

# **CREST RESOURCES INC.**

## **Management's Discussion and Analysis**

For the Three Months ended August 31, 2023

This management discussion and analysis ("MD&A") of financial position and results of operation is prepared as at October 30, 2023 and should be read in conjunction with the accompanying unaudited consolidated financial statements for the three months ended August 31, 2023 of Crest Resources Inc. and its wholly owned subsidiaries ("Crest" or the "Company") and the consolidated financial statements of the Company for the year ended May 31, 2023. The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **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 is Suite 2501 – 550 Burrard Street, Vancouver, British Columbia, Canada. The Company's principal business activity is the acquisition and exploration of mineral property assets in Canada and Australia, 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".

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The Company's mineral property assets are as follows:

- Allaru Project in Australia (60% owned);
- Atlan-Rufner Property in British Columbia (66.7% owned)

The Company holds significant interests in the following companies:

- Crest GP Canada Inc. (100%) – 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 SPV Limited Partnership – (100%)
- Crest Project Development Corp. (100%) – a private company that provides project engineering and development consulting services.
- 1251797 B.C. Ltd. (66.67%) – a private company that holds 100% interest in the Atlan-Rufner property in British Columbia.
- Auratus Resources Corp. (formerly known as 1255929 B.C. Ltd.) (84%) - – a private company incorporated in British Columbia.
- AusVan Battery Metals Pty Ltd (58%) – 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.
- Volatus Capital Corp. (22.89%) – a junior resource company trading on the Canadian Securities Exchange. The Company lost control on September 6, 2023; when the Company transferred the reporting to marketable securities from investment in associates.
- Reverend Mining Corp (formerly Cayenne Capital Corp) (27%) – a junior resource company trading on the Canadian Securities Exchange.



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	British Columbia Canada	Quebec	Australia	Total
	Whymper	Tan Nickel Property	Allaru Project	
	\$	\$	\$	\$
<b>Acquisition costs</b>				
<b>Balance, May 31, 2022</b>	<b>92,695</b>	<b>3,197</b>	<b>518,488</b>	<b>4,494,973</b>
Acquisition cost – cash	-	449	220,000	456,074
Disposition	(92,695)	(3,646)	-	(96,341)
Disposed on loss of control of Volatus	-	-	-	(4,056,218)
<b>Balance, May 31, 2023 and August 31, 2023</b>	<b>-</b>	<b>-</b>	<b>738,488</b>	<b>798,488</b>
<b>Exploration expenditures</b>				
<b>Balance, May 31, 2022</b>	<b>-</b>	<b>-</b>	<b>516,143</b>	<b>2,778,704</b>
Additions:				
Administration and consulting	-	-	20,555	71,833
Disposed on loss of control of Volatus	-	-	-	(2,313,839)
<b>Balance, May 31, 2023</b>	<b>-</b>	<b>-</b>	<b>536,698</b>	<b>536,698</b>
Additions:				
Administration and consulting	-	-	1,810	1,810
<b>Balance, August 31, 2023</b>	<b>-</b>	<b>-</b>	<b>538,508</b>	<b>538,508</b>
<b>Total acquisition costs and exploration expenditures</b>				
May 31, 2023	-	-	1,275,186	1,335,186
<b>August 31, 2023</b>	<b>-</b>	<b>-</b>	<b>1,276,996</b>	<b>1,336,996</b>

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**a) 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 May 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:

- \$37,091 (AUD \$32,000) as reimbursement for EMP rents;
- \$50,000 cash (paid);
- \$100,000 cash (paid);
- \$380,000 cash (paid);
- share consideration equal to 40% of AusVan’s issued capital on a fully diluted basis (issued). and
- Minimum exploration expenditures of \$500,000 within 12 months of the Completion Date (completed) and another \$500,000 within 24 months of the Completion Date (completed).

Ausvan has fulfilled its obligations as they relate to the Allaru Project.

