

# **CREST RESOURCES INC.**

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

For the period ended August 31, 2021

This Management's Discussion and Analysis of Crest Resources Inc. ("Crest" or the "Company") ("MD&A") provides analysis of the Company's financial results for the period ended August 31, 2021 and should be read in conjunction with the accompanying audited financial statements and notes thereto for the year ended May 31, 2021. This MD&A is based on information available as at October 28, 2021.

The accompanying audited financial statements for the period ended August 31, 2021 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 3043 – 595 Burrard 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 favorable return on investment.

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

The Company's mineral property assets are as follows:

- Chala Copper property in Peru (73.5% owned);
- 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);
- Howells River property in Newfoundland and Quebec (80% owned);
- Newfoundland Syndicate (100%)
- Whymper property (49% owned)
- Tan Nickel Property in Quebec (90% owned)

At the Company's Annual General and Special Meeting held October 30, 2020, 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. (66.67% owned) – a private company that holds 100% interest in the Atlin-Rufner property in British Columbia.
- AusVan Battery Metals Pty Ltd (60% owned) – a private Australian company that has entered into a Property Purchase and Sale Agreement to acquire 100% interest in the Allaru 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 S.R.L. (73.5% owned) – a private mineral interest holding company in Peru.
- Volatus Capital Corp. (24.05% owned) – a junior resource company trading on the Canadian Securities Exchange.
- 1255929 B.C. Ltd. (63.3%) - – a private company that holds 51% interest in the Whymper property in British Columbia.

## MAJOR OPERATING MILESTONES

Details of the Company's mineral property acquisition, exploration and evaluation activities are presented here:

Newfoundland and Labrador, Canada										
	Chapel Island / Lil D'Espoir Lake	Gazebow North	Dog Bay	Enterprise	Jonathan's Pond	Mt. Peyton	Mt. Peyton Extension	Howell River	Newfoundl and Syndicate	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>										
Balance, August 31, 2020	11,245	33,280	52,225	19,890	150,103	411,705	44,675	52,000	-	-
Acquisition	22,490	3,000	23,612	-	-	-	-	-	412,815	-
Sale of property	(33,735)	-	(75,837)	(19,890)	(150,103)	(411,705)	(44,675)	-	-	-
Balance, May 31, 2021	-	36,280	-	-	-	-	-	52,000	412,815	-
Acquisition	-	51,200	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-	-	-
Balance, August 31, 2021	-	87,480	-	-	-	-	-	52,000	412,815	-
<b>Exploration expenditures</b>										
Balance, August 31, 2020	-	-	-	-	4,045	4,045	-	-	-	-
Sale of property	-	-	-	-	(4,045)	(4,045)	-	-	-	-
Balance, May 31, 2021	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-	-	-
Balance, August 31, 2021	-	-	-	-	-	-	-	-	-	-
<b>Total acquisition costs and exploration expenditures</b>										
August 31, 2020	11,245	33,280	52,225	19,890	154,148	415,750	44,675	52,000	-	-
August 31, 2021	-	87,480	-	-	-	-	-	52,000	412,815	-

	British Columbia			Peru	Quebec				Australia	
	Atlin- Ruffner	Red Metal Ridge	Whymper	Lunar Frog	Chala Copper	Richard Copper	Stargold Properties	Tan Nickel Property	Allaru Project	Total
	\$	\$		\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>										
Balance, August 31, 2020	-	54,500	-	100,000	108,854	-	-	-	518,488	1,556,965
Acquisition	60,000	14,616	76,210	-	40,192	5,000	69,000	3,197	-	730,132
Sale of property	-	-	-	(100,000)	-	(5,000)	(69,000)	-	-	(909,945)
Balance, May 31, 2021	60,000	69,116	76,210	-	149,046	-	-	3,197	518,488	1,377,152
Acquisition	-	-	41,402	-	79,826	-	-	-	-	172,428
Sale of property	-	-	(39,723)	-	-	-	-	-	-	(39,723)
Balance, August 31, 2021	60,000	69,116	77,889	-	228,872	-	-	3,197	518,488	1,509,857
<b>Exploration expenditures</b>										
Balance, August 31, 2020	-	100,269	-	-	38,199	-	-	-	73,934	220,492
Addition	-	-	-	-	23,096	-	-	-	207,190	230,286
Write-off	-	-	-	-	(12,500)	-	-	-	-	(20,590)
Balance, May 31, 2021	-	100,269	-	-	48,795	-	-	-	281,124	430,188
Acquisition	-	-	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	(10,244)	-	-	-	-	(10,244)
Balance, August 31, 2021	-	100,269	-	-	38,551	-	-	-	281,124	419,944
<b>Total acquisition costs and exploration expenditures</b>										
August 31, 2020	-	154,769	-	100,000	147,053	-	-	-	592,422	1,777,457
August 31, 2021	60,000	169,385	77,889	-	267,423	-	-	3,197	799,612	1,929,801

**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.

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.

