

CREST RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Crest Resources Inc.

Opinion

We have audited the consolidated financial statements of Crest Resources Inc. (the "Company") which comprise the consolidated statements of financial position as at May 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended May 31, 2020 and 2019, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and 2019, 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 Consolidated 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 consolidated 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.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated 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 Ted McLellan.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada

September 28, 2020

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

	As at May 31,	
	2020	2019
ASSETS		
CURRENT		
Cash	\$ 26,551	\$ 162,686
Restricted cash	5,000	-
Marketable securities (Note 5)	834,331	-
Accounts receivable	2,874	-
Prepaid expenses and advance (Note 6)	130,009	-
GST recoverable	12,966	4,673
Notes receivable (Note 7)	22,739	-
	1,034,470	167,359
Investment in associate (Note 9)	505,308	-
Exploration and evaluation assets (Note 10)	1,187,697	111,269
	\$ 2,727,475	\$ 278,628
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 13)	\$ 701,127	\$ 37,335
Deferred revenue (Note 13)	137,500	-
Loans payable (Note 11)	146,361	-
	984,988	37,335
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	1,955,042	406,458
Reserves	234,407	93,313
Deficit	(558,730)	(258,478)
Total equity attributable to shareholders of the company	1,630,719	241,293
Non-controlling interest	111,768	-
Total equity	1,742,487	241,293
	\$ 2,727,475	\$ 278,628

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 16)

SUBSEQUENT EVENTS (Note 20)

Approved and authorized for issue on behalf of the Board on September 28, 2020

"Michael Collins" Director "Garry Stock" Director

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

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

	For the years ended May 31,	
	2020	2019
REVENUE		
Management fees (Note 13)	\$ 77,500	\$ -
Contractor fees (Note 13)	12,500	-
	90,000	-
EXPENSES		
Bank charges	2,563	190
Business development	48,265	-
Consulting fees	140,000	32,000
Insurance	738	-
Interest expenses	13,412	-
Management fees (Note 13)	217,900	-
Marketing fees (Note 13)	46,616	5,469
Office	37,172	4,240
Professional fees	72,452	87,755
Rent	5,207	8,333
Salaries (Note 13)	59,344	7,828
Share-based payments (Note 12)	3,922	38,937
Transfer agent and filing fees	25,737	8,701
Travel	34,139	-
	(707,467)	(193,453)
LOSS BEFORE OTHER ITEMS	(617,467)	(193,453)
OTHER ITEMS		
Gain on sale of mineral properties (Note 10)	205,727	-
Interest income	4,351	-
Loss on foreign exchange	(953)	-
Notes receivable write-off (Note 7)	(76,633)	-
Realized gain on sale of marketable securities (Note 5)	67,824	-
Unrealized gain on marketable securities (Note 5)	247,251	-
Share of loss from equity-accounted investment	(164,112)	-
	283,455	-
NET LOSS AND COMPREHENSIVE LOSS	\$ (334,012)	\$ (193,453)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTED TO		
Shareholders of the Company	(300,252)	-
Non-controlling interest	(33,760)	-
	\$ (334,012)	\$ (193,453)
LOSS PER COMMON SHARE (basic and diluted)	\$ (0.01)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
	29,206,362	11,207,642

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

CREST RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2020 AND 2019
(Expressed in Canadian dollars)

	Common Shares		Reserves	Deficit	Non-controlling Interests	Total Equity
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
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	-	-	-	(195,453)	-	(195,453)
Balance, May 31, 2019	12,809,001	406,458	93,313	(258,478)	-	241,293
Balance, May 31, 2019	12,809,001	406,458	93,313	(258,478)	-	241,293
Shares issued for cash	18,768,333	1,242,625	-	-	-	1,242,625
Subsidiary shares issued for cash	-	-	90	-	10	100
Shares issued to acquire properties	3,600,000	316,500	-	-	-	316,500
Subsidiary shares issued to acquire properties	-	-	162,082	-	120,418	282,500
Share-based payments	-	-	3,922	-	-	3,922
Share issuance costs	-	(10,541)	-	-	-	(10,541)
Acquisition of non-controlling interests	-	-	(25,000)	-	25,100	100
Net loss for the year	-	-	-	(300,252)	(33,760)	(334,012)
Balance, May 31, 2020	35,177,334	1,955,042	234,407	(558,730)	111,768	1,742,487

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

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

	For the years ended May 31,	
	2020	2019
OPERATING ACTIVITIES		
Net loss for the year	\$ (334,012)	\$ (193,453)
Item not involving cash:		
Accrued interest	8,818	-
Share-based payments	3,922	38,937
Gain on sale of mineral properties	(205,727)	-
Realized gain on sale of marketable securities	(67,824)	-
Notes receivable write-off	76,633	-
Unrealized gain on marketable securities	(247,251)	-
Share of losses from equity-accounted investment	164,112	-
Changes in non-cash working capital balances:		
Accounts receivable	(2,874)	-
Prepaid expenses and advance	(3,209)	-
GST recovery	(8,293)	869
Accounts payable and accrued liabilities	207,088	34,295
Deferred revenue	137,500	-
Restricted cash	(5,000)	-
Cash used in operating activities	(276,117)	(119,352)
INVESTING ACTIVITIES		
Notes advanced	(111,560)	-
Repayment of notes receivable	16,435	-
Increase in exploration and evaluation assets	(252,668)	-
Investments in associate	(399,420)	-
Purchase of marketable securities	(1,526,034)	-
Sale of marketable securities	1,167,745	-
Share subscription advanced	(126,800)	-
Cash used in investing activities	(1,232,302)	-
FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,242,625	213,833
Proceeds from issuance of subsidiary shares	200	-
Share issuance costs	(10,541)	-
Increase in loans payable	140,000	-
Cash provided by financing activities	1,372,284	213,833
INCREASE (DECREASE) IN CASH	(136,135)	94,481
CASH, BEGINNING OF YEAR	162,686	68,205
CASH, END OF YEAR	\$ 26,551	\$ 162,686

SUPPLEMENTAL CASH FLOW INFORMATION (Note 18)

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

CREST RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2020 AND 2019
(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, Australia and Peru and the investment in mineral exploration and mining technology companies. As at May 31, 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 has incurred a loss of \$300,252 for the year ended May 31, 2020, and, as of that date, the Company had an accumulated deficit of \$558,730, 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. The March 2020 pandemic outbreak of COVID-19 could have a negative impact on the Company’s ability to raise new capital. These factors indicate a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

These consolidated 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 consolidated financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated 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 consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on September 28, 2020.

b) Basis of presentation

The consolidated 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 consolidated financial statements.

