

CREST RESOURCES INC.

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

For the three and six months ended November 30, 2019

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 three and six months ended November 30, 2019 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three and six months ended November 30, 2019 and with the audited financial statements and notes thereto for the year ended May 31, 2019, all of which are available at www.sedar.com. This MD&A is based on information available as at January 29, 2020.

The accompanying condensed interim financial statements for the three and six months ended November 30, 2019 have been prepared in accordance with International Accounting Standard 34 – "Interim Financial reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, exploration and evaluation of mineral property assets in Canada and Peru and the investment in mineral exploration and mining technology companies of merit with potential for favourable return on investment.

On October 22, 2018, Crest completed an initial public offering (“IPO”) of 3,859,000 common shares in its capital, of which 359,000 shares were sold pursuant to an over-allotment option, at a price of 10 cents per share for gross proceeds of \$385,900. The net proceeds from the IPO were used for working capital and to carry out exploration of the Company's Red Metal Ridge property, located approximately 74 km northwest of the town of Campbell River on Vancouver Island, in the Nanaimo mining division of British Columbia.

Haywood Securities Inc. acted as agent for the IPO. The agent received a cash commission equal to 10 per cent of the proceeds of the IPO and a corporate finance fee of \$40,000, of which \$30,000 was paid in cash and \$10,000 was paid in common shares at \$0.10 per share. Additionally, the Company has granted Haywood Securities Inc., Leede Jones Gable Inc. and Mackie Research Capital Corp. compensation options entitling the holder to purchase in aggregate 385,900 common shares at a price of 10 cents per share, exercisable on or before October 22, 2020.

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

MAJOR OPERATING MILESTONES

The Company is in the mineral exploration stage and as such has no income other than management fees charged to certain companies in which the Company has invested. Mineral interests in the form of exploration and acquisition costs totaled \$321,327 as at November 30, 2019 (May 31, 2019 - \$111,269).

Red Metal Ridge Property

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

Pursuant to the Agreement, the Company has the option to acquire first 51% undivided interest (earned) in the Property by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$160,000, 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	5,000	-
On or before February 21, 2020 (amended)	100,000	25,000	100,000
On or before October 19, 2020 (the second anniversary of the Listing)	100,000	30,000	100,000
On or before October 19, 2021 (the third anniversary of the Listing)	300,000	100,000	300,000
Total	600,000	160,000	500,000

The Optionors will retain a 3% Net Smelter Returns royalty on the Property, of which the Company may 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.

As of November 30, 2019, the Company has incurred \$116,269 in acquisition and exploration costs on the Red Metal property.

The following information regarding the Property is summarized or extracted from an independent technical report dated September 12, 2018, and dated effective August 21, 2018, entitled "*Technical Report: Red Metal Ridge Mineral Property, Vancouver Island, British Columbia, Canada*" (the "Technical Report") prepared for the Issuer by Donald George MacIntyre, Ph.D., P. Eng. (the "Author") in accordance with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The Author is a "qualified person" within the meaning of NI 43-101.

The Red Metal Ridge Property is located on Vancouver Island, British Columbia, Canada, approximately 74 km northwest of the City of Campbell River and 12 km southwest of the Village of Sayward.

In early 2018, the Company completed a prospecting program on the Property that consisted of geochemical sampling and a Beep Mat geophysical survey along existing logging roads and covering a large part of the property. The Company collected 341 soil samples and 32 rock samples along existing logging roads at roughly 50 metre intervals. The main elements of interest on the property are Cu and Ag. For Cu, soil samples returned values ranging from 8 to 1380 ppm Cu, with a mean value of 121.96 ppm Cu. There is a cluster of anomalous samples near the Puff, Éclair and Cruller showings. Ag values did not define any obvious target areas with random anomalies spread throughout the area of sampling. A number of soil samples in the Rooney Creek area also returned anomalous values for Cu but there is no obvious clustering of anomalies. One sample collected near the Billy 19 and Rooney 1-4 showings did return 351 ppm Cu and a sample from another 600 metres to the south-southeast returned 572 ppm Cu.

A total of 32 rock samples were collected from the property in 2018. Of the 32 samples submitted for assay, 15 returned values greater than 10,000 ppm Cu. Most of these samples were from the Puff and Éclair showings. The best result for Cu was 14.95% for a sample of a massive sulphide in a shear zone collected from the Éclair quarry site. The best result for Ag was 34.7 ppm for a sample from the Puff showing. One sample collected north of the Linzer showing returned 1855 ppm Mo in what is described as a 0.5 metre wide massive chalcopyrite-pyrite vein in basalt. Other samples from this locality were also anomalous in Mo and As compared to samples collected elsewhere on the Property. Cu values at this locality ranged from 1740 to 8290 ppm. Samples collected further north along the logging road also returned good Cu values.

A Beep Mat geophysical survey was conducted between March 20 to 31, 2018. The instrument used was a GDD Instruments BM8 model Beep Mat. This instrument records near surface electromagnetic and magnetic responses emanating from subsurface outcrop, subcrop and float that contain detectable amounts of sulphide minerals and magnetite. The BM8 Beep Mat takes readings at 3 second intervals. The survey done on the Property recorded 32,682 data points. High Rt (Ratio) values indicate a good conductor which may be related to the presence of sulphide minerals in subsurface bedrock or float. Of the 32,682 data points, 618 had positive HFR values, 1870 had positive LFR values and 260 had both positive HFR and LFR values and a corresponding Rt calculation.

Work done on the Red Metal Ridge Property in 2018 has confirmed the presence of a number of high grade Cu⁺/₋Ag showings hosted by Upper Triassic Karmutsen basalt. These showings are best classified as Cu-Ag vein showings (B.C. Mineral Deposit Profile I06) and are most likely related to emplacement of a granodioritic intrusion in mid Jurassic time. Presently this intrusion is exposed northeast of the Adam River but may also underlie the Property at depth as well. Alternatively, the Red Metal Ridge Property showings could be related to hydrothermal activity directly associated with eruption of Karmutsen volcanics but in the author's opinion this is a less likely scenario. Clearly the showings on the property are emplaced along fractures or faults that have subsequently been disrupted by post mineral shearing. The timing of this shearing is currently unknown but could be quite recent.

The showings found to date, although very high grade, are not of sufficient size to support a mining operation. Future work on the property needs to focus on locating an area where the density of veining is sufficient to support a small open pit operation or alternatively to locate a vein that is of sufficient width and continuity to support an underground

mining operation. With this in mind the area north of the Linzer showing may hold the best potential given the number of showings located in this area.

Soil sampling along logging roads has detected an area of anomalous concentrations of Cu in soil near the Puff and Eclair showings. The significance of these anomalies is difficult to determine as the samples were only taken along the road and the extent of anomalous soils beyond the road is unknown.

A number of strong conductors were also located by the Beep Mat survey. These should be followed up with hand or excavator trenching as they may be related to concentrations of sulphide minerals in near surface float or bedrock.

In the author's opinion the Red Metal Ridge Property continues to be a property of merit and additional exploration expenditures are warranted. Numerous high grade Cu+/-Ag showings have been detected on the property. New logging roads continue to expose new occurrences of Cu-Ag veins. Following up on the work done in 2018, the author recommends a