquired through a staking syndicate that includes the Company's President, CEO and director, who holds 18% interest in the claims. The Company has expended \$21,958 in staking costs on the claims.

**e) Jonathan's Pond Property (Newfoundland and Labrador)**

Pursuant to an agreement dated February 13, 2020, the Company's 60% owned subsidiary, Exploits Gold Corp. ("Exploits"), agreed to acquire a 100% interest in three mineral licences known as the Jonathan's Pond Property (the "JP Property") for the following consideration: (i) \$15,000 cash (paid) and 2,000,000 common shares of Exploits (issued February 13, 2020 with a fair value of \$100,000) upon signing the agreement; and (ii) \$35,000 cash on or before June 13, 2020. One of the vendors of the JP Property is the Vice President of Business Development of the Company, who received 300,000 shares of Exploits as consideration. The JP Property is subject to a 3% net smelter returns royalty of which Exploits may repurchase 1.5% of the NSR for \$1,000,000 at any time.

**f) Mt. Peyton Property (Newfoundland and Labrador)**

Pursuant to an agreement dated February 13, 2020, the Company's 60% owned subsidiary, Exploits, agreed to acquire a 100% interest in 15 mineral licences known as the Mt. Peyton Property (the "MP Property") for the following consideration: (i) \$25,000 cash (paid) and 3,000,000 common shares of Exploits (issued February 13, 2020 with a fair value of \$150,000) upon signing the agreement; and (ii) \$50,000 cash on or before May 13, 2020. One of the vendors of the JP Property is the Vice President of Business Development of the Company, who received 450,000 shares of Exploits as consideration and will retain 0.45% NSR on the claims. The MP Property is subject to a 3% net smelter returns royalty of which Exploits may repurchase 1.5% of the NSR for \$1,500,000 at any time.

**10. EXPLORATION AND EVALUATION ASSETS (continued)****g) Cleghorn Property (Matachewan, Ontario)**

In January 2020, the Company acquired 142 mineral claims known as the Sprague Cleghorn Prospect and the Odie Cleghorn Prospect through staking for a total cost of \$7,140. The Company has subsequently sold the Cleghorn Property (Note 18).

**11. LOAN PAYABLE**

On November 20, 2019, the Company entered into a loan agreement to borrow \$100,000 from Volatus, a junior exploration company in which the Company owns a 47.3% interest and the President, CEO and a director of both the Company and Volatus. The principal amount of the loan plus accrued interest at 12% per annum is payable on demand after November 20, 2020. The Company has pledged its short-term investments in the value of \$112,000 as collateral against repayment of the loan and accrued interest. As at February 29, 2020, interest of \$951 has accrued on the loan.

**12. 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 February 29, 2020, there were 1,500,000 escrow shares outstanding.

**c) Issued and Outstanding as at February 29, 2020: 34,177,334 common shares.**

For the period ended February 29, 2020, the Company had the following share capital transactions:

- (i) On July 25, 2019, the Company completed the first tranche of a non-brokered private placement and issued 10,400,000 units at a price of \$0.06 per unit (the "Units") for gross proceeds of \$660,000. Each Unit consists of one common share and one common share purchase warrant, with each whole warrant exercisable into one further common share at a price of \$0.075 for a period of five years from the date of issuance. The securities issued were restricted from trading until November 26, 2019. The Corporate Secretary of the Company purchased 250,000 Units.