CREST RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2020 AND 2019
(Expressed in Canadian dollars)

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

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its 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. The following is a list of the Company's operating subsidiaries:

Name of Entity	Jurisdiction of incorporation	Ownership interest as at May 31, 2020
Crest GP Canada Inc.	British Columbia, Canada	100%
Crest Project Development Corp.	British Columbia, Canada	100%
Crest SPV Limited Partnership	British Columbia, Canada	100%
Exploits Gold Corp.	British Columbia, Canada	58%
1251797 B.C. Ltd	British Columbia, Canada	100%
AusVan Battery Metals Pty Ltd	Australia	100%
Carbon Foundry Corp.	British Columbia, Canada	50%

d) Investments in associate

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting. Interests in associates are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distributions of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date.

e) Functional and presentation currency

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

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

f) Revenue recognition

The Company applies IFRS 15 *Revenue from Contracts with Customers*. Accordingly, revenue is recognized when a client obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is measured based on the consideration specified in the contract with a client and excludes amounts collected on behalf of third parties.

The Company generates revenue from providing management consulting and contractor services. Management and contractor fees are recognized as the services are provided to customers on a monthly basis. Deferred revenues represent amounts invoiced in excess of revenues recognized. For contracts with multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price basis. If the transaction price contains discounts or the Company expects to provide a future price concession, these elements are considered when determining the transaction price prior to allocation.

g) 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, 2020, the Company held no cash equivalents.

h) 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 unfavorable 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.

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

i) 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.

j) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the functional currency of the Company, 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 consolidated statement of financial position date are recognized in the consolidated statement of comprehensive loss.

k) 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.

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

k) Decommissioning, restoration and similar liabilities (continued)

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.

l) 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.

m) 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.

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

n) 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, restricted cash and marketable securities are 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's notes receivable are carried at amortized cost.

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.

o) 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, deferred revenue and loans payable are recognized at amortized cost.

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

p) 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.

q) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in cost of sales or selling, general and administrative expenses on a straight-line or other systematic basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the year ended May 31, 2020, all of the Company's leases are short-term leases with a term of 12 months or less and recorded as operating leases.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's consolidated 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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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.

Significant accounting estimates:

- i. The inputs used in accounting for share-based payments and investments in warrants

The fair value of share-based payments and investments in warrants 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.

Significant accounting judgments:

- i. Impairment of mineral properties

The assessment of indications of impairment of the mineral properties and related determination of the net realizable value and write-down of the mineral property requires a significant amount of management judgment.

- ii. *Impairment of notes receivable*

Application of the factors of impairment to the facts and circumstances pertaining to the notes receivable requires a significant amount of management judgement.

- iii. 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.

- 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 year ended May 31, 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

New accounting standards issued and effective

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.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. The Company has elected not to recognize right - of- use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are expensed on a straight-line basis over the lease term. As at the date of transition, management has assessed that that all leases that were previously expensed over the lease term were considered to be either short-term leases or leases of low value assets. The adoption of the new IFRS pronouncement has therefore not resulted in adjustments in previously reported figures and there have been no changes to the opening deficit balance as at June 1, 2019.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company’s consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after June 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

5. MARKETABLE SECURITIES

The Company holds common shares and warrants in various public companies. The common shares are classified as FVTPL and are recorded at fair value using the quoted market price as at May 31, 2020 and are therefore classified as Level 1 within the fair value hierarchy.

The warrants are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as Level 2 within the fair value hierarchy.

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5. MARKETABLE SECURITIES (continued)

Continuity for the years ended May 31, 2020 and 2019 is as follows:

	Balance, May 31, 2019 and 2018	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	Balance, May 31, 2020
	\$	\$	\$	\$	\$	\$
Common shares – Level 1						
International Prospect Ventures	-	163,341	(34,191)	6,022	32,828	168,000
Troubadour Resources Inc.	-	101,910	(1,485)	(425)	(20,000)	80,000
Apex Resources Inc.	-	21,982	(19,800)	(2,182)	-	-
International Samuel Exploration Corp.	-	40,940	-	-	11,217	52,157
Tarku Resources Ltd.	-	40,520	(27,258)	(13,262)	-	-
Westminster Resources Ltd.	-	34,733	(24,285)	(10,448)	-	-
Rockridge Resources Ltd.	-	38,874	(32,341)	(6,533)	-	-
Scottie Resources Corp.	-	797,250	(906,397)	109,147	-	-
Prime Mining Corp.	-	60,455	(48,124)	(12,331)	-	-
Three D Capital Inc.	-	40,559	(34,485)	(6,074)	-	-
Peruvian Metals Corp.	-	35,470	(39,380)	3,910	-	-
Cleghorn Minerals Ltd. (a) (b)	-	91,679	-	-	83,321	175,000
Essex Minerals Inc.	-	100,000	-	-	150,000	250,000
	-	1,567,713	(1,167,746)	67,824	257,366	725,157
						-
Warrants – Level 2						
Cleghorn Minerals Ltd. (a) (b)	-	25,846	-	-	32,360	58,206
Volatus Capital Corp. (c)	-	93,443	-	-	(42,475)	50,968
	-	119,289	-	-	(10,115)	109,174
Total	-	1,687,002	(1,167,746)	67,824	247,251	834,331