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% V<sub>2</sub>O<sub>5</sub> \*
  - \*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 the Company 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.
- With an exploration target of 880 - 1,100 Mt at 0.45% V<sub>2</sub>O<sub>5</sub> within a range of 0.36-0.50% V<sub>2</sub>O<sub>5</sub>
- 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 V<sub>2</sub>O<sub>5</sub> production.

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The Company is focused on drilling the up-dip extension of the known 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.

**b) Whymper Project (AKA Sognidoro property)**

On February 28, 2020 the Company staked gold claims near Lake Cowichan on Vancouver Island, British Columbia. On June 14, 2021 51% of the rights, title and interest in the Whymper Property was sold to 1255929 B.C. Ltd for \$15,000 and 2,000,000 shares of the purchaser.

On November 1, 2021, the Company entered into a sales agreement to sell the remaining 49% of the rights, title and interest in the Whymper Property to Auratus Resources Corp. (formerly known as 1255929 B.C. Ltd) for a consideration of \$250,000. Subsequent to this transaction, Auratus Resources Corp owned 100% of the rights, title and interest in the Whymper Property.

On December 8, 2022, Auratus Resources Corp., sold the Whymper property to Reverend Mining Corp (formerly Cayenne Capital Corp)., for \$25,000 cash and 2,500,000 common shares of Reverend Mining Corp fair valued at \$125,000. The Company recorded a gain on the sale of \$57,305.

**c) 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 now former Vice President of Business Development. During the year ended May 31, 2023, the Company wrote off \$3,646 in acquisition costs related to the Tan Nickel Property.

**d) Atlan-Rufner (British Columbia)**

The Company owns 66.7% of 1251797 BC Ltd, which owns 100% of 28 claims covering the historic Atlan-Rufner mine. The mine is about 23 kilometres northeast of Atlin. The occurrence has been an intermittent producer of silver and lead 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 reported to be 113,638 tonnes grading 600 grams per tonne silver and 5.0 per cent lead.

The reserves noted here are historic in nature and 1251767 BC Ltd 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.

**e) Volatus Capital Corp properties**

On September 6, 2022, the Company’s interest in Volatus was diluted and the Company deconsolidated the financial results of Volatus.

For additional information regarding the mineral properties being developed by Volatus Capital Corp. please refer to the public filings found on SEDAR (<https://sedar.com>) filed by Volatus Capital Corp., which include Management Discussion and Analysis reports.

**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.

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**Marketable Securities**

Marketable securities for the periods ended August 31, 2023 and May 31, 2023 are as follows:

	FMV Balance, May 31, 2022	Transfer from (to) Investments	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, May 31, 2023
<b>Common shares – Level 1</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cleghorn Minerals Ltd.	330,990	-	-	(232,457)	(48,820)	(49,713)	-
Core Assets Corp	467,079	-	-	(310,510)	177,416	(327,207)	6,778
DevvStream Holdings	-	175,000	-	(146,232)	(28,768)	-	-
Forty Pillars Mining Corp	18,689	-	10,120	(14,694)	(57,665)	46,600	3,050
Fremont Gold Ltd	-	-	3,350	(3,230)	(120)	-	-
Golcap Resources Corp	-	194,900	-	(112,059)	(51,241)	(11,060)	20,540
Origen Resources Inc	-	1,546,020	-	-	-	-	1,546,020
Nevgold Corp	1,494,900	-	210,758	(1,593,141)	120,654	(233,171)	-
Newpath Resources Inc	-	-	44,299	(40,358)	(742)	(1,613)	1,586
Opawica Explorations Inc	584,958	-	-	(235,600)	(461,154)	111,796	-
Penbar Capital Ltd	600	-	-	(525)	-	(75)	-
Playground Ventures Inc <sup>1</sup>	29,384	-	222,626	(11,616)	(138,095)	9,014	111,313
Terra Balcanica Resources Corp	-	135,000	-	(89,085)	(60,915)	15,000	-
Rain City Resources Inc.	-	-	53,169	(17,500)	-	(4,544)	31,125
Ready Set Gold Corp	232,700	-	-	(38,175)	(251,108)	56,583	-
<b>Total</b>	<b>3,159,300</b>	<b>2,050,920</b>	<b>544,322</b>	<b>(2,845,182)</b>	<b>(800,558)</b>	<b>(388,390)</b>	<b>1,720,412</b>