**12. SHARE CAPITAL (continued)**

- (ii) On July 31, 2019, the Company completed the final tranche of a non-brokered private placement and issued 600,000 units at a price of \$0.06 per unit (the "Units") for gross proceeds of \$36,000. Each Unit consists of one common share and one common share purchase warrant, with each whole warrant exercisable into one further common share at a price of \$0.075 for a period of five years from the date of issuance. The securities issued were restricted from trading until December 1, 2019. A director of the Company purchased 200,000 Units.
- (iii) On August 19, 2019, the Company completed the first tranche of a non-brokered private placement and issued 2,200,000 common shares at a price of \$0.075 per common share for gross proceeds of \$165,000. The securities issued were restricted from trading until December 20, 2019.
- (iv) On September 10, 2019, the Company completed the second tranche of a non-brokered private placement and issued 2,700,000 common shares at a price of \$0.075 per common share for gross proceeds of \$202,500. The securities issued were restricted from trading until January 11, 2020.
- (v) On September 12, 2019, the Company issued 1,500,000 common shares with a fair value of \$0.115 per common share for a value of \$172,500 as partial consideration to acquire 75% interest in Split Dome as disclosed in Note 9. The securities issued were restricted from trading until January 13, 2020. Two directors of the Company each received 500,000 shares.
- (vi) On September 23, 2019, the Company completed the third tranche of a non-brokered private placement and issued 2,250,000 common shares at a price of \$0.075 per common share for gross proceeds of \$168,750. The securities issued were restricted from trading until January 24, 2020. A director of the Company purchased 1,250,000 shares.
- (vii) On November 1, 2019, the Company completed the fourth tranche of a non-brokered private placement and issued 618,333 common shares at a price of \$0.075 per common share for gross proceeds of \$46,375. The securities issued are restricted from trading until March 2, 2020.
- (viii) On January 2, 2020, the Company issued 500,000 common shares with a fair value of \$0.07 per common share for a value of \$35,000 as consideration to acquire an additional 25% interest in Split Dome as disclosed in Note 9. The securities issued are restricted from trading until May 3, 2020.
- (ix) On February 28, 2020, the Company issued 300,000 common shares with a fair value of \$0.065 per common share for a value of \$19,500 as consideration to acquire 100% interest in the Lion's Den property disclosed in Note 9. The securities issued are restricted from trading until June 29, 2020.
- (x) On February 28, 2020, the Company issued 300,000 common shares with a fair value of \$0.065 per common share for a value of \$19,500 pursuant to the Red Metal Ridge property option agreement disclosed in Note 9. The securities issued are restricted from trading until June 29, 2020.

**12. SHARE CAPITAL (continued)**

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

- (i) On October 22, 2018, the Company completed an initial public offering (“IPO”) of 3,859,000 shares at \$0.10 for gross proceeds of \$385,900. 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%.

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 pursuant to the Red Metal Ridge property option agreement disclosed in Note 9.

**d) Stock Options**

The Company has a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants of the Company. Options are exercisable for periods of up to ten years, as determined by the Board of Directors of the Company, to purchase common shares of the Company at a price not less than the discounted market price on the date of the grant. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding common shares on a non-diluted basis.

A summary of the Company’s stock options at February 29, 2020 and May 31, 2019 and the changes for the periods then ended is presented below:

	<b>February 29, 2020</b>		<b>May 31, 2019</b>	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	525,000	\$0.10	-	-
Granted	-	-	525,000	\$0.10
Cancelled	(150,000)	\$0.10	-	-
Ending balance	375,000	\$0.10	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.

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.

On June 1, 2019, 75,000 options exercisable at \$0.10 per share were cancelled and on July 4, 2019, 75,000 options exercisable at \$0.10 per share were cancelled.

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**12. SHARE CAPITAL (continued)**

Details of stock options outstanding and exercisable as at February 29, 2020 are as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding</b>	<b>Exercisable</b>
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
		<u>375,000</u>	<u>300,000</u>

The weighted average remaining contractual life of stock options outstanding at February 29, 2020 was 2.66 years (May 31, 2019: 3.49 years).

**e) Warrants**

A summary of the Company's share purchase warrants at February 29, 2020 and May 31, 2019 and the changes for the periods then ended is presented below:

	<b>Warrants</b>	
	<b>Number</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding, May 31, 2018	-	-
Issued, Agents' warrants	385,900	0.100
Outstanding, May 31, 2019	385,900	0.100
Issued	11,000,000	0.075
Outstanding, February 29, 2020	<u>11,385,900</u>	<u>0.076</u>

As at February 29, 2020, the Company had outstanding and exercisable warrants as follows:

	<b>Expiry Date</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Period</b>
Warrants	October 22, 2020	385,900	\$ 0.100	0.65 years
	July 25, 2024	10,400,000	\$ 0.075	4.41 years
	July 31, 2024	600,000	\$ 0.075	4.42 years
		<u>11,385,900</u>	<u>\$ 0.076</u>	<u>4.28 years</u>



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**13. RELATED PARTY 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.

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

	<b>Period ended February 29, 2020</b>	<b>Period ended February 28, 2019</b>
	\$	\$
Salaries and benefits	37,962	-
Management fees	92,500	-
Share-based payments	1,961	34,486
	<b>132,423</b>	<b>34,486</b>