(a) The Company purchased 1,000,000 units of Cleghorn Minerals Ltd. (“Cleghorn”) at a price of \$0.05 per unit for an aggregate price of \$50,000. Each unit consists of one common share of Cleghorn and one non-transferable share purchase warrant exercisable at \$0.10 per share for a period of 36 months. The fair value of the warrants was determined using the Black – Scholes option pricing model based on the following assumptions:

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5. MARKETABLE SECURITIES (continued)

	Initial Measurement	May 31, 2020
Share price	\$0.06	\$0.07
Risk free interest rate	1.25%	0.29%
Expected life	3 years	2.76 years
Expected volatility	110.43%	95.92%
Expected dividend	Nil	Nil

- (b) On March 7, 2020, the Company entered into a mineral claim purchase agreement with Cleghorn to sell a 100% undivided interest in the Cleghorn Property (Note 10) in consideration of 1,500,000 units. Each unit comprises one common share and one-half of common share purchase warrant of Cleghorn. Each common share purchase warrant entitles the holder to acquire one common share of Cleghorn at a price of \$0.10 per common share for a period of 24 months. The fair value of the common shares was evaluated at \$60,000. The fair value of the warrants was evaluated at \$7,524 using the Black – Scholes option pricing model based on the following assumptions:

Share price	\$0.04
Risk free interest rate	0.44%
Expected life	2 years
Expected volatility	90.16%
Expected dividend	Nil

This transaction was completed on April 8, 2020 and a gain on sale of mineral properties of \$60,384 was recorded.

As at May 31, 2020, the fair value of the warrants was evaluated at \$23,279 using the Black – Scholes option pricing model based on the following assumptions:

Share price	\$0.07
Risk free interest rate	0.25%
Expected life	1.85 years
Expected volatility	105.46%
Expected dividend	Nil

- (c) Pursuant to an agreement dated January 31, 2020, the Company sold its 100% interest in Split Dome copper property (Note 10) to Volatus Capital Corp. (“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 fair value of the common shares was evaluated at \$270,000. The fair value of the warrants was evaluated at \$93,443 using the Black – Scholes option pricing model based on the following assumptions:

Share price	\$0.09
Risk free interest rate	1.44%
Expected life	3 years
Expected volatility	120%
Expected dividend	Nil

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5. MARKETABLE SECURITIES (continued)

This transaction was completed on February 5, 2020 and a gain on sale of mineral properties of \$145,343 was recorded.

As at May 31, 2020, the fair value of the warrants was evaluated at \$50,968 using the Black – Scholes option pricing model based on the following assumptions:

Share price	\$0.14
Risk free interest rate	1.44%
Expected life	2.68 years
Expected volatility	120%
Expected dividend	Nil

6. PREPAID EXPENSES AND ADVANCE

	May 31, 2020	May 31, 2019
	\$	\$
Investment subscription (a)	126,800	-
Others	3,209	-
	130,009	-

(a) On October 29, 2019, the Company entered into an investment agreement with EcoMine Technologies Corporation ("EcoMine") to acquire or help place an aggregate 4,000,000 common shares at a price of \$0.25 per share for a total investment of \$1,000,000. The shares will be acquired or placed by way of private placement in four tranches. As at May 31, 2020, the Company advanced \$126,800 to EcoMine for common share subscriptions.

Subsequent to year end, the Company completed the acquisition of 1,000,000 common shares and helped place an additional 1,000,000 common shares.

7. NOTES RECEIVABLE

	Westminster Resources Ltd.	Opawica Explorations Inc.	Total
	\$	\$	\$
Balance, May 31, 2019	-	-	-
Addition	73,500	38,060	111,560
Accrued interest	3,133	1,114	4,247
Repayment	-	(16,435)	(16,435)
Impairment	(76,633)	-	(76,633)
Balance, May 31, 2020	-	22,739	22,739

Pursuant to a loan agreement dated September 12, 2019, and as amended on November 28, 2019 and March 20, 2020, between the Company as lender and Westminster Resources Ltd. ("WMR") as borrower, the Company agreed to lend up to \$75,000 (the "Loan") to WMR on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand and shall be secured by WMR's interest in its Peruvian subsidiary as collateral. During the year ended May 31, 2020, the Company determined that WMR does not have assets or sources of income that could generate sufficient cash flows to repay the Loan. As a result, the note receivable from WMR was fully impaired.

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7. NOTES RECEIVABLE (continued)

Pursuant to a loan agreement dated October 1, 2019, and as amended on January 14, 2020, between the Company as lender and Opawica Explorations Inc. ("OPW") as borrower, the Company agreed to lend up to \$30,000 (the "Loan") to OPW on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand.

8. ASSIGNMENT OF DEBT

On September 16, 2019, pursuant to a Debt Assignment Agreement with WMR, the Company assumed \$473,748 in liabilities payable to certain creditors and in consideration for the assumption the Company issued a note receivable of the same amount. One of the creditors is a director of the Company who is owed \$123,000 and he is also a director of another creditor who is owed \$196,748. The Company issued promissory notes to evidence the assignment of liabilities, 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 which is payable to each creditor on or around December 25 of each year the liability is outstanding.

Subsequent to the year end, by a letter agreement dated August 11, 2020 (the "Termination Letter"), the parties agreed to terminate the Debt Assignment Agreement. Pursuant to the Termination Letter, the Company is released from all obligations in respect of the promissory notes and the creditors will look to WMR for repayment of the promissory notes. The Company has agreed to pay the annual interest of 2% on the promissory notes for 11 months. As a result of the Termination Letter, the Company offset the liabilities payable against the note receivable.

As at May 31, 2020, the accrued interest owing on the assignment of debt was \$6,705 (2019 - \$Nil), which was included in accounts payable and accrued liabilities in the consolidated statements of financial position.

9. INVESTMENT IN ASSOCIATE

Volatus Capital Corp.

On September 25, 2019, the Company acquired 2,000,000 common shares of Volatus from a single arm's length vendor at a price of \$0.04 per share for total consideration of \$80,000. On October 7, 2019, the Company acquired another 1,600,000 common shares of Volatus from two arm's length vendors at a price of \$0.075 per share for total consideration of \$120,000. Immediately following the acquisition of the common shares, the Company owned a total of 3,600,000 common shares or approximately 25.9% of the issued and outstanding shares of Volatus.

