

# **CREST RESOURCES INC.**

## **Restated Management's Discussion and Analysis of Financial Condition and Results of Operations For The Six Months Ended November 30, 2020 and 2019**

This Restated Management's Discussion and Analysis of Crest Resources Inc. ("Crest" or the "Company") ("MD&A") provides analysis of the Company's financial results for the six months period ended November 30, 2020 and should be read in conjunction with the accompanying audited condensed consolidated interim financial statements and notes thereto for the for the six month period ended November 30, 2020. This MD&A is based on information available as at January 28, 2021.

The accompanying audited financial statements for the period ended November 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs"). All amounts are expressed in Canadian dollars, unless otherwise stated.

### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

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

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

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

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

### **DESCRIPTION OF BUSINESS**

Crest Resources Inc. was incorporated on November 23, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is Suite 1100 – 595 Howe Street, Vancouver, British Columbia, Canada. The Company's principal business activity is the acquisition and exploration of mineral property assets in Canada, Australia and Peru, and the investment in mineral exploration and mining technology companies of merit with potential for favourable return on investment.

The Company's common shares commenced trading on the Canadian Securities Exchange on October 23, 2018, under the symbol "CRES".

As of the date of this report, the Company's mineral property assets are as follows:

- Red Metal Ridge property on Vancouver Island, British Columbia (51% owned and 49% under further option);
- Gazeebow North property in Newfoundland and Labrador (90% owned);
- The Chapel Island property in Newfoundland and Labrador, (100% owned);
- Howells River property in Newfoundland and Quebec (80% owned);

At the Company's Annual General and Special Meeting held November 25, 2019, the Company's shareholders approved a resolution authorizing the Company to expand its corporate objectives including to become an investment issuer.

The Company holds significant interests in the following companies:

- 1251797 B.C. Ltd. (66.7% owned) – a private company that holds 100% interest in the Atlin-Rufner property in British Columbia.
- AusVan Battery Metals Pty Ltd (59% owned) – a private Australian company that has entered into a Property Purchase and Sale Agreement to acquire 100% interest in the Arizona Queensland Vanadium Shale project.
- Carbon Foundry Corp. (50% owned) – a private company formed for the purpose of the developing, building and operating a facility to refine graphite and other similar carbon elements.
- Core Asset Management Corp. (40% owned) – a private company duly incorporated in the jurisdiction of the Cayman Islands.
- Crest Canada GP Inc. (100% owned) – a private company that serves as General Partner to Crest SPV I Limited Partnership, a Limited Partnership created for the purpose of making and holding investments with a view to earning a profit.
- Crest Project Development Corp. (100% owned) – a private company that provides project engineering and development consulting services.
- Chala Cobre y Oro SAC (73.5% owned) -a private company holding copper and gold assets in the Chala District, Peru and options on gold projects in La Libertad Peru;
- Exploits Discovery Corp. (formerly Mariner Resources Corp.) (25.86% owned) – a junior resource company trading on the Canadian Securities Exchange.
- Volatus Capital Corp. (24% owned) – a junior resource company trading on the Canadian Securities Exchange.
- Ecomine Technology Inc (11.1% owned) – a private company.
- EResources Technologies I LLC. (100% owned) A USA based technology company focused on the development of mining related technologies.

## MAJOR OPERATING MILESTONES

Details of the Company's mineral property acquisition, exploration and evaluation activities for the six months ended November 30, 2020 and 2019 are presented here:

Newfoundland and Labrador, Canada									
	Chapel Island	True Grit / Middle Ridge	Gazebow North	Dog Bay	Enterprise	Jonathan's Pond	Mt. Peyton	Mt. Peyton Extension	Howell River
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>									
Balance, May 31, 2020	-	-	-	-	-	120,103	180,103	38,675	-
Acquisition	22,490	60,150	35,905	75,837	19,890	30,000	231,602	6,000	52,000
Sale of property	-	(60,150)	-	(75,837)	(19,890)	(150,103)	(411,705)	(44,675)	-
Balance, November 30, 2020	22,490	-	35,905	-	-	-	-	-	52,000
<b>Exploration expenditures</b>									
Balance, May 31, 2020	-	-	-	-	-	4,045	4,045	-	-
Sale of property	-	-	-	-	-	(4,045)	(4,045)	-	-
Balance, November 30, 2020	-	-	-	-	-	-	-	-	-
<b>Total acquisition costs and exploration expenditures</b>									
May 31, 2020	-	-	-	-	-	124,148	184,148	38,675	-
November 30, 2020	22,490	-	35,905	-	-	-	-	-	52,000