The Company has entered into an Officer and Consulting Agreement with the current CEO of the Company effective September 26, 2019. As compensation for the services to be provided, the CEO will receive a monthly fee of \$8,000 and a signing bonus of \$37,500. During the nine months ended February 29, 2020, the Company paid \$48,300 in consulting fees and signing bonus, recorded \$31,200 in accruals for fees and \$7,937 in accounts payable to the CEO of the Company, which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Officer and Consulting Agreement with a company controlled by the former Chief Operating Officer and former director of the Company (the “Consultant”) effective September 1, 2019. As compensation for the services to be provided, the Consultant will receive a monthly fee of \$8,000. During the nine months ended February 29, 2020, the Company recorded \$50,400 in fees payable to the Consultant, which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with a company controlled by the CFO of the Company effective April 1, 2019. As compensation for the services provided, the company controlled by the CFO will receive a monthly fee of \$2,500. During the nine months ended February 29, 2020, the Company paid \$22,500 (2019 - \$nil) in fees to the company controlled by 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 \$981 and will vest over a period of four years as to 25% per year. As at February 29, 2020, the Company has recorded \$2,653 in fees payable to the company controlled by the CFO, which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Employment Agreement with the Corporate Secretary of the Company effective April 18, 2019, as amended July 25, 2019. As compensation for the services to be provided, the Corporate Secretary will receive a signing bonus of \$3,000 and a monthly fee of \$3,000 for a one-year term. During the nine months ended February 29, 2020, the Company paid \$36,019 (2019 - \$nil) in salary to the Corporate Secretary.

Subsequent to period end, on April 18, 2020, the Company entered into an Employment Agreement of no fixed term with the Corporate Secretary for consideration of \$4,500 per month of which \$3,000 is payable in cash and \$1,500 is to be accrued and applied towards the purchase of equity securities of the Company.

**13. RELATED PARTY TRANSACTIONS (continued)**

The Company has entered into an Officer and Consulting Agreement with the Vice President, Business Development ("VP") of the Company effective January 16, 2020 for a term to end on May 15, 2020. As compensation for the services to be provided, the VP will receive a monthly fee of \$8,000 plus applicable taxes, of which \$5,000 is payable in cash and \$3,000 is accrued and applied towards the purchase of equity securities of the Company. During the nine months ended February 29, 2020, the Company paid \$7,500 in consulting fees, recorded \$4,725 in accruals for fees and \$1,255 in accounts payable to the VP of the Company, which are due on demand, unsecured and non-interest bearing.

The Company entered into an Employment Agreement with the former CEO of the Company effective April 1, 2019 until his resignation on September 26, 2019. As compensation for the services provided, the former CEO received a monthly fee of \$2,500. During the nine months ended February 29, 2020, the Company paid \$13,700 (2019 - \$nil) in salary to the former CEO.

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. 225,000 of the options have been cancelled (Note 12(d)).

The Company has entered into a Management, Operations and Marketing Support Agreement with Volatus, effective October 1, 2019 for a three year term. As compensation for the services provided, the Company will receive a monthly fee of \$9,500. During the nine months ended February 29, 2020, the Company recorded \$47,500 (2019 - \$nil) in management fee income from Volatus.

The Company has entered into a Management, Operations and Geological Consulting Services Agreement with Opawica, effective October 1, 2019 for a three year term. As compensation for the services provided, the Company will receive a monthly fee of \$10,000. This agreement was amended on May 1, 2020 to reduce the fee to \$8,500 and charge \$1,500 for office rent. During the six months ended February 29, 2020, the Company recorded \$50,000 (2019 - \$nil) in fees receivable from Opawica.

**14. 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.

**CREST RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

(Expressed in Canadian dollars)

(Unaudited)

**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**Fair Values and Classification of Financial Instruments

The Company's financial instruments consist of cash, short-term investments, amounts receivable, notes receivable, accounts payable and accrued liabilities, loans payable and notes payable. 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	February 29, 2020	May 31, 2019
Cash	FVTPL	\$ 7,911	\$ 162,686
Short-term investments	FVTPL	528,202	—
Accounts receivable	Amortized cost	146,334	—
Notes receivable	Amortized cost	72,265	—
Long term notes receivable	Amortized cost	473,748	—
Accounts payable and accrued liabilities	Amortized cost	178,046	37,335
Loans payable	Amortized cost	103,344	—
Notes payable	Amortized cost	478,071	—

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 February 29, 2020 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	7,911	—	—	7,911
Term deposits	5,000	—	—	5,000
Short-term investments	523,202	—	—	523,202

**15. 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, 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

The fair value of the Company's financial instruments approximates their carrying value as at February 29, 2020 and May 31, 2019 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.

(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.

**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**

(v) *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no fluctuating interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**16. COMMITMENTS**

The Company is committed to certain cash payments, share issuances, management agreements and exploration expenditures in connection with the acquisition of its mineral property claims as described in Note 10.

**17. SEGMENTED INFORMATION**

The Company has one operating segment, the exploration of mineral properties, and two geographic segments, with current exploration activities being conducted in Canada and Peru.