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9. INVESTMENT IN ASSOCIATE (continued)

On January 30, 2020 the Company obtained regulatory approval for the purchase of 900,000 common shares of Volatus held in escrow at a price of \$0.01 per common share for total consideration of \$9,000.

On February 5, 2020, the Company sold its 100% interest in Split Dome copper property (Note 10) to Volatus for consideration of 3,000,000 common shares of Volatus and 1,500,000 common share purchase warrants as described in Note 5 (c). On February 5, 2020, the Company acquired a further 500,000 common shares of Volatus through open market transactions at a price of \$0.08 per share for a total cost of \$40,420. Immediately following the acquisition of the shares, the Company owned and controlled a total of 8,000,000 common shares or approximately 47.3% of the issued and outstanding shares of Volatus.

Effective April 22, 2020, the Volatus consolidated its common shares on a three old for one new basis.

On May 20, 2020, the Company participated in a non-brokered private placement indirectly through its wholly-owned subsidiary, Crest Project Development Corp., and purchased 2,000,000 common shares of Volatus at a price of \$0.075 per share for total cost of \$150,000. As at May 31, 2020, the Company beneficially owns and controls, directly and indirectly, 20.84% of the issued and outstanding voting securities of Volatus.

Volatus is a mineral resource company focused on the exploration and development of mineral property assets. Management has determined that the Company has significant influence over Volatus and accordingly is using the equity method to account for this investment.

The following table summarizes the change in investment in associate for the year ended May 31, 2020:

	\$
Balance, May 31, 2019 and 2018	-
Consideration paid	399,420
Sale of Split Dome copper property	270,000
Equity loss on investment	(164,112)
Balance, May 31, 2020	505,308

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10. EXPLORATION AND EVALUATION ASSETS

	British Columbia, Canada			Ontario, Canada	Newfoundland and Labrador, Canada			Chala, Peru	Australia	Total
	Red Metal Ridge	Split Dome Copper	Lion's Den	Cleghorn	Jonathan's Pond	Mt. Peyton	Mt. Peyton Extension	Chala Copper	Arizona Project	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs										
Balance, May 31, 2019	15,000	-	-	-	-	-	-	-	-	15,000
Acquisition	29,500	218,100	47,311	7,140	120,103	180,103	38,675	91,958	518,488	1,251,378
Sale of property	-	(218,100)	-	(7,140)	-	-	-	-	-	(225,240)
Balance, May 31, 2020	44,500	-	47,311	-	120,103	180,103	38,675	91,958	518,488	1,041,138
Exploration expenditures										
Balance, May 31, 2019	96,269	-	-	-	-	-	-	-	-	96,269
Additions	4,000	-	-	-	4,046	4,045	-	38,199	-	50,290
Balance, May 31, 2020	100,269	-	-	-	4,046	4,045	-	38,199	-	146,559
Total acquisition costs and exploration expenditures										
May 31, 2019	111,269	-	-	-	-	-	-	-	-	111,269
May 31, 2020	144,769	-	47,311	-	124,149	184,148	38,675	130,157	518,488	1,187,697

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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, and as amended on October 30, 2019 and November 28, 2019 for a total fee of \$10,000, 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 \$140,000, 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 ¹	5,000 ²	-
On or before October 19, 2019	-	-	100,000 ³
On or before February 29, 2020	300,000 ⁴	-	-
On or before April 27, 2020	-	5,000 ⁵	-
On or before October 19, 2020	100,000	30,000	100,000
On or before October 19, 2021	300,000	100,000	300,000
Total	800,000	140,000	500,000

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 (Note 12 (c)).
5. Paid subsequent to year end.

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 (Note 12 (c)).

Two of the vendors of Split Dome are directors of the Company. One director received a 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 (Note 5)

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 on February 28, 2020 with a fair value of \$19,500 (Note 12 (c)). An additional \$27,811 in acquisition costs was incurred on claims registration during the year ended May 31, 2020.

d) Chala Copper Property (Chala, Peru)

Pursuant to a staking syndicate agreement dated November 26, 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 with a value of USD \$50,000. The claims were acquired through a staking syndicate that includes the Company's President, CEO and director, who held 18% interest in the claims. The Company has expended \$21,958 in staking costs on the claims.

Pursuant to an agreement dated March 12, 2020, the Company agreed to acquire another 5% interest in the Chala Copper Project from the CEO of the Company, for consideration of 1,000,000 common shares of the Company issued on May 25, 2020 with a fair value of \$70,500 (Note 12 (c)).

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

Pursuant to an agreement dated February 13, 2020, the Company's 58% 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 based on Exploits' most recent financing preceding the issuance) 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 58% 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 based on Exploits' most recent financing preceding the issuance) 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 a 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) Mt. Peyton Extension Property (Newfoundland and Labrador)

Pursuant to an agreement dated May 11, 2020, the Company's 58% owned subsidiary, Exploits, agreed to acquire a 100% interest in Mt. Peyton Extension Property (the "MPE Property") for the following consideration: (i) \$6,175 cash (paid) and 650,000 common shares of Exploits (issued May 11, 2020 with a fair value of \$32,500 based on Exploits' most recent financing preceding the issuance) upon signing the agreement; and (ii) \$6,000 cash on or before June 11, 2020. The MPE Property is subject to a 2% net smelter returns royalty of which Exploits may repurchase 1% of the NSR for \$1,000,000 at any time.

h) 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.