	British Colombia		Peru		Australia	Total	
	Atlan- Ruffner	Red Metal Ridge	Lion's Den	Lunar Frog	Chala Copper	Ausvan	
	\$	\$	\$	\$	\$	\$	
<b>Acquisition costs</b>							
Balance, May 31, 2020	-	44,500	47,311	-	91,958	518,488	1,041,138
Acquisition	60,000	10,000	-	100,000	51,965	-	755,840
Sale of property	-	-	(47,311)	(100,000)	-	-	(909,671)
Balance, November 30, 2020	60,000	54,500	-	-	143,923	518,488	887,307
<b>Exploration expenditures</b>							
Balance, May 31, 2020	-	100,269	-	-	38,199	-	146,558
Addition	-	-	-	-	-	305,057	305,057
Sale of property	-	-	-	-	-	-	(8,090)
Balance, November 30, 2020	-	100,269	-	-	38,199	305,057	443,525
<b>Total acquisition costs and exploration expenditures</b>							
May 31, 2020	-	144,769	47,311	-	130,157	518,488	1,187,696
November 30, 2020	60,000	154,769	-	-	182,122	823,545	1,330,831

The Company has participated in various mining projects, in various locations. In addition, the Company may be has divested of its interest other projects. Details of each project are presented here:

**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 <sup>1</sup>	5,000 <sup>2</sup>	-
On or before October 19, 2019	-	-	100,000 <sup>3</sup>
On or before February 29, 2020	300,000 <sup>4</sup>	-	-
On or before April 27, 2020	-	5,000 <sup>5</sup>	-
On or before October 19, 2020 <sup>6</sup>	100,000	30,000	100,000
On or before October 19, 2021	300,000	100,000	300,000
<b>Total</b>	<b>800,000</b>	<b>140,000</b>	<b>500,000</b>

1. Issued on October 22, 2018 with a fair value of \$10,000.
2. Paid.
3. Incurred.
4. Issued on February 28, 2020 with a fair value of \$19,500 (Note 11 (c)).
5. Paid during the period end.
6. At the end of the quarter the company was in default on the second option payments.

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.

Second option refused on November 27, 202. The underlying vendor has the right to repurchase the 51% interest for \$5,000

**b) Lunar Frog Gold Property (Toodoggone, British Columbia)**

Pursuant to an agreement dated July 13, 2020, the Company agreed 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 (issued on July 16, 2020 with a fair value of \$100,000). The Property consists of six mineral claims located approximately 170 kilometres east-southeast of Dease Lake, British Columbia.

On November 6, 2020 the company entered into an agreement to sell its 100% interest in Lunar Frog for 1,500,000 common shares of Volatus, the transaction was completed on November 12, 2020.

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

Pursuant to a staking syndicate agreement dated November 26, 2019, the Company 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 acquired an additional 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 11 (c)). The Company's total interest in the property is 73.5%.

The Company's interest was registered in the Peruvian corporation, Chala Cobre y Oro S.R.L., ("Chala"), on March 11, 2020.

Chala entered into an option agreement on the Sauco I and Sauco II claims in the Department of La Libertad Peru on September 20, 2020 with a payment of USD \$6,600.00. The option agreement envisions payments of USD \$450,000 over 3 years with a 2% Net Smelter Royalty that can be bought for USD \$ 2,000,000. Close of the due diligence period is 4 months after the secession of travel restrictions on international and local travel in relation to the COVID 19 crisis.

Chala entered into an agreement on Sausal Cooper claim in the Department of La Libertad Peru on September 20, 2020 with a payment of USD \$4,800.00. The option agreement envisions payments of USD \$1,000,000 over 3 years with a 2% Net Smelter Royalty that can be bought for USD \$ 2,000,000. Close of the due diligence period is 4 months after the secession of travel restrictions on international and local travel in relation to the COVID 19 crisis.

Chala entered into a due diligence agreement on Surupampa III 2009 claim in the Department of La Libertad Peru on September 19, 2020 with a payment of USD \$4,799.98. The option agreement envisions payments of USD \$1,000,000 over 3 years with a 2% Net Smelter Royalty. Close of the due diligence period is 4 months after the secession of travel restrictions on international and local travel in relation to the COVID 19 crisis.

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

This property was part of and sold with Exploits Gold Corp on September 19, 2020.

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

This property was part of and sold with Exploits Gold Corp on September 19, 2020.

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

This property was part of and sold with Exploits Gold Corp on September 19, 2020.