The second option was refused on November 27, 2020. The underlying vendor has the right to repurchase the 51% interest for \$5,000

**b) 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. The Company currently holds a 73.5% interest in the Chala Project.

The concessions are located in what was reported to be a gap between the two main Peruvian IOCG Belts. Exploration results from this phase of work found that this gap does not actually exist, or at the very least is not continuous, and that IOCG type mineralization was found to be pervasive throughout the entire concession areas.

As all the known large IOCG deposits are found either 200 km to north or the south of the concession areas, this area has been generally ignored for exploration, and literally thousands of small mines exist in the Chaparra / Sifuentes / Caravalli area. All are associated with IOCG style environment and suggests that potential for significant IOCG type mineral deposits remain to be found.

The geology is dominated by a series of porphyritic monzodiorite intrusions into an equigranular granodiorite of the coastal batholith. A least four different phases of intrusions were identified, with all related to at least one of the major fault orientations. Cu +/- Au +/- Fe mineralization appears intimately related with the dolerite dikes common along inferred extensional fault orientations.

Remnant volcanic flows that once completely covered the area with 50m to 100m, has for the most part eroded off, leaving isolated caps on hilltops, except on the eastern side, where up to 40% of the ground remains covered.

Multi-phase injections, with up to four distinct events observed are found over the entire concession area, resulting in large zones of magmatic tectonic breccias.

Evidence from lithologies, structures, alteration and mineralization suggests the project area is heavily eroded, with possibly up to 4km removed, and the Cu / Au mineralization deposits are close to the core of the intrusives. Management postulates that due to the level of erosion, the area contained within the C1 to C4 concessions will not include extensive hydro-thermal breccias, typical ore / alteration zoning, or large areas of copper oxide mineralization.

Mineralization is dominated Au +/- Cu in relatively narrow veins, stockwork and fault associated structures trending 020, and broad 280 trending intensely altered hematitic zones inferred as being strongly albitized and often hosting Au mines, that are frequently reported as being “high” in Cu by miners who complain of penalties levied on their ore. The 020 and 280 structures found in C2 and C4 are extensively silicified and can be followed for hundreds of meters (thousands in some cases), and many have or are being worked for gold. Grades reported by small miners hand cobbing ore throughout the area are generally >50g/t Au and up to 2% Cu.

Alteration is dominated by Calc-silicate-albite- magnetite and biotite-magnetite-albite as alteration halos to veins and in local stockworks, that are frequently chloritic and often potassic. Pervasive and intense hematisation whereby mafic minerals in the protolith are altered to hematite. This is demonstrated in some areas as 60% of the rock mass is hematite, with the balance being quartz and relic feldspars usually converted to albite, that on hillsides, whereby the colluvial soil is estimated to be over 70% hematite with 10% quartz grains.

**c) 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.

**d) Gazebo 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.

**e) Allaru Project (formerly known as Arizona Project) (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 “Allaru Project”) to acquire the Allaru Project. Pursuant to the assignment agreement, Aholdings assigns and transfers to the Company all of its right, title and interest in the term sheet and the Allaru Project to the Company for a consideration of \$450,000, which is included in accounts payable and accrued liabilities as at August 31, 2021. 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 Allaru 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 of completing certain millstone 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.

Covering 810 km<sup>2</sup>, the Allaru Project is located 80 km north of Julia Creek in central Queensland, Australia. The base metals mining center of Mt. Isa and regional airport is located 230 km to the west. The Mt. Isa rail network passes through Julia Creek with connections to Charters Towers and Townsville and Port Abbot at Bowen. The area has a hot dry climate with flat lying topography used for cattle grazing and is easily accessible by road and near existing power.