Pursuant to a mineral claim purchase agreement dated March 7, 2020, the Company sold its 100% undivided interest in 142 mineral claims to Cleghorn (Note 5)

i) Arizona Project EPMs (Queensland, Australia)

On March 9, 2020, the Company entered into an assignment agreement with Aeternum Holdings Ltd. ("Aholdings"), a related party by reason of a common director. Aholdings was assigned a non-binding term sheet with Vecco Industrial Pty Ltd ("Vecco"), the owner of Arizona Queensland Vanadium Shale Project (the "Arizona Project") to acquire the Arizona Project. Pursuant to the assignment agreement, Aholdings assigned and transferred to the Company all of its rights, title and interest in the term sheet and the Arizona Project to the Company for consideration of \$450,000, which is included in accounts payable and accrued liabilities as at May 31, 2020. The Arizona Project is a resource stage Vanadium and High Purity Alumina ("HPA") deposit located in central Queensland, Australia.

On April 20, 2020, AusVan Battery Metals Pty Ltd ("AusVan"), the Company's Australian subsidiary, entered into a sales and purchase agreement with Vecco to acquire a 100% interest in the Arizona Project for the following consideration: (i) \$37,091 (AUD \$32,000, paid) as reimbursement for EMP rents; (ii) \$50,000 cash within 45 days after the Completion Date (10 business days after the final condition precedent has been satisfied or waived, or such other date as agreed to in writing by the parties); (iii) \$100,000 cash by the earlier of the date AusVan is publicly listed on a Relevant Stock Exchange and October 20, 2020; (iv) \$350,000 within 10 business days of completing certain milestones to be achieved within 18 months of the Completion Date; and (v) share consideration equal to 40% of AusVan's issued capital on a fully diluted basis. In addition, AusVan must meet a minimum project expenditure of: (i) \$75,000 within 8 months of the Completion Date (incurred \$31,397); (ii) \$500,000 during the period commencing on the Completion Date and ending on the day that is 12 months after the Completion Date; and (iii) another \$500,000 during the following 12 months.

11. LOANS PAYABLE

Loans payable consists of two loans:

- a) On November 20, 2019, the Company entered into a loan agreement to borrow \$100,000 from 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 May 31, 2020, the principal balance owing on the loan was \$100,000 (2019- \$Nil). During the year ended May 31, 2020 interest of \$6,361 (2019- \$Nil) has accrued on the loan. Subsequent to year end, the loan was fully paid off.

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11. LOANS PAYABLE (continued)

- b) 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 contingent on the business repaying \$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%. As at May 31, 2020, the principal balance owing on the loan was \$40,000 (2019- \$Nil).

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 in 6, 12, 18, 24, 30 and 36 months thereafter.

As at May 31, 2020, there were 1,125,000 escrow shares outstanding.

c) Issued and Outstanding as at May 31, 2020: 34,177,334 common shares.

For the year ended May 31, 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. On July 31, 2019, the Company completed the final tranche of the non-brokered private placement and issued 600,000 Units at a price of \$0.06 per Unit for gross proceeds of \$36,000. Each Unit consists of one common share and one common share purchase 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. There was no value allocated to the warrants under the residual method.
- (ii) 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. On September 10, 2019, the Company completed the second tranche of the 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. On September 23, 2019, the Company completed the third tranche of the 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. On November 1, 2019, the Company completed the fourth tranche of the 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. A director of the Company purchased 1,250,000 shares.

12. SHARE CAPITAL (continued)

- (iii) On September 12, 2019, the Company issued 1,500,000 common shares with a fair value of \$0.115 per common share for a total of \$172,500 as partial consideration to acquire 75% interest in Split Dome as disclosed in Note 10. The securities issued were restricted from trading until January 13, 2020. Two directors of the Company each received 500,000 shares.
- (iv) On January 2, 2020, the Company issued 500,000 common shares with a fair value of \$0.07 per common share for a total of \$35,000 as consideration to acquire an additional 25% interest in Split Dome as disclosed in Note 10. The securities issued were restricted from trading until May 3, 2020.
- (v) On February 28, 2020, the Company issued 300,000 common shares with a fair value of \$0.065 per common share for a total of \$19,500 as consideration to acquire 100% interest in the Lion's Den property disclosed in Note 10. The securities issued are restricted from trading until June 29, 2020.
- (vi) On February 28, 2020, the Company issued 300,000 common shares with a fair value of \$0.065 per common share for a total of \$19,500 pursuant to the Red Metal Ridge property option agreement disclosed in Note 10. The securities issued are restricted from trading until June 29, 2020.

For the year 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.

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12. SHARE CAPITAL (continued)

d) Stock Options (continued)

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

	May 31, 2020		May 31, 2019	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	525,000	\$0.10	-	-
Granted	-	-	525,000	\$0.10
Cancelled	(225,000)	\$0.10	-	-
Ending balance	300,000	\$0.10	525,000	\$0.10

For the year ended May 31, 2020, the Company had the following stock option transactions:

(vii) On June 1, 2019, 75,000 options exercisable at \$0.10 per share were cancelled; on July 4, 2019, 75,000 options exercisable at \$0.10 per share were cancelled; and on April 30, 2020, 75,000 options exercisable at \$0.10 per share were cancelled.

For the year ended May 31, 2019, the Company had the following stock option transactions:

- (i) 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. During the year ended May 31, 2020, 225,000 of these stock options were forfeited.
- (ii) 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.

The weighted average fair value at grant date of options granted during the year ended May 31, 2019 was \$0.086 per option. The fair value of the stock options was estimated using the Black-Scholes option 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

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12. SHARE CAPITAL (continued)

d) Stock Options (continued)

Details of stock options outstanding and exercisable as at May 31, 2020 are as follows:

Expiry Date	Exercise Price	Outstanding	Exercisable
July 13, 2023	\$0.10	200,000	200,000
April 4, 2023	\$0.12	100,000	50,000
		300,000	250,000

The weighted average remaining contractual life of stock options outstanding at May 31, 2020 was 3.03 years (May 31, 2019: 3.49 years).