<sup>1</sup> The Company received 7,420,850 common shares of Playground Ventures Inc. as part of a settlement of loans and amounts receivable (Note 6 to Financial Statements)

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	FMV Balance, May 31, 2023	Transfer from (to) Investments	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, August 31, 2023
Common shares – Level 1	\$		\$	\$	\$	\$	\$
Core Assets Corp	6,778	-	-	(5,592)	(9,043)	7,857	-
Forty Pillars Mining Corp	3,050	-	-	(535)	(6,746)	8,169	3,938
Golcap Resources Corp	20,540	-	-	(1,015)	(1,985)	(6,815)	10,725
Origen Resources Inc	1,546,020	-	11,681	(251,631)	(441,733)	(512,337)	352,000
Newpath Resources Inc	1,586	-	3,790	(2,007)	(1,192)	823	3,000
Playground Ventures Inc <sup>1</sup>	111,313	-	-	-	-	37,103	148,416
Rain City Resources Inc.	31,125	-	-	(12,800)	12,541	(15,866)	15,000
<b>Total</b>	<b>1,720,412</b>	<b>-</b>	<b>15,471</b>	<b>(273,580)</b>	<b>(448,158)</b>	<b>(481,066)</b>	<b>533,079</b>



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**OPERATIONS**

**Three months ended August 31, 2023**

During the three months ended August 31, 2023, the Company had a net loss of \$1,311,908 (2022 – \$2,260,975). The change in loss is mainly due to the following:

- The Company had consulting fees to \$87,000 (2022 - \$307,363) primarily related to the inclusion of the results of Volatus during the comparative period.
- The Company had share based compensation expense of \$18,305 (2022 - \$158,038) as there were no options granted during the period and the expense related to the vesting of previously granted options.
- The Company incurred professional fees of \$28,763 (2022 - \$95,334) with the decrease due to reduced activity affecting audit and legal fees.
- The Company incurred travel expenses of \$52,422 (2022 - \$9,288) the increase was due to increased visits to projects and deals oversight during the period ended August 31, 2023.
- The Company had realized and unrealized losses on disposals of marketable securities of \$953,133 (2022 – \$1,138,620) as the Company's investment holdings were impacted by a downturn in the mineral exploration markets during the period.
- The Company recorded a loss from equity investments of \$19,669 (2022 - \$496,544) relating to its investment in associates. During the period ended August 31, 2023, the Company had fewer investments in associates resulting in a decreased loss from equity investments.

**SUMMARY OF QUARTERLY RESULTS**

	<b>August 31 2023</b>	<b>May 31 2023</b>	<b>February 28, 2023</b>	<b>November 30, 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	(1,439)	75,860
Net Income (Loss)	(1,311,908)	(698,664)	(496,904)	(6,173,854)
Total assets	5,718,888	6,825,315	7,650,259	7,606,409
Total liabilities	970,262	1,094,061	1,301,191	1,556,968
Share capital	8,494,291	8,227,741	8,400,215	7,686,407
Retained earnings (Deficit)	(4,462,770)	(3,174,896)	(2,578,892)	(2,081,511)

	<b>August 31, 2022</b>	<b>May 31, 2022</b>	<b>February 28, 2022</b>	<b>November 30, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	53,431	45,188	87,984	101,380
Net Income (Loss)	(2,260,975)	(91,721)	(1,816,272)	2,306,963
Total assets	18,802,859	19,980,711	20,184,653	21,800,789
Total liabilities	2,635,784	2,004,259	1,195,278	1,004,852
Share capital	7,686,406	7,431,046	6,688,091	6,670,716
Retained earnings	4,119,429	6,197,939	12,346,067	14,213,894

**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 by operating activities was \$473,127 during the three months ended August 31, 2023, compared to cash provided by operating activities of \$20,493 during the comparative period. The Company had no revenues during the period and use of cash was primarily related to operating expenditures.