	February 29, 2020			May 31, 2019		
	Canada	Peru	Total	Canada	Peru	Total
	\$	\$	\$	\$	\$	\$
Current assets	1,468,817	-	1,468,817	167,359	-	167,359
Notes receivable	473,748	-	473,748	-	-	-
Investment	8,604	-	8,604	-	-	-
Exploration and evaluation assets	445,220	60,157	505,377	111,269	-	111,269
<b>Total assets</b>	<b>2,396,389</b>	<b>60,157</b>	<b>2,456,546</b>	<b>278,628</b>	<b>-</b>	<b>278,628</b>

**18. SUBSEQUENT EVENTS**

**a) Sale of Cleghorn Property**

On March 5, 2020, the Company acquired 1,000,000 units of Cleghorn Minerals Ltd. ("Cleghorn") by way of private placement at a price of \$0.05 each for a total cost of \$50,000. Each unit consists of one common share of Cleghorn and one share purchase warrant to acquire an additional share at a price of \$0.10 for a period of three years. On April 8, 2020, the Company acquired 1,500,000 common shares of Cleghorn at a price of \$0.06 per share and 750,000 share purchase warrants exercisable at price of \$0.10 per share for a term of two years, for total consideration of \$90,000, as proceeds from the sale of the Company's 100% interest in 142 mineral claims known as the Sprague Cleghorn Prospect and Odie Cleghorn Prospect, located in the Matachewan area of NE Ontario, to Cleghorn pursuant to a Mineral Claim Purchase Agreement dated March 7, 2020. Subsequent to the transactions, the Company owned and controlled 2,500,000 common shares of Cleghorn representing 8.80% of the then issued and outstanding common shares based on a total of 28,408,618 common shares outstanding as of April 8, 2020; or 4,250,000 common shares of Cleghorn representing 14.09% of the outstanding shares assuming exercise of the 1,750,000 warrants held by the Company.

**18. SUBSEQUENT EVENTS (continued)****b) Acquisition of Chala Property Interest**

On March 12, 2020, the Company entered into a property purchase and sale agreement with the President, CEO and a director of the Company to purchase a 5% interest in the Chala copper project from the President, CEO and a director of the Company for consideration of 1,000,000 common shares of the Company with a deemed price of \$0.05 per share.

**c) Notes Receivable**

On March 20, 2020, the Company and Westminster amended the Loan Agreement dated September 12, 2019 to increase the amount of loan to Westminster to up to \$75,000. A further \$7,000 was advanced to Westminster on March 20, 2020 pursuant to the Loan Agreement (Note 9).

**d) Short-term Investments**

Subsequent to period end, the Company participated in a non-brokered private placement of Essex Minerals Inc. ("Essex") that closed on April 6, 2020. The Company acquired 1,000,000 common shares of Essex at a price of \$0.10 per share for total cost of \$100,000.

Subsequent to period end, the Company participated in a non-brokered private placement of Cleghorn that closed on March 5, 2020. The Company acquired 1,000,000 units of Cleghorn at a price of \$0.05 per unit for total cost of \$50,000. Each unit consists of one common share of Cleghorn and one common share purchase warrant exercisable at a price of \$0.10 per share for a period of three years.

**e) Arizona Queensland Vanadium Shale Project**

On March 9, 2020, the Company entered into an Assignment Agreement to acquire a Term Sheet and the right to negotiate the acquisition of a 100% interest in the Arizona Queensland Vanadium Shale Project (the "Project") from Vecco Industrial Pty Ltd ("Vecco"), the current owner of the Project and an arm's length party, for consideration of \$450,000 payable to Aeternum Holdings Ltd. ("Aeternum"), a private British Columbia company controlled by a former director of the Company and holder of 11.70% interest in the Company. The acquisition was formalized under a Property Purchase and Sale Agreement dated April 20, 2020 (the "Agreement") under which the Company's 60% owned Australian subsidiary, AusVan Battery Metals Pty Ltd ("AusVan"), would acquire a 100% interest in the Project and Vecco will retain a 40% interest in the Project through owning 40% of the issued and outstanding common shares of AusVan. To acquire the Project, AusVan must make cash payments totalling \$150,000, a further \$350,000 on meeting certain milestones and fund \$1,000,000 in exploration and development work. AusVan is further obligated to reimburse approximately \$36,000 (AUD \$40,500) in tenement rents paid on the Project. The Arizona Project is a resource stage Vanadium and High Purity Alumina deposit located in central Queensland, Australia.

**f) Loan payable**

On April 23, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for forgiveness as long as the business pays back \$30,000 on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a 3-year term loan at an interest rate of 5%.