**g) Howell's River (Newfoundland and Labrador)**

Pursuant to a staking agreement dated August 24, 2020, the Company engaged three consultants including the Vice President of Business Development of the Company to stake mineral claims in Newfoundland and Labrador by which ownership is held 80% by the Company, 5% by the Vice President, 10% by the other consultants and 5% by Volatus as a fee for extending a loan to the Company to stake the claims.

**h) Dog Bay (Newfoundland and Labrador)**

Pursuant to a staking agreement dated June 23, 2020, the Company engaged three consultants including the Vice President of Business Development of the Company to stake mineral claims in Newfoundland and Labrador by which ownership is held 70% by the Company, 12.5% by the Vice President and 17.5% by the other consultants.

On October 19, 2020 Crest Resources Inc. has completed the sale of a 40.323-per-cent interest in the Dog Bay gold property to four arm's-length parties for gross proceeds of \$112,000 and a 29.7% interest for 1.84 million common shares of Exploits Discovery Corp.

**i) Gazeebow North (Newfoundland and Labrador)**

Pursuant to a staking agreement dated July 7, 2020, the Company engaged two consultants including the Vice President of Business Development of the Company to stake mineral claims in Newfoundland and Labrador by which ownership is held 90% by the Company, 5% by the Vice President and 5% by the other consultant.

**j) Enterprise (Newfoundland and Labrador)**

The Company has staked 308 mineral claims in Newfoundland and Labrador known as the Enterprise property.

These claims were optioned to Opawica Resources Inc on October 26, 2020. Opawica may earn an initial 80-per-cent interest in the property by paying an aggregate of \$1.45-million cash and incurring \$5-million in work expenditures over a four-year period as follows: (i) \$250,000 cash due upon signing the agreement, (paid) ; thereafter, optional commitments of (ii) \$450,000 cash and incurring \$1-million in exploration expenditures on or before the second anniversary of the agreement date; (iii) \$250,000 cash and incurring a further \$2-million in exploration expenditures on or before the third anniversary of the agreement date; and (iv) \$500,000 cash and incurring a further \$2-million in exploration expenditures on or before the fourth anniversary of the agreement date. Upon completing the above payments and expenditures, Opawica shall be deemed to have exercised the option and shall be entitled to an undivided 80-per-cent right, title and interest in and to the property, subject to the 2.5-per-cent NSR retained by Crest. Subsequent to the exercise date, Opawica may earn an additional 20-per-cent interest in the property by paying market price in cash or in kind based on an independent valuation of the property.

**k) AusVan Battery Metals (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 former 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 (now know as the Allaru 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 November 30, 2020. The Allaru 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) 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 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.

**l) EResource Technologies I LLC (USA)**

Crest Resources Inc. has entered into a share purchase and sale agreement to acquire all of the issued and outstanding shares of EResource Technologies I LLC, a Silicon Valley-based company, in consideration for four million common shares of the company at a deemed price of nine cents per share. EResource is a newly formed private company wholly owned by Jonas Norr, a director of the company, that intends to seek out and acquire technologies of use in the resources industry. The payment shares will be held in escrow by the company to be released to Mr. Norr as to one million payment shares upon execution of the agreement and an additional 750,000 payment shares every six months thereafter over a period of 24 months.

EResources will target core technologies that deliver social impact while addressing the most pressing efficiency concerns for core industries including but not limited to: natural resources, energy and associated material science technology, by utilizing groundbreaking solutions offered by artificial intelligence, robotics, chemistry and the biosciences. With the close of this transaction, work will begin immediately with an initial cohort of solutions to be identified and alpha tested by late Q1 of 2021. The purchase seeks to offer an innovative alternative to venture capital for core technologies with robust industry applications outside of the most active global innovation hubs.

**m) Atlin-Ruffner Mine**

The Atlin Ruffner mine, composed primarily of the Ruffner and Big Canyon claim groups, is located on Crater Creek which

drains west into the Fourth of July Creek. The mine is about 23 kilometres northeast of Atlin. The occurrence has been an intermittent producer from 1916 to 1981, being operated by numerous companies.

The occurrence lies completely within the Middle Jurassic Fourth of July Creek batholith which covers about 780 square kilometres northeast of Atlin. It is composed of both monzonitic and quartz dioritic phases and in the area of the Atlin Ruffner mine is composed of feldspar porphyritic quartz syenite to granite. The batholith has intruded into Carboniferous-Jurassic Cache Creek Complex rocks.