Total cash provided by investing activities was \$211,299 during the three months ended August 31, 2023, compared to \$194,355 of cash provided by investing activities for the 2022 comparative period. During the three

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months ended August 31, 2023, the Company received \$228,580 in proceeds from the sale of marketable securities compared to \$1,905,101 during the period ended August 31, 2022. The Company also incurred \$1,810 in cash exploration and evaluation expenditures during the current period compared to \$1,276,278 in the prior period. During the period ended August 31, 2022, the Company received \$530,605 of cash from the disposition of investments in associates and incurred \$844,404 in acquisition costs related to investments in associates.

Total cash provided by financing activities was \$310,975 as the Company completed a non-brokered private placement of 2,961,667 units at a price of \$0.105 per unit for gross proceeds of \$310,975. The Company did not complete any financings during the period ended August 31, 2022.

**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, 2023 was \$59,467 compared to cash of \$10,320 at May 31, 2023, and its short-term investments were \$5335,079 compared to \$1,720,412 at May 31, 2023. The Company had a working capital surplus of \$527,819 compared to \$1,489,787 at May 31, 2023.

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.

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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 during the three months ended August 31, 2023 and 2022 was comprised of the following:

	August 31, 2023	August 31, 2022
	\$	\$
Management fees <sup>1</sup>	75,000	69,500
Consulting fees <sup>2</sup>	78,000	123,000
Director fees	-	12,211
Share-based payments	3,635	82,663
	<b>156,635</b>	<b>287,374</b>

<sup>1</sup> Includes amounts paid to the interim CFO, CEO and Directors of the Company

<sup>2</sup> Includes amounts paid to directors of the Company and the CEO of Volatus up to September 6, 2022.

As at August 31, 2023, the Company had \$254,095 (2022 - \$189,180) in accounts payable owing to current and former directors and officers of the Company; including \$45,770 to cover reimbursable expenses to related parties. The amounts included in accounts payable are non-interest bearing and due on demand.

During the three months ended August 31, 2023, the Company settled \$45,000 of related party accounts payable in exchange for shares of Origen Resources.

As at August 31, 2023, the Company had \$539,710 in loans receivable from Orogenic Regional Exploration Ltd. a company controlled by a related party. (Note 6)

As at August 31, 2023, the Company had \$2,500,000 in loans receivable from a related party (Note 8).

**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.

**RISK FACTORS**

The Company is in the business of evaluating and investing in early-stage to mid-level emerging mineral projects growth companies. Such investments are highly speculative and involves a high degree of risk. There is a probability that the investments made by the Company in will not result in adequate returns and potential write-offs due to both external factors related to the unique business risk factors related to the individual investments.

*Reliance on Key Personnel*

The Company's success depends, in large part, upon the continuing contributions of its personnel. The loss of the service of several key people within a short period of time could have a material adverse effect upon the Company's financial condition and operations. The Company's future success is also dependent upon its continuing ability to attract and retain other highly qualified personnel. Competition for such personnel is intense, and the Company's inability to attract and retain additional key employees could have a material and adverse effect on the Company's financial condition and operations.

*Dependence on Management Team*

The Company currently depends on certain key management team members to identify business and investment opportunities. The management team is also relied upon to oversee the core marketing, business development,

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operational and fundraising activities. If one or more of our management team members is unable or unwilling to continue their positions with the Company, the Company may not be able to replace team members easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of senior management may result in a loss of organizational focus, poor operating execution, or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.

*Lack of Availability of Growth Opportunities*

The Company's business plan includes growth through identification of suitable investment or acquisition opportunities, pursuing such opportunities, consummating investments or acquisitions, and effectively generating returns on such investments or acquisitions. If the Company is unable to manage its growth effectively, its business, operating results, and financial condition could be adversely affected.

*Suitable Investment Candidates*

The Company expects a significant and major portion of its future growth to come from high-quality capital investments and acquisitions. There is no assurance that the Company can successfully identify suitable investment candidates. If suitable candidates are identified, however, the Company may not be able to complete an investment or acquisition on terms that are beneficial and acceptable to the Company. In addition, the Company competes with other entities to acquire quality investments and acquisitions. Some of its competitors may have greater financial resources than the Company does and may be able to outbid the Company for these investment or acquisition targets. If the Company is unable to complete investments or acquisitions, its growth strategy may be impeded and its earnings or revenue growth may be negatively affected.

If the Company succeeds in making investments or acquiring investment targets or a portion thereof, the investment or acquired companies may not perform to the Company's expectations for various reasons. Should an investment or acquired entity fail to perform to the Company's expectations, the Company's business, prospects, results of operations and financial condition may be materially and adversely affected.

*Limited Diversification of Investments*

As the Company will be focusing on investments in the emerging growth sectors and, hence, concentrating its invested funds in limited sectors, the Company is subject to greater risk in one or more of its future investments should these sectors experience a downturn. A decline in emerging growth sectors will likely have a material adverse effect on the Company's business, results from operations, and financial condition. In addition, the Company is more exposed to business cycles than it would be if it owned a high number of investments diversified over various industries with differing business cycles in different geographic areas.

*Foreign Taxes and Double Taxation*

The Company may invest into companies based in foreign jurisdictions and may be subject to double taxation on its foreign investments, which will reduce the return on investments and the profitability, if any, of the Company.

*Conflicts of Interest*

The Company may, in the future, raise further funds through the sale of securities to other companies which may be associated with the directors or officers of the Company, and, as such, the directors and officers of the Company may increase their ownership and/or control positions in the Company without an equal opportunity to participate in such financings being granted to other shareholders. Under certain circumstances, shareholder approval of such action may be required. As certain directors and officers are involved with other companies, there may be potential conflicts of interest limiting the amount of time managing the affairs of the Company.

*Inability to Perform Accurate Due Diligence*

The Company will be investing in start-up companies and may not have the resources or may not be able to perform detailed due diligence, which may result in a partial or complete loss of investments.

*Lack of Capital*

Until revenues exceed expenses, the Company raises the necessary capital through private placements and other

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financing tools. There can be no assurance that management will be successful in raising the necessary capital required to fund ongoing activities.

*Ukraine Conflict*

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the Company's business cannot be reasonably estimated at this time. While the Company expects direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations of the Company.

**PROPOSED TRANSACTIONS**

The Company is continuously engaged in the search for potential joint venture partners, mineral property acquisitions and financings. Other than the proposed acquisition of the Leigh Creek Magnesite project as disclosed in Company news releases dated June 2, 2022 and Nov 11, 2022, there are currently no proposed asset or business acquisitions or dispositions.

**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.

All share information is reported as of October 30, 2023:

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	<b>Number</b>
Issued and outstanding common shares	16,933,002
Share options with a weighted average exercise price of \$0.54	877,775
Warrants with a weighted average exercise price of \$0.46	8,928,889
	<hr/> 26,739,666

**DISCLOSURE OF CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three months ended August 30, 2023, and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109 the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

Additional information is available on the Company's website at [www.crestresourcesinc.com](http://www.crestresourcesinc.com). To view the public documents of the Corporation, please visit the Corporation's profile on the SEDAR website at [www.sedarplus.ca](http://www.sedarplus.ca).

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**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 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 one 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.**

Jason Cubitt

Chief Executive Officer