During year ended May 31, 2020, the Company recognized \$3,922 (2019 - \$38,937) in share-based compensation expense related to these stock options.

e) Warrants

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

	Warrants	
	Number	Weighted Average Exercise Price (\$)
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, May 31, 2020	11,385,900	0.076

As at May 31, 2020, the Company had outstanding and exercisable warrants as follows:

Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
October 22, 2020	385,900	\$ 0.100	0.39 years
July 25, 2024	10,400,000	\$ 0.075	4.15 years
July 31, 2024	600,000	\$ 0.075	4.17 years
	11,385,900	\$ 0.076	4.03 years

13. RELATED PARTY TRANSACTIONS AND BALANCE

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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13. RELATED PARTY TRANSACTIONS AND BALANCE (continued)

Key Management Compensation

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:

	Year ended May 31, 2020	Year ended May 31, 2019
	\$	\$
Salaries and benefits (i)	59,344	7,828
Management fees (ii)	217,900	-
Marketing fees	5,000	-
Consulting fees	-	15,000
Share-based payments (iii)	3,922	38,937
	286,166	61,765

- (i) 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 year ended May 31, 2020, the Company incurred \$13,192 (2019 - \$5,000) in salary and benefits to the former CEO. As at May 31, 2020, accounts payable and accrued liabilities include amounts due to the former CEO of \$Nil (2019 - \$5,000), 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 year ended May 31, 2020, the Company incurred \$46,152 (2019 - \$2,828) in salary and benefits to the Corporate Secretary. As at May 31, 2020, accounts payable and accrued liabilities include amounts due to the Corporate Secretary of \$Nil (2019 - \$2,828), which are due on demand, unsecured and non-interest bearing.

- (ii) The Company has entered into an Officer and Consulting Agreement with the new 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 year ended May 31, 2020, the Company incurred \$93,500 (2019 - \$5,000) in management fees to the new CEO. As at May 31, 2020, accounts payable and accrued liabilities include amounts due to the new CEO of \$50,163 (2019 - \$Nil), 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 a former director and COO 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 year ended May 31, 2020, the Company paid \$56,400 in management fees (2019- \$Nil) to the Consultant. As at May 31, 2020, accounts payable and accrued liabilities include amounts due to the Consultant of \$54,300 (2019 - \$Nil), which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with a company controlled by the former CFO of the Company effective April 1, 2019. As compensation for the services provided, the company controlled by the former CFO will receive a monthly fee of \$2,500. During the year ended May 31, 2020, the Company incurred \$32,000 (2019 - \$5,000) in fees to the company controlled by the former CFO. As at May 31, 2020, accounts payable and accrued liabilities include amounts due to the company controlled by the former CFO of \$653 (2019 - \$5,280), which are due on demand, unsecured and non-interest bearing.

13. RELATED PARTY TRANSACTIONS AND BALANCE (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 and subsequently extended to continue on a monthly basis. 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 year ended May 31, 2020, the Company incurred \$36,000 (2019- \$Nil) in management fees to the VP. As at May 31, 2020, accounts payable and accrued liabilities include amounts due to the VP of \$24,675 (2019 - \$Nil), which are due on demand, unsecured and non-interest bearing.

- (iii) 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. During the year ended May 31, 2020, 150,000 of the options have been cancelled (Note 12(d)), and the Company incurred \$Nil (2019 - \$35,950) in share-based payments related to these options.

On April 5, 2019, the Company granted 100,000 stock options to the former CFO 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. During the year ended May 31, 2020, the Company incurred \$3,922 (2019 - \$2,987) in share-based payments related to these options.

Other Related Party Transactions

- (i) On November 15, 2019, the Company entered into a management, operations and marketing support agreement with Volatus whereby the Company provides management, operations and marketing support for a fee of \$9,500 per month plus GST effective October 1, 2019 for a three year term. During the year May 31, 2020, the Company recorded management fee revenue of \$76,000 (2019- \$Nil) pursuant to the agreement. As at May 31, 2020, total accounts receivable from Volatus was \$2,850 (2019 - \$Nil).
- (ii) On May 15, 2020, Crest Project Development Corp, the Company's subsidiary, entered into a project engineering and development consulting service agreement with Volatus whereby the Company provides project engineering and development service for a fee of \$12,500 per month plus GST effective May 1, 2020 for a three year term. During the year May 31, 2020, the Company recorded contractor fee revenue of \$12,500 (2019- \$Nil) pursuant to the agreement. As at May 31, 2020, total deferred revenue from Volatus was \$137,500 (2019 - \$Nil).
- (iii) On November 20, 2019, the Company entered into a Loan Agreement to borrow from Volatus as described in Note 11.
- (iv) The Company's investment in Volatus is described in Note 9.
- (v) On October 1, 2019, the Company entered into loan agreements with Opawica Explorations Inc. as described in Note 7.
- (vi) On September 16, 2019, the Company acquired \$473,748 in notes receivable from Westminster Resources Ltd. and assumed \$473,748 in corresponding liabilities payable to certain creditors including a director and a related party creditor by reason of a common director as described in Note 8.
- (vii) During the year ended May 31, 2020, the Company entered into various Option Agreements with related parties and sold its 100% interest in Split Dome to Volatus as described in Note 10.
- (viii) During the year ended May 31, 2020, the Company issued common shares and Units to various related parties as described in Note 12 (c).

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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 properties. 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.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Values and Classification of Financial Instruments

The Company's financial instruments consist of cash, restricted cash, marketable securities, accounts receivable, notes receivable, accounts payable, 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	May 31, 2020	May 31, 2019
Cash	FVTPL	\$ 26,551	\$ 162,686
Restricted cash	FVTPL	5,000	-
Marketable securities	FVTPL	834,331	-
Accounts receivable	Amortized cost	2,874	-
Notes receivable	Amortized cost	22,739	-
Accounts payable	Amortized cost	572,948	37,335
Loans payable	Amortized cost	146,361	-

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).

Cash, restricted cash and investments in common shares are measured at fair value on a recurring basis using level 1 inputs. Investments in warrants are measured on a recurring basis using level 2 inputs. The continuity and valuation techniques that are used to determine the fair value of the investments in warrants are described in Note 5.

The fair value of the Company's accounts receivable, notes receivable, accounts payable and loans payable approximates their carrying value as at May 31, 2020 and May 31, 2019 because of the demand nature or short-term maturity.