**Geology**

Centered on the Euroka Ridge separating the Carpentaria and Eromanga Sedimentary Basin in North-west Queensland, the Allaru Project displays many similar characteristics to the nearby advanced Debella Vanadium + HPA Project; a near

surface, flat lying and locally oxidized vanadium enriched shale. The Allaru Project is hosted by Cretaceous sedimentary rocks of the Toolebuc Formation. The Toolebuc Formation is composed primarily of banded limestone and shales, is widely distributed and laterally stable across the Project. The Vanadium mineralization is concentrated in the Toolebuc B and D beds. The Toolebuc B bed ranges in thickness from 0.3m to 3.0m in thickness, averaging 2.8m, and the Toolebuc D bed ranges in thickness from 1.3m to 4.1m in thickness, averaging 2.8m.

- Historical JORC Inferred Resource (2018) of 618 Mt at 0.45% V2 O5 \*
- With an exploration target of 880 - 1,100 Mt at 0.45% V2 O5 within a range of 0.36-0.50% V2 O5
  - \*The JORC inferred resource completed for Vecco in 2018 by John T. Boyd Company is historic in nature and the inferred resource model was defined with stratigraphic surface defined in Vulkan 3-D software using the Delaunay triangulation algorithm. While nothing has come to the attention of AusVan that causes it to question the accuracy or reliability of the estimate, neither AusVan nor Crest has independently validated the estimate and therefore is not to be regarded as reporting, adopting or endorsing those estimates. Further review will be required to publish a current resource calculation. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and the Company is not treating the historical estimate as a current mineral resource.
- Standard Processing Flowsheet for Toolebuc Formation Vanadium shale returns up to 95% vanadium recovery with atmospheric leach technology
- Detailed processing flow sheet and processing IP that supports a clear pathway to V2O5 production.

The Company is focused on drilling the up dip extension of the know resource to identify Vanadium enriched shales at shallower depths and within an oxidized environment that will be amenable to atmospheric leach processes that are less expensive to build and operate than most sulphide, “fresh” Vanadium shale deposits.

#### **f) Whymper Project**

On November 30, 2020 the Company staked gold claims near Lake Cowichan on Vancouver Island, British Columbia. During the period ended August 31, 2021; 51% of the rights, title and interest in the Whymper Property were sold

#### **g) Newfoundland Syndicate**

From May 11 to May 19, 2021 the Company staked 6,351 mineral claims in Newfoundland. This staking took place in four main blocks; Baie Verte (1,695 claims), Exploits (256 claims); Fortune Bay (2,500 claims); and Grand Falls (1,900 claims).

#### **h) Atlin-Ruffner (British Columbia)**

The Company owns 66.7 % of 1251797 BC Ltd, which owns 100% of 28 claims covering the historic Atlin-Ruffner mine, 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.

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.

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.

#### **i) Tan Nickel Property (Quebec)**

Pursuant to a staking agreement dated May 3, 2021, the Company engaged the Vice President of Business Development of the Company to stake mineral claims Quebec by which ownership is held 90% by the Company and 10% by the Vice President.

## **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.



## Marketable Securities

During the period ended August 31, 2021, 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:

	Balance, May 31, 2020	Additions	Disposals	Realized gain (loss) on disposals	Cost Balance, August 31, 2020	Unrealized gain (loss) on changes in fair value	FMV Balance, August 31, 2020
<b>Common shares – Level 1</b>	\$	\$	\$	\$	\$	\$	\$
International Prospect Ventures	168,000	-	(237,550)	77,550	8,000	(8,000)	-
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	-	-	-	175,000	(75,000)	100,000
Essex Minerals Inc	250,000	121,877	-	-	371,877	903,873	1,275,750
Freeform Cap Partners Inc	-	1,000	(757)	257	500	1,800	2,300
Opawica Explorations Inc	-	60,000	-	-	60,000	170,000	230,000
Exploits Discovery Corp	-	1,960,819	-	-	1,960,819	1,652,231	3,613,050
Rain City Resources Inc	-	66,084	-	-	66,084	302,916	369,000
Core Asset Management Corp	-	40	-	-	40	-	40
Spey Resources Corp	-	75,925	(84,398)	8,473	-	-	-
	725,157	2,285,745	(433,515)	64,933	2,880,870	2,947,820	5,650,140
							-
<b>Warrants – Level 2</b>							
Cleghorn Minerals Ltd. (a) (b)	58,206	-	-	-	58,206	17,463	75,669
Volatus Capital Corp. (c)	50,968	-	-	-	50,968	98,652	149,620
	109,174	-	-	-	109,174	116,115	225,289
<b>Total</b>	834,331	2,285,745	(433,515)	64,933	2,990,044	3,063,935	5,815,429