The dikes usually host the mineralization, and clearly predate the mineralization, as in many cases brecciated dike rock fragments are found in the quartz-carbonate-sulphide assemblages that constitute the ore. Mineralization includes varying amounts of sphalerite, galena, arsenopyrite, pyrite, pyrrhotite, chalcopyrite, pyrargyrite (with trace amounts of tetrahedrite, molybdenite, scheelite, and cassiterite) in a quartz-calcite gangue. Across the mineralized veins/shears which typically are 1 to 2 metres in width, there is a crude segregation of sulphide mineralogy, from sphalerite-rich hangingwall, through a galena-rich core, to an arsenopyrite-rich footwall. High grade silver values are commonly associated with galena-rich zones, and gold values with arsenopyrite-rich zones. Four major vein/shear systems have been identified to date, with underground development and production having taken place on two of them.

Historic and unclassified reserves from the two zones from which underground development and production has taken place are 113,638 tonnes grading 600 grams per tonne silver and 5.0 per cent lead\* (ARIS 18646).

The reserves noted here are historic in nature and the company has not done sufficient work to verify that an NI 43-101 resource exists on the property. This historic reserve should not be relied upon.

Technical disclosure has been reviewed and approved by Nicolas Rodway, P. Geo., VP Business Development and shareholder of Crest Resources Inc., a Qualified Person as defined by National Instrument 43-101.

## **INVESTMENTS IN MINERAL EXPLORATION COMPANIES**

Part of the Company's strategy to diversify its portfolio of mineral exploration assets and enhance company value to shareholders is to invest in securities of other mineral exploration companies that Management considers to be compelling opportunities that are liquid, carry higher risk than term deposits held at a financial institution but potentially yield a higher rate of return, and are less risky than investment in exploration and evaluation activities on the Company's principal property. With that goal, the Company has acquired various equity securities and debt instruments during the period and to the date of this report, as follows.



During the period ended November 30, 2020, the Company acquired common shares of publicly traded mining exploration companies for investment purposes. A summary table of the Company's investments in marketable securities is as follows:

Continuity for the periods ended November 30, 2020:

	Balance, May 31, 2020	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, November 30, 2020
<b>Common shares – Level 1</b>	\$	\$	\$	\$	\$	\$
International Prospect Ventures	168,000	-	(237,550)	69,580	-	-
Troubadour Resources Inc.	80,000	-	(69,285)	(10,715)	-	-
International Samuel Exploration Corp.	52,157	-	(41,525)	(10,632)	-	-
Cleghorn Minerals Ltd. (a) (b)	175,000	-	(24,735)	(4,432)	(33,333)	112,500
Essex Minerals Inc.	250,000	307,205	(285,303)	128,649	391,108	791,659
Freeform Cap Partners Inc.	-	1,000	(757)	257	1,800	2,300
Opawica Explorations Inc.	-	93,125	-	-	143,125	236,250
Ecomine Technology Inc.	-	238,550	-	-	-	238,550
Rain City Resources Inc.	-	66,084	-	-	179,916	246,000
Origen Resources Inc.	-	840,000	-	-	(252,000)	588,000
Core Asset Management Corp.	-	40	-	-	-	40
Spey Resources Corp.	-	75,925	(84,398)	8,473	-	-
	725,157	1,621,899	(743,553)	181,180	430,616	2,215,299
<b>Warrants – Level 2</b>						
Cleghorn Minerals Ltd. (a) (b)	58,206	-	-	-	60,566	118,772
Volatus Capital Corp. (c)	50,968	-	-	-	164,483	215,451
	109,174	-	-	-	225,049	334,223
<b>Total</b>	834,331	1,621,899	(743,553)	181,180	655,665	2,549,522

**a) Volatus Capital Corp.**

As at November 30, 2020, the Company owned 9,715,667 common shares of Volatus representing 26.81% of the outstanding share capital. The investment is accounted for as an “investment in associates” and has a carrying value of \$874,126 compared to a fair value of \$3,670,066 as indicated by the trading price of \$0.40 per share on November 30, 2020.

As of the date of this report, the Company owned and controlled 9,215,667 common shares of Volatus representing 23.96% of the then issued and outstanding common shares of Volatus based on a total of 38,469,407 common shares outstanding as of October 30, 2020; or 9,715,667 Common Shares of Volatus representing 24.93% of the outstanding shares assuming exercise of the 500,000 warrants held by the Company.

**b) Exploits Discovery Corp.**

As of the date of this report, the Company owned and controlled 15,442,500 common shares of Exploits Discovery Corp. representing 25.86% of the then issued and outstanding common shares of Exploits Discovery Corp. based on a total of 59,711,302 common shares outstanding as of October 30, 2020.

**c) Carbon Foundry Corp.**

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

Carbon Foundry has received and processed initial carbon samples from four sources and has accepted three of these for upgrading. The company is presently fund raising to construct a test circuit to confirm that the carbon from all three sources is amenable to upgrading as well as to produce material samples for prospective carbon buyers.