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15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

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 in 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. As at May 31, 2020, the Company's maximum credit risk is the carrying value of cash and notes receivable.

(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. Factors that could impact on the company's liquidity are monitored regularly and include market changes, gold price changes, and economic downturns that affect the market price of the company's marketable securities for the purposes of raising financing. The current state of equity markets presents a challenge to raise financing and management believes that this condition will continue over the next twelve months.

Contractual undiscounted cash flow requirements of financial liabilities at May 31, 2020 are as follows:

	Less than 1 year \$	Between 1 – 5 years \$	More than 5 years \$	Total
Accounts payable and accrued liabilities	701,127	-	-	701,127
Loan payable	146,361	-	-	146,361
	847,488	-	-	847,488

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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. The COVID-19 pandemic and its economic consequences are on extenuating impact on the current volatility of financial markets. Market conditions will cause fluctuations in the fair value of the company's marketable securities. The Company's ability to raise capital to fund exploration, development or investing 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 three geographic segments, with current exploration activities being conducted in Canada, Australia, and Peru.

	May 31, 2020				May 31, 2019			
	Canada \$	Peru \$	Australia \$	Total \$	Canada \$	Peru \$	Australia \$	Total \$
Exploration and evaluation assets	539,052	130,157	518,488	1,187,697	111,269	-	-	111,269
Total assets	2,078,830	130,157	518,488	2,727,475	278,628	-	-	278,628
Total liabilities	984,988	-	-	984,988	37,335	-	-	37,335

	For the year ended May 31, 2020				For the year ended May 31, 2019			
	Canada \$	Peru \$	Australia \$	Total \$	Canada \$	Peru \$	Australia \$	Total \$
Revenue	90,000	-	-	90,000	-	-	-	-
Net loss	(334,012)	-	-	(334,012)	(193,453)	-	-	(193,453)

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18. SUPPLEMENTAL CASH FLOW INFORMATION

During the years ended May 31, 2020 and 2019, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	May 31, 2020	May 31, 2019
Debt assignment	\$ 473,478	\$ -
Shares issued for corporate finance service	\$ 10,000	\$ 10,000
Shares and subsidiary shares issued to acquire mineral properties	\$ 599,000	\$ 10,000
Investments in associate acquired through sale of mineral properties	\$ 270,000	\$ -
Fair value of marketable securities received for sale of mineral properties	\$ 160,967	\$ -
Share issuance costs - warrants	\$ 24,376	\$ 24,376

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

19. 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:

	May 31, 2020	May 31, 2019
Loss for the year	\$ (334,012)	\$ (193,453)
Combined federal and provincial rate	27%	27%
Expected income tax (recovery)	(90,183)	(52,232)
Permanent difference	(1,788)	(38,527)
Change in unrecognized deductible temporary differences	91,971	90,759
Total income tax expense (recovery)	\$ -	\$ -

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

	May 31, 2020	May 31, 2019
Deferred tax assets (liabilities)		
Share issue costs	\$ 31,772	\$ 39,326
Investment in associates	43,192	-
Marketable securities	(65,640)	-
Notes receivable	20,691	-
Non-capital losses	162,171	60,889
	192,186	100,215
Unrecognized deferred tax assets	(192,186)	(100,215)
Deferred tax assets (liabilities)	\$ -	\$ -

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19. INCOME TAXES (continued)

As at May 31, 2020, the Company has a non-capital loss for income tax purposes of approximately \$600,631 (2019 - \$225,515) 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	2020
2038	\$ 35,025
2039	190,490
2040	375,116
Total	\$ 600,631

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.

20. SUBSEQUENT EVENTS

- a) On June 3, 2020, the Company purchased 500,000 common shares of Volatus at a price of \$0.15 per share for total cost of \$75,000, indirectly through its subsidiary Exploits Gold Corp.
- b) On June 4, 2020 the company entered into an agreement to sell its 100% interest in the Lion's Den and Peak gold properties as well as its rights to acquire two additional mineral claims in the Toodoggone region of north-western British Columbia to Volatus for consideration of \$35,000 cash, 3,750,000 common shares of Volatus, and a 1.5% net smelter returns royalty of which Volatus may purchase 0.5% for \$1,000,000 at any time. The transaction was completed on June 5, 2020.
- c) On June 23, 2020, the company entered into a share purchase and sale agreement to acquire 4,100,000 common shares (the "Shares") of Rain City Resources Inc. ("Rain City", a junior mineral exploration company listed on the Canadian Securities Exchange (the "CSE") at a price of \$0.018 per Share for total consideration of \$74,000. 3,000,000 of the Shares are subject to an escrow agreement dated January 24, 2019 between Rain City, National Securities Administrators Ltd. and the vendors (among other shareholders). The transaction closed on August 21, 2020. Upon closing, the Company owns and controls a total of 4,100,501 common shares of Rain City representing approximately 20.59% of the issued and outstanding common shares.
- d) On June 5, 2020, the Company entered into a loan agreement to borrow \$150,000 from Volatus for the purpose of staking mineral claims in the province of Newfoundland and Labrador and other corporate purposes. The loan bears interest at 2% per month, is payable on demand after four months and is secured by the mineral claims to be staked. On August 18, 2020, the Company entered into another loan agreement with Volatus to borrow \$50,000 from Volatus for the purpose of staking mineral claims in Newfoundland and Quebec. The loan bears interest at 2% per month, is payable on demand after January 18, 2021 and as further consideration for extending the loan, Volatus will receive a 5% ownership interest in the property to be staked.