	<b>FMV Balance, May 31, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Realized gain (loss) on disposals</b>	<b>Unrealized gain (loss) on changes in fair value</b>	<b>FMV Balance, August 31, 2021</b>
	\$	\$	\$	\$	\$	\$
<b>Common shares – Level 1</b>						
Clarity Gold Corp.	-	65,210	(1,915)	214	(3,029)	60,480
Cleghorn Minerals Ltd. (a) (b)	276,000	132,490	-	-	(23,435)	385,055
Core Assets Corp	-	179,257	-	-	147,223	326,480
Essex Minerals Inc.	39,599	48,524	(33,539)	(4,761)	(5,304)	44,519
Exploits Discovery Corp	-	6,628,040	(11,500,344)	6,254,618	546,762	1,929,076
Forty Pillars Mining Corp	-	-	(43,228)	43,228	-	-
Golcap Resources Corp	-	378,000	-	-	1,512,000	1,890,000
Headwater Gold Inc	-	50,923	-	-	3,957	54,880
Komo Plant Based Food Inc	-	10,095	(9,945)	(150)	-	-
Medallion Resource Ltd	-	33,090	-	-	8,933	42,023
Mountain Boy Minerals Ltd	-	77,872	-	-	496	78,368
Nevgold Corp	-	388,993	-	-	19,157	408,150
Opawica Explorations Inc	1,316,000	226,659	(899,400)	417,334	(325,260)	735,333
Origen Resources Inc	1,761,667	484,866	(709,886)	330,151	(367,278)	1,499,520
Playground Ventures Inc	-	101,338	-	-	(47,218)	54,120
Rain City Resources Inc	369,045	-	-	-	(41,045)	328,000
Ready Set Gold Corp	-	171,143	-	-	(4,643)	166,500
Troubadour Resources Inc	-	55,000	(101,612)	57,162	(1,582)	8,968
Val-D'or Mining Corp	-	245,748	-	-	(12,701)	233,047
Vertical Exploration Inc	31,200	119,094	(34,715)	(8,480)	18,971	126,070
XrApplied Technologies Inc	-	39,873	-	-	2,652	42,525
	3,793,511	9,436,215	(13,334,584)	7,089,316	1,428,656	8,413,114
<b>Warrants – Level 2</b>						
Cleghorn Minerals Ltd. (a) (b)	8,090	-	-	-	(2,844)	5,246
Volatus Capital Corp. (c)	25,602	-	-	-	(874)	24,728
Troubadour Resources Inc. (d)	24,526	-	-	-	2,004	26,530
Origen Resources Inc. (e)	64,579	-	-	-	(2,331)	62,248
Opawica Explorations Inc.(f)	53,767	-	-	-	25,076	78,843
	176,564	-	-	-	21,031	197,595
<b>Total</b>	<b>3,970,075</b>	<b>9,436,215</b>	<b>(13,334,584)</b>	<b>7,089,316</b>	<b>1,449,687</b>	<b>8,610,709</b>

## Investments

The Company holds common shares in various private companies. At August 31, 2021, the Company had five privately held investments with a total cost of \$3,130,384

	<b>August 31, 2021</b>	<b>August 31, 2020</b>
	\$	\$
Core Asset Management Corp	40	-
2311548 Alberta Ltd	500	-
Cayenne Capital Corp	275,000	-
Ecomine Technology Inc	583,333	-
EResources Technologies LLC	360,000	-
OCP Holdings Ltd	2,143,977	-
Ranchero Gold Corp	275	-
Viewmont Gold Pty Ltd	350,592	-
	<u>3,713,717</u>	<u>-</u>

## SELECTED QUARTERLY INFORMATION

The table below presents selected financial data for the Company's annual financial statements for each of the two most recently completed financial years. The financial data provided is prepared in accordance with IFRS and is presented in Canadian dollars.