**d) EcoMine Technologies Corporation**

On October 29, 2019, as amended on January 28, 2020, the Company entered into an agreement (the “Agreement”) to invest or help place \$1,000,000 in EcoMine Technologies Corporation (“EcoMine”), a private British Columbia company that produces bespoke bio-chemical reagents for recovery of metals in the mineral industry. The Company, together with such parties agreeable to EcoMine, will purchase an aggregate 4,000,000 common shares of EcoMine at a price of \$0.25 per share (each, a “Share”) for total investment of \$1,000,000. The Shares will be acquired by way of private placement in four tranches of 1,000,000 Shares each as follows: the First Tranche shall close on or before April 15, 2020 (the “First Closing”), with each Subsequent Investment to close on or before the six, twelve and eighteen month anniversary of the First Closing. The closing dates of the Subsequent Investments may be subject to Revised Tranche Dates as agreed by the parties, depending on the cash needs of EcoMine. A non-refundable deposit of \$25,000 was paid by the Company upon signing the Agreement and the Company agreed to advance \$250,000 towards the First Tranche as an interest free unsecured loan until completion of the First Closing. On August 21, 2020, the Company completed the acquisition of 1,000,000 common shares of EcoMine. The Company currently holds a 5% interest in EcoMine and a 6.2% interest with the inclusion of joint actors. The Company will now work together with EcoMine to achieve a public stock exchange listing for EcoMine by way of IPO, RTO, statutory amalgamation, M&A transaction or similar transaction.

**e) OCP Holdings Ltd.**

December 15, 2020, Crest Resources Inc. has acquired a total of 10,566,667 common shares (36 per cent) of the issued and outstanding share capital of OCP Holdings Ltd. (formerly Ore Capital Partners Ltd.), a private investment holding company, from each of 1247814 B.C. Ltd., Garry Stock and Jason Cubitt Holdings Inc. for consideration of 18,647,123 common shares of the company at a deemed price of 11.5 cents per share.

## **Restricted Share Unit Plan**

The Company has adopted a Restricted Share Unit (“RSU”) Plan (the “RSU Plan”) by way of director’s resolution effective February 28, 2020 as amended on April 20, 2020. In conjunction with the Company’s medium term plans to become an Investment Issuer, the board of directors has approved this RSU Plan. The purpose of this RSU Plan is to allow for certain discretionary bonuses and similar awards to be granted as an incentive and reward for selected Eligible Persons related to the achievement of investment objectives of the Company and the resulting increases in the value of the Company’s Investments. This RSU Plan is intended to promote a greater alignment of interests between the objectives of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company’s Investments.

“Eligible Persons” means persons who are Directors, Employees, Executives, Consultants, or parties to an investment advisory agreement with the Company, and so are eligible to participate in this RSU Plan.

“RSU” means the right of a Holder to receive one (1) Share or a cash payment equivalent to one (1) Share, following the Vesting Period of an Award and satisfaction of any required Performance Conditions, subject to the terms and provisions set forth in the RSU Plan and the applicable Award Grant Agreement.

Awards are granted by the board of directors until such time as a Compensation Committee is formed. All awards granted under the RSU Plan are made as to: (i) 40% to Michael Collins in his role as the Company’s Chief Executive Officer; (ii) 40% to Aeternum Holdings Ltd., a company controlled by Emma Fairhurst, the former Chief Operating Officer and a former director and a current owner of 11.70% interest of the Company, in its capacity as a consultant to the Company (for as long as it remains a consultant); and (iii) the balance as to all other Eligible Persons as defined in the Plan.

Each grant of an Award will be based on the Investment Value Increase of each particular Investment held by the Company, as follows:

- (i) for an annual Investment Value Increase of 8.0% or less, no Award may be granted;
- (ii) for an annual Investment Value Increase of greater than 8.0% but less than 50%, an Award may be granted of up to 20% of the Investment Value Increase applicable to that Investment;
- (iii) for an annual Investment Value Increase of greater than or equal to 50% but less than 100%, an Award may be granted of up to 25% of the Investment Value Increase applicable to that Investment; and
- (iv) for an annual Investment Value Increase of greater than or equal to 100%, an Award may be granted of up to 30% of the Investment Value Increase applicable to that Investment.

The value of each Award will be determined on the date of grant based on the Investment Value Increase(s) as applicable to the grant, on a pro-rata basis to the number of Awards granted to all Participants at the time of grant.

At a minimum, Awards will vest over 24 months, as to 25% every six months; however, the Board may determine or set longer vesting provisions in each instance. Once vested, and subject to the satisfaction of all applicable Performance Conditions, Awards shall be forthwith settled by the Company by a payment to the Participant in cash or in Shares at the election of the Company.

## SELECTED QUARTERLY INFORMATION

The table below presents selected financial data for the Company's financial statements for the six months ended November 30, 2020 and 2019. The financial data provided is prepared in accordance with IFRS and is presented in Canadian dollars.

	<u>Six months ended</u> <u>November 30,</u> <u>2020</u>	<u>Six months</u> <u>ended November</u> <u>30, 2019</u>
	\$	\$
Revenue	452,250	69,000
Net comprehensive income (loss)	10,135,825	(312,294)
Income (loss) per share, basic	0.25	(0.01)
Income (loss) per share, diluted	0.22	(0.01)
Total assets	13,901,430	2,727,475
Total long-term liabilities	40,000	-
Cash dividend declared per share	-	-

Various factors contribute to the period to period variations in financial position and financial performance. The \$10,135,825 comprehensive income for the six months ended November 30, 2020 is mainly attributed to the unrealized gain on the changes in fair value of the marketable securities; gain on deemed disposal of subsidiary; gain on disposal of investment in associate and the realized gain on the disposal of mineral properties.

## OPERATIONS

### Six months ended November 30, 2020 and 2019

<b>EXPENSES</b>	<b>Six months ended</b> <b>November 30, 2020</b>	<b>Six months ended</b> <b>November 30, 2019</b>
	\$	\$
Bank charges	1,987	3,392
Business development	-	10,344
Consulting fees	189,638	50,000
Interest expenses	20,018	-
Management fees	177,222	92,500
Marketing fees	7,356	18,537
Office	10,143	8,348
Professional fees	84,039	24,971
Rent	-	3,207
Salaries	16,043	37,962
Share-based payments	98,819	1,961
Transfer agent and filing fees	24,467	16,569
Travel	41	9,176
	\$ (629,773)	\$ (276,967)

### Total operating expenses for the six months ended November 30, 2020 and 2019

During the period ended November 30, 2020, the Company reported a comprehensive income of \$10,135,825 compared to a comprehensive loss of \$312,294 for the period ended November 30, 2019. Included in the determination of operating loss was \$189,638 (2019 - \$50,000) for consulting fees, \$177,222 (2019 - \$92,500) for management fees, \$7,356 (2019 - \$18,537) marketing fees, \$84,039 (2019 - \$24,971) for professional fees, \$16,043 (2019 - \$37,962) for salaries and \$24,467 (2019 - \$16,569) for transfer agent and filing.

Total operating expenses for the period ended November 30, 2020 were \$629,773 compared to \$276,967 in operating expenses recorded for the period ended November 30, 2019.

Consulting fees were paid to various strategic business development consultants, geological and project management consultants service fees.

Management fees included amounts paid to the new Chief Executive Officer (“CEO”) for the services provided by the CEO, Chief Financial Officer (“CFO”) and a company controlled by CFO for the services provided by the CFO, and the VP Business Development of the Company. Management fees were \$177,222 for the period ended November 30, 2020 compared to expenses of \$92,500 recorded for the 2019.

Marketing fees were \$7,356 for the period ended November 30, 2020 compared to expenses of \$18,537 recorded for the 2019 comparative. The Company increased its marketing fees to effectively communicate the flow of information of its operations to the public and its shareholders.

Professional fees were \$84,039 for the period ended November 30, 2020 and relate to the Company’s accounting and legal fees. Accounting fees totaled \$10,000 and \$47,000 audit fee during the period professional fees totaled \$57,000 and legal fees totaled \$27,039. Legal fees incurred relate to the Company’s various agreements and general matters.

Salaries include amounts paid to the Corporate Secretary.

Share-based payments (a non-cash expense) were \$98,819 (2019 - \$1,961) which includes the estimated fair value of stock options granted during the period.

Transfer agent and filing fees were \$24,467 for the period ended November 30, 2020 (2019 - \$16,569).

	<u>6 months ended</u> <u>November 30,</u> <u>2020</u>	<u>Year ended</u> <u>May 31, 2020</u> <u>(Audited)</u>	<u>6 months ended</u> <u>November 30,</u> <u>2019</u>
<b>OTHER ITEMS</b>			
Gain on sale of mineral properties	5,140,852	205,727	-
Interest income	10,552	4,351	901
Loss on foreign exchange	-	(953)	-
Recovery of expenses	74,713	-	-
Notes receivable write off	-	(76,633)	-
Realized gain on sale of marketable securities	181,180	67,824	(27,706)
Unrealized gain on marketable securities	655,665	247,251	(60,606)
Gain on deemed disposal of subsidiary	1,461,645	-	-
Gain on disposal of investment in associate	2,886,190	-	-
Share of loss from equity-accounted investment	(97,449)	(164,112)	(16,916)

Realized gains on sale of marketable securities were \$5,140,852 for the six months period ended November 30, 2020 compared to \$nil for the 2019 comparative period. The gains were realized from the sale of the common shares of several publicly traded mining exploration companies held for investment to fund the Company’s operations.

Unrealized losses on short-term investments were \$655,665 for the six months period ended November 30, 2020 compared to \$60,606 loss for the comparative period. The amount represents unrealized losses from market price fluctuations of the common shares of publicly traded mining exploration companies held for investment recorded at fair value using quoted market prices as at November 30, 2020.

For the six months period ended November 30, 2020, the Company recognized a deemed disposal of subsidiary - Exploit Gold of \$1,461,645.

## SELECTED ANNUAL INFORMATION

N/A

## **SUMMARY OF QUARTERLY RESULTS**

N/A

### **CASH FLOWS**

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue. Total cash provided by (used in) operating activities was \$105,230 during the six months ended November 30, 2020 compared to (\$218,698) cash used in operating activities for the 2019 comparative period. The increase in cash used in operating activities was mainly from increase in business activity during the period.

Total cash used in investing activities was \$671,468 during the six months ended November 30, 2020 compared to \$1,270,675 cash used in investing activities for the 2019 comparative period. It consists of \$69,415 notes advances to Opawica and Volatus, incurred \$784,139 exploration and evaluation assets, invested \$432,368 in an associate company, invested \$589,143 in marketable securities and \$589,143 on the disposal of marketable securities for investment.

Total cash provided by financing activities was \$938,731 during the six months ended November 30, 2020 and consists of \$756,676 in proceeds from private placement, \$376,850 in proceeds from issuance of shares by subsidiary, \$253,320 in cash disposed upon deemed disposal of subsidiary, \$300,000 demand loans received and \$241,475 in demand loans repaid. Cash provided by financing activities was \$1,332,445 for the comparative period and consists of proceeds from private placement.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and attainment of profitable operations. Management has been successful in raising equity financing in the past. However, there is no assurance that it will be able to do so in the future.

Factors that could impact on the Company's liquidity are monitored regularly and include market changes and economic downturns that affect the market price of the Company's trading 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.

The Company's cash balance at November 30, 2020 was \$188,584 compared to \$26,551 at November 30, 2019 and its short-term investments was \$2,549,522 compared to \$834,331 at November 30, 2019. The Company had a working capital surplus of \$2,590,818 at November 30, 2020. (2019 - \$89,482) Based on the above financial condition at November 30, 2020, Management believes that the Company has the financial resources to meet its financial obligations as they become payable in the current fiscal period.

The Company does not have any commitments for capital expenditures.

### **OFF-BALANCE SHEET ARRANGEMENTS**

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

### **TRANSACTIONS WITH RELATED PARTIES**

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

### Key Management 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:

	<b>Six months ended November 30, 2020</b>	<b>Six months ended November 30, 2019</b>
	\$	\$
Salaries and benefits (i)	16,043	37,962
Management fees (ii)	177,222	92,500
Professional fee (ii)	17,500	-
Share-based payments (iii)	98,819	1,961
	<b>309,584</b>	<b>132,423</b>

The Company has entered into an Executive Management Agreement with the CEO of the Company effective May 15, 2020 for a five year term. As compensation for the services to be provided, the CEO will receive a monthly fee of \$8,500. During the period ended November 30, 2020, the Company incurred \$51,000 (2019 - \$Nil) in management fees to the CEO. As at November 30, 2020, accounts payable and accrued liabilities include amounts due to the CEO of \$15,900 (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 CFO of the Company. As compensation for the services provided, the company controlled by the CFO will receive a monthly fee of \$2,500. During the period ended November 30, 2020, the Company incurred \$15,000 (2019 - \$Nil) in fees to the company controlled by the CFO. As at November 30, 2020, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$7,875 (2019 - \$Nil), which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with the CFO of the Company. As compensation for the services provided, the company controlled by the CFO will receive a monthly fee of \$1,000. During the period ended November 30, 2020, the Company incurred \$6,000 (2019 - \$Nil) in fees to the CFO. As at November 30, 2020, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$4,200 (2019 - \$Nil), which are due on demand, unsecured and non-interest bearing.

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 period ended November 30, 2020, the Company incurred \$48,000 (2019- \$Nil) in management fees to the VP. As at November 30, 2020, accounts payable and accrued liabilities include amounts due to the VP of \$27,295 (2019 - \$Nil), 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, 2020 for no fixed term. As compensation for the services to be provided, the Corporate Secretary will receive a monthly fee of \$4,500 of which \$3,000 is to be paid in cash and \$1,500 is to be accrued and applied towards the purchase of equity securities of the Company. During the period ended November 30, 2020, the Company incurred \$27,000 (2019 - \$13,472) in salary and benefits to the Corporate Secretary. As at November 30, 2020, accounts payable and accrued liabilities include \$20 (2019 - \$Nil) in amounts owing to the Corporate Secretary.

On June 1, 2020, the Company granted 2,975,000 stock options to certain directors, officers, employees and consultants of the Company that are exercisable at a price of \$0.065 per common share until June 1, 2025.

The President, CEO and a Director of the Company was party to the Peruvian staking agreement as described in Note 9.

The Vice President, Business Development of the Company was party to certain Newfoundland and Labrador staking agreements.

## COMMITMENTS

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

## OUTSTANDING SECURITIES AS AT NOVEMBER 30, 2020

• Issued and Outstanding Common Shares	43,687,834
• Outstanding Options	3,275,000
• Outstanding Warrants	<u>10,625,000</u>
Total diluted share capital as at November 30, 2020	57,587,834 =====

## PROPOSED TRANSACTIONS

On December 15, 2020, the Company has acquired a total of 10,566,667 common shares (36%) of the issued and outstanding share capital of OCP Holdings Ltd. (formerly Ore Capital Partners Ltd.) (“OCP”), a private investment holding company from each of 1247814 B.C. Ltd., Garry Stock, and Jason Cubitt Holdings Inc., for consideration of 18,647,123 common shares of the Company at a deemed price of \$0.115 per share (the “Crest Shares”). The Crest Shares are subject to a statutory four month hold period expiring April 15, 2021. Garry Stock, a director of the Company and also a director of OCP, received 705,885 Crest Shares.

## SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

## DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company’s residual assets.

As at November 30, 2020, the Company has 43,687,834 common shares issued and outstanding (May 31, 2020 – 35,177,344).

As at November 30, 2020, the Company has 10,025,000 common share purchase warrants exercisable at \$0.075 per share until July 25, 2024 (May 31, 2020 – 10,400,000) and 600,000 common share purchase warrants exercisable at \$0.075 per share until July 31, 2024 (May 31, 2020 – 600,000).

As at November 30, 2020, the Company has 200,000 stock options exercisable at \$0.10 per share until July 13, 2023 (May 31, 2020 – 200,000); 100,000 stock options exercisable at \$0.12 per share until April 5, 2023 (May 31, 2020 – 100,000); and 2,975,000 stock options exercisable at \$0.065 until June 1, 2025 (May 31, 2020 – nil).

## COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak and spread of a novel coronavirus, COVID-19, a global pandemic. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including implementing travel restrictions, border closures, non-essential business closures, quarantines, self-isolation and physical distancing.



The outbreak of COVID-19 may cause disruptions to the Company's business and operational plans, which may include: (i) restriction of international travel by management; (ii) unavailability of contractors and subcontractors; (iii) interruption of supplies from third parties upon which the Company relies; (iv) restrictions imposed by governments to address the COVID-19 pandemic; (v) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others; and (vi) upheaval of global financial conditions, including market reaction to COVID-19. It is not currently possible to predict the extent or duration of these potential disruptions, which may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has implemented precautionary measures at its corporate office, including limiting visits to essential personnel and ensuring proper protocols are followed with respect to health, hygiene and physical distancing. The Company's exploration and operational activities planned for 2020 are expected to continue in an orderly fashion while ensuring the safety of employees.

## **BOARD OF DIRECTORS AND OFFICERS**

Chief Executive Officer	: Michael Collins
Director	: Jason K. McLaughlin
Director	: Garry Stock
Director	: Jonas Lauren Norr
Chief Financial Officer	: Bryce Clark
Corporate Secretary	: Jacqueline Collins
Vice President of Business Development	: Nicholas Rodway
Vice President of Capital Markets	: Christopher Huggins

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of the Company and all the information in this Restated Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. That Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board. The Audit Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Audit Committee reports its finding to the Board for consideration when approving the financial statements for issuance to the shareholders, the engagement or reappointment of the external auditors.

## **CREST RESOURCES INC.**

Michael Collins

Chairman, President and Chief Executive Officer