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20. SUBSEQUENT EVENTS (Continued)

- e) On June 12, 2020, the Company entered into a share purchase agreement to acquire 40% interest in Core Asset Management Corp. ("Core"), a private company duly incorporated in the jurisdiction of the Cayman Islands. On July 16, 2020, the Company entered into a loan agreement to lend up to USD \$32,000 to Core to fund administrative costs. The principal amount of the loan plus interest accrued at a rate of 5.0% per annum shall be payable on demand on or after July 15, 2021. On July 16, 2020, the Company advanced USD \$12,544 to Core under this loan agreement.
- f) The Company participated in a non-brokered private placement of OPW that closed on June 15, 2020 to acquire 1,000,000 common shares of OPW at a price of \$0.05 per share for total cost of \$50,000. The Company participated in a non-brokered private placement of OPW that closed on September 17, 2020 to acquire 575,000 common shares of OPW at a price of \$0.075 per share for total cost of \$43,125. The acquisitions were made for investment purposes.
- g) The Company participated in a non-brokered private placement of Essex Minerals Inc. that closed on June 25, 2020. The Company acquired 240,000 common shares of Essex Minerals Inc. at a price of \$0.225 per share for total cost of \$60,000. The acquisition was made for investment purposes.
- h) Only July 6, 2020, the Exploits Gold Corp., the Company's subsidiary, adopted a stock option plan so as to provide for the issuance, from time to time, of options to acquire common shares of the Company equal to 10% of the then issued and outstanding shares of the Company.
- i) On July 7, 2020, Exploits Gold Corp completed a non-brokered private placement to raise gross proceeds of \$376,850 through the issuance of 2,098,002 common shares priced at \$0.15 per share and 310,750 flow-through common shares priced at \$0.20 per share. The proceeds from the flow-through portion of the financing will be used on field work and reporting on Exploits' 100% owned Jonathan's Pond and Mt. Peyton gold properties located in Newfoundland and Labrador and the proceeds from the non flow-through portion will be used for exploration work, project acquisition and general working capital.
- j) 1251797 B.C. Ltd. ("1251797"), the Company's subsidiary, entered into an Asset Purchase Agreement with an arm's length party to acquire a 100% interest in 28 mineral claims known as the Atlin-Rufner project located in the Atlin Mining Division and Prince Rupert Land Title District in British Columbia for consideration of 3,000,000 common shares of 1251797 at a deemed price of \$0.02 per share for total consideration of \$60,000.

20. SUBSEQUENT EVENTS (Continued)

- k) The Company staked eight mineral licenses known as the Middle Ridge and True Grit property located in the Exploits Subzone of Central Newfoundland. The Company acquired an additional mineral license, subject to a 2% net smelter returns royalty of which the Company may purchase 1% for \$1,000,000 at any time, comprising 18 claims from arm's length vendors for consideration of \$20,000 payable over a six month period and 150,000 common shares of a public company into which the mineral license may be vended in the future, although there is currently no proposed transaction to do so. The ownership interest in the Middle Ridge and True Grit properties was held 85% by the Company, 10% by the Vice President of Business Development who was engaged to stake the claims, and 5% by Volatus, as consideration for extending certain loans to the Company to complete the staking. The Company has further staked four mineral licenses known as the Dog Bay property located in the Exploits Subzone of Central Newfoundland. The ownership interest in the Dog Bay property is held 70% by the Company and 30% by three individuals engaged to stake the claims, including the Company's Vice President of Business Development who retains a 12.5% interest in the property.

On July 9, 2020, the Company and its co-vendors (together, the "Vendors") entered into an agreement (the "Agreement") with Mariner Resources Corp. ("Mariner") to sell Mariner a 100% undivided interest, subject to retained royalty, in the Middle Ridge South gold property (the "Property") for consideration of \$240,000 cash and 1,800,000 common shares of Mariner. The shares are subject to a hold period expiring November 22, 2020. The Vendors will retain a 2.0% net smelter returns royalty on the Property of which Mariner can purchase 1.0% for \$1,000,000 at any time. The transaction completed on July 22, 2020.

On July 31, 2020, the Vendors entered into another agreement with Mariner to sell Mariner a 100% undivided interest, subject to retained royalty, in the True Grit and Middle Ridge North gold properties (the "Properties") for consideration of 7,000,000 common shares of Mariner. The shares are subject to a hold period expiring December 5, 2020. The Vendors will retain a 2.0% net smelter returns royalty on the Property of which Mariner can purchase 1.0% for \$1,000,000 at any time. The transaction completed on August 5, 2020.

- l) On July 13, 2020, the Company entered into an agreement to acquire a 100% interest, subject to a 1% net smelter returns royalty, in the Lunar Frog gold property (the "Property") for consideration of 1,000,000 common shares of the Company. The Property consists of six mineral claims comprising 10,211 hectares well within the Stikine Terrane and is located north of the Kemess-Toodoggone porphyry goldcopper/epithermal gold district of British Columbia. The transaction closed on July 16, 2020.
- m) The Company participated in a non-brokered private placement of Mariner that closed on July 27, 2020. The Company acquired 1,250,000 common shares of Mariner at a price of \$0.12 per share for total cost of \$150,000. The acquisition was made for investment purposes.
- n) The Company closed a non-brokered private placement to raise gross proceeds of \$689,500 through the sale of 6,895,000 common shares priced at \$0.10 per common share. All securities issued are subject to a four month hold period expiring November 29, 2020. Finder's fees of 6% cash (\$15,000) was paid to registered representatives on \$250,000 of the offering.
- o) On August 4, 2020, the Company entered into an agreement (the "Agreement") to acquire a 36% interest in OCP Holdings Ltd. (formerly Ore Capital Partners Ltd.) ("OCP"), a private investment company from a consortium of related parties for consideration of 18,647,122 common shares of the Company. The Agreement was subject to a due diligence period that expired on August 31, 2020 and the transaction has not closed.

20. SUBSEQUENT EVENTS (Continued)

- p) On September 8, 2020, the Company completed the sale of 3,000,000 common shares of its investment in Exploits Gold Corp. to Origen Resources Inc. ("Origen") for 4,200,000 common shares of Origen. The Company also completed the sale of 1,000,000 common shares of Exploits to a private company of which the CEO of the Company is a director for consideration of a note payable of \$350,000 due on demand.

- q) Pursuant to a share exchange agreement dated September 1, 2020, the company exchanged the remainder of its 5,000,000 shares in Exploits Gold Corp. for 5,000,000 common shares of Mariner on a one-for-one basis. The transaction was completed on September 18, 2020.