	<b><u>Period ended August 31, 2021</u></b>	<b><u>Period ended August 31, 2020</u></b>
	\$	\$
Revenue	136,228	322,000
Net comprehensive profit (loss)	3,161,159	5,070,527
Loss per share, basic and diluted	0.05	0.15
Total assets	21,238,251	7,739,392
Total long-term liabilities	40,000	40,000
Cash dividend declared per share	-	-

Various factors contribute to the period to period variations in financial position and financial performance. The \$3,161,159 comprehensive income for the period ended August 31, 2021 increased as a result of increased revenues and gains disposition of assets. The costs associated with these increases in revenue increased as well.

## Total operating expenses for the period ended August 31, 2021

During the period ended August 31, 2021, the Company reported a net income of \$3,161,159 compared to a net income of \$5,070,527 for the period ended August 31, 2020. Included in the determination of operating loss was \$Nil (2020-\$86,347) for business development, \$60,072 (2020 - \$Nil) for consulting fees, \$13,565 (2020-\$Nil) for directors fees, \$43,070 (2020 - \$Nil) for exploration & evaluation expenses, \$3,112 (2020- \$5,773) interest expense, \$70,500 (2020 - \$119,222) for management fees, \$2,221 (2020 - \$6,804) for marketing fees, \$19,382 (2020- \$37,901) for professional fees, \$Nil (2020 - \$9,626) for salaries, \$2,781 (2020 - \$16,430) for transfer agent and filing fees, \$10,463 (2020-\$41) for travel and \$6,490,772 (2020-\$98,819) for share based payments (a non-cash expense) for the granting of stock options.

	<b>Period Ended August 31, 2021</b>	Period Ended August 31, 2020
<b>EXPENSES</b>	<b>\$</b>	<b>\$</b>
Amortization	<b>113</b>	-
Bank charges	<b>2,971</b>	921
Business development	-	86,347
Consulting fees	<b>60,072</b>	-
Director fees	<b>13,565</b>	-
Exploration & evaluation expenditure	<b>43,070</b>	-
Insurance	<b>507</b>	-
Interest expense	<b>3,112</b>	5,773
Management fees (Note 14)	<b>70,500</b>	119,222
Marketing fees	<b>2,221</b>	6,804
Office	<b>43,268</b>	37,901
Professional fees	<b>19,382</b>	37,901
Rent	<b>89,060</b>	17,500
Salaries (Note 14)	-	9,626
Share-based payments (Note 15)	<b>6,490,772</b>	98,819
Transfer agent and filing fees	<b>2,781</b>	16,430
Travel	<b>10,463</b>	41
	<b>(6,851,857)</b>	<b>(429,912)</b>

Total operating expenses for the period ended August 31, 2021

Total operating expenses for the period ended August 31, 2021 were \$6,851,857 compared to \$429,912 in operating expenses recorded for the period ended August 31, 2020.

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

Management fees included amounts paid to the former Chief Executive Officer (“CEO”) for the services provided by the CEO, a company controlled by the Chief Financial Officer (“CFO”) for the services provided by the CFO, a company controlled by the COO of the Company and the former VP Business Development of the Company. Management fees were \$70,500 for the period ended August 31, 2021 compared to expenses of \$119,222 recorded for the 2020.

Marketing fees were \$2,221 for the period ended August 31, 2021 compared to expenses of \$6,804 recorded for the 2020 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 \$19,382 (2020 - \$37,901) for the period ended August 31, 2021 and relate to the Company’s accounting and legal fees. Accounting fees totaled \$7,500 (2020-\$8,000) during the year and legal fees totaled \$9,777 (2020-\$18,028). Legal fees incurred relate to the Company’s various agreements and general matters.

Salaries include amounts paid to the former CEO and Corporate Secretary.

Share-based payments (a non-cash expense) were \$6,490,772 (2020- \$98,818) which includes the distribution of bonus shares to certain directors, officers, employees and consultants.

Transfer agent and filing fees were \$2,781 (2020 - \$16,430) for the period ended August 31, 2021.

## SELECTED ANNUAL INFORMATION

	May 31, 2021	May 31, 2020
	\$	\$
Total Revenue	978,242	90,000
Net income (loss) (\$)	8,874,496	(334,012)
Per Share (\$)	0.17	(0.01)

## SUMMARY OF QUARTERLY RESULTS

	Q1 August 31, 2021 \$	Q4 May 31, 2021 \$	Q3 Feb 28, 2021 \$	Q2 Nov 30, 2020 \$	Q1 Aug 31, 2020 \$
<b>Total revenue</b>	136,228	322,140	291,352	42,750	322,000
<b>Net Income (loss) (\$)</b>	3,161,159	(2,907,643)	1,633,814	5,077,798	5,070,527
<b>Per Share (\$)</b>	0.05	(0.05)	0.03	0.11	0.15

	Q4 May 31, 2020	Q3 Feb 28, 2020	Q2 Nov 30, 2019	Q1 Aug 31, 2019
Total Revenue	(67,500)	88,500	69,000	-
Net (loss) \$	(59,059)	37,341	(293,478)	(18,816)
Per Share (\$)	(0.002)	0.00	(0.01)	(0.00)

	3 months ended August 31, 2021	Year Ended May 31 2021	3 months ended August 31, 2020
<b>OTHER ITEMS</b>			
Gain on sale of mineral properties	\$ -	\$ 5,906,698	\$ -
Interest Income	\$ 5,610	\$ 24,204	\$ 2,184
Gain (loss) on foreign exchange	\$ 102,812	\$ 46,170	\$ -
Recovery of expenses	\$ -	\$ -	\$ 105,000
Realized gain on sale of marketable securities	\$ 7,089,316	\$ 289,820	\$ 2,007,320
Unrealized gain on marketable securities	\$ 1,449,687	\$ 1,704,173	\$ 3,063,935
Share of loss from equity accounted investment	\$ 1,229,363	\$ (1,354,146)	\$ -

For the year ended May 31, 2021 gains on sale of mineral properties were \$5,906,698 (2020-\$205,727). The gains were realized from the sale of Chapel Island, True Grit/ Middle Ridge, Jonathans Pond, Dog Bay, Enterprise, Mt. Peyton, Lion's Den, Lunar Frog, and Richards Copper properties.

Realized gains on sale of marketable securities were \$7,089,316 for the period ended August 31, 2021 compared to \$2,007,320 for the 2020 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 gains on short-term investments were \$1,449,687 for the period ended August 31, 2021 compared to \$3,063,935 for the 2020 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 August 31, 2021.

For the period ended August 31, 2021, the Company derecognized a loss of \$1,229,363 (2020 - \$nil) from its share of loss from an equity accounted investment. As at August 31, 2021, the Company compared the carrying value of its investment in Volatus and investment in Exploits Discovery Corp are \$2,721,118 and \$Nil respectively to the fair value less costs to sell of the common shares as indicated by the trading price on the Canadian Securities Exchange and determined that no impairment loss is to be recognized

## **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 used in operating activities was \$1,081,730 during the period ended August 31, 2021 compared to \$26,563 cash provided by operating activities for the 2020 comparative period. The increase in cash used in operating activities was mainly from increase in business activity during the period.

Total cash provided by (used in) investing activities was \$4,539,477 during the period ended August 31, 2021 compared to \$1,067,397 cash used in investing activities for the 2020 comparative period. It consists of \$14,142 (2020 -\$60,426) notes advances to Opawica Exploration Inc and Volatus Capital Corp., \$186,486 incurred on the acquisition of exploration and evaluation assets in the period ended August 31, 2021 compares to \$489,760, spent \$750,000 (2020-\$368,818) in associate companies and \$2,832,449 (2020-\$148,393) on the purchase of marketable securities for investment purposes.

Total cash provided by financing activities was \$38,443 (2020-\$1,372,284) during the period ended August 31, 2021 and consists of \$15,000 (2020-\$1,242,625) in proceeds from issuance of shares, \$135,500 (2020-\$200) proceeds from issuance of subsidiary shares, less \$910 (2020 - \$Nil) in share issuance costs, and \$109,147 (2020 - \$140,000) in loans payable.

## **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 August 31, 2021 was \$3,502,251 compared to \$110,290 at August 31, 2020, and its short-term investments was \$9,194,042 compared to \$6,053,979 at August 31, 2020. The Company had a working capital surplus of \$14,288,504 (2020 - \$5,434,823) at August 31, 2021. Based on the above financial condition at August 31, 2021, 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.

## LOANS PAYABLE

On May 7, 2021, the Company has an advancement of \$350,000 from Exploits Discovery Corp for the purpose of initiate and manage online staking syndicate for properties in Newfoundland.

On May 26, 2021 the Company entered into an agreement with Exploits Discovery Corp. to sell the Gazeebo North property for consideration of \$200,000 and 1.8 million shares of Exploits. On May 31, 2021 by mutual agreement the sale was cancelled and the purchase price (\$200,000) is to be returned to Exploits Discovery Corp.

On July 23, 2021, the Company has repaid \$100,000 to Exploits Discovery Corp.

On July 26, 2021, Exploits Discovery Corp. has repaid \$62,815 staking fee for Newfoundland Syndicate project on behalf of the Company.

## 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:

	Period ended August 31, 2021	Period ended August 31, 2020
	\$	\$
Salaries and benefits	-	13,500
Management fees	70,500	119,222
Professional fee	7,500	7,500
Share-based payments	3,512,996	98,819
	3,590,966	239,041

The Company has entered into an Executive Management Agreement with the former 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 August 31, 2021, the Company incurred \$20,000 (2020 - \$25,500) in management fees to the former CEO. As at August 31, 2020, accounts payable and accrued liabilities include amounts due to the former CEO of \$37,500 (2020 - \$3,000), 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 August 31, 2021, the Company incurred \$7,500 (2020 – \$7,500) in fees to the company controlled by the CFO. During the period ended August 31, 2021, the Company granted 100,000 options to the company controlled by the CFO exercisable at a price of

\$0.12 per share until April 4, 2023, with a fair value of \$981 and vesting over a period of four years as to 25% per year. As at August 31, 2021, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$Nil (2020 - \$2,625), 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 CFO will receive a monthly fee of \$1,000. During the period ended August 31, 2021, the Company incurred \$4,000 (2020 - \$3,000) in fees to the CFO. As at August 31, 2021, accounts payable and accrued liabilities include amounts due to the CFO of \$Nil (2020 - \$1,050), which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Officer and Consulting Agreement with the former 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 former 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 August 31, 2021, the Company incurred \$9,000 (2020- \$Nil) in management fees to the former VP. As at August 31, 2021, accounts payable and accrued liabilities include amounts due to the former VP of \$37,500 (2020 - \$3000), which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Employment Agreement with the former 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 August 31, 2021, the Company incurred \$Nil (2020 - \$13,500) in salary and benefits 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, former CEO and a Director of the Company was party to the Peruvian staking agreement.

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

On June 2, 2021, the Company has issued to certain directors, officers, employees and consultants an aggregate of 14,538,689 common shares in the capital stock of the Company as bonuses in relation to the increase in value and significant performance of the Company’s investments. The common shares issued are subject to a four month hold period expiring October 2, 2021.

The Company has also transferred an aggregate of 2,473,024 common shares in the capital stock of Exploits Discovery Corp., 2,000,000 common shares in the capital stock of Opawica Explorations Inc. and 2,000,000 common shares of Origen Resources Inc., all held by the Company, to the Recipients as bonuses.

On July 26, 2021, the Company has loaned \$14,100 to the director Christopher Huggins on terms that the Loan plus accrued interest at 3.0% per annum shall be payable on demand. During the period ended August 31, 2021, the Company accrued interest income of \$42.

## **COMMITMENTS**

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims. The Company is committed to certain management contracts as described under transactions with related parties above.

## **NEW ACCOUNTING STANDARDS**

New accounting standards issued and effective



## 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.

### SUBSEQUENT EVENTS

- a) On September 2, 2021, the Company acquired 93,500 common shares of Origen Resources Inc. on the Canadian Securities Exchange at a price of \$0.332 per Common Share. Subsequent to this transaction the Company controlled 14.26% of the issued and outstanding common shares of the issuer.
- b) On September 7, 2021, the Company, in a private transaction, acquired 2,370,000 common shares of Golcap Resources Inc. at a price of \$0.006 per Common Share. Golcap Resources Inc. shares are listed for trading on the Canadian Securities Exchange. Subsequent to the transaction the Company controlled 8,670,000 common shares, representing 31.07% of the issued and outstanding common shares of the Issuer.
- c) On September 16, 2021, the Company acquired 233,000 Common Shares of Origen Resources Inc. on the Canadian Securities Exchange at a price of \$0.343 per Common Share. Subsequent to this transaction the Company controlled 15.93% of the outstanding Common shares of the Issuer.
- d) On September 22, 2021, the Company acquired 3,400,000 units of Volatus Capital Corp. by way of a private placement at \$0.10 per unit. Each unit consists of one common share and one common share warrant of the issuer. Subsequent to this transaction the Company controlled 20,365,667 common shares, representing 37.27% of the issued and outstanding common shares of the issuer.
- e) On October 12, 2021, the Company acquired 3,800,000 units of Volatus Capital Corp. by way of a private placement at \$0.10 per unit. Subsequent to this transaction the Company controlled 48.64% of the issued and outstanding common shares of the issuer.
- f) On October 19, 2021, the Company acquired 92,500 Common Shares of Origen Resources Inc. on the Canadian Securities Exchange at a price of \$0.40 per Common Share. Subsequent to this transaction the Company controlled 19.28% of the outstanding Common shares of the Issuer.
- g) On September 16, 2021, The former CEO has returned 5,023,175 of the Company shares which were distributed on June 2, 2021.
- h) On October 18, 2021, the Company acquired 1,500,000 units of Terra Balcanica Resources Corp. by way of a private placement at \$0.10 per unit.

### PROPOSED TRANSACTIONS

The Company is engaged in the search for potential joint venture partners, mineral property acquisitions and financings, but there are currently no proposed asset or business acquisitions or dispositions. Other than disclosed in this Report, the Company does not have any proposed transactions.

### 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 August 31, 2021, the Company has 84,422,195 common shares issued and outstanding (August 31, 2020 – 43,648,314).

As at August 31, 2021, the Company has 10,425,000 common share purchase warrants exercisable at \$0.075 per share until July 25, 2024 (August 31, 2020 – 10,809,920).

As at August 31, 2021, the Company has 200,000 stock options exercisable at \$0.10 per share until July 13, 2023 (August 31, 2020 – 200,000); 100,000 stock options exercisable at \$0.12 per share until April 4, 2023 (August 31, 2020 – 100,000) and 2,975,000 stock options exercisable at \$0.065 until June 1, 2025 (August 31, 2020 – 2,975,000).

As at October 28, 2021, the Company has 79,399,021 common shares issued and outstanding (October 30, 2020 – 43,648,314).

As at October 28, 2021 the Company has 10,425,000 common share purchase warrants exercisable at \$0.075 per share until July 25, 2024 (October 30, 2020 – 10,625,000)

As at October 28, 2021, the Company has 200,000 stock options exercisable at \$0.10 per share until July 13, 2023 (October 30, 2020 – 200,000); 100,000 stock options exercisable at \$0.12 per share until April 4, 2023 (October 30, 2020 – 100,000) and 2,975,000 stock options exercisable at \$0.065 until June 1, 2025 (October 30, 2020 – 2,975,000).

## **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, nonessential 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**

On September 26, 2019, Michael Collins was appointed as Chairman, President and Chief Executive Officer of the Company, to replace Owen C. King who stepped down from that role. On October 18, 2019, Jason K. McLaughlin was appointed as a director. On March 10, 2020, Garry Stock was appointed as a director and Owen King resigned as a director. On April 20, 2020, Emma Fairhurst resigned as a director. On May 22, 2020, Bryce A. Clark was appointed as the Chief Financial Officer to replace Sean Ty who stepped down from that role. On July 13, 2020, Paul John resigned as a director. On August 5, 2020, Jonas Lauren Norr was appointed as a director. On August 13, 2021 Michael Collins resigned as a director and Chief Executive Officer of the Company. On August 13, 2021 Emma Fairhurst was appointed director, Chairperson, and Interim Chief Executive Officer of the Company. Also on August 13, 2021 Christopher Huggins was appointed President and Chief Operating Office of the Company. On August 24, 2021 Jason K. McLaughlin resigned as a director of the Company. Also on August 24, 2021 Jason Cubitt was appointed as a director. On August 26, 2021 Nicholas Rodway resigned as Vice President of Corporate Development.

The directors of the Company are Emma Fairhurst, also Interim Chief Executive Officer, Jason Cubitt, Garry Stock and Jonas Lauren Norr. The Chief Financial Officer is Bryce A. Clark, the Corporate Secretary is Jacqueline Collins, and Christopher Huggins President and Chief Operating Officer.

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

The accompanying financial statements of the Company and all the information in this 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 and two of its members are independent directors. 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.**

Emma Fairhurst

Chairperson and Interim Chief Executive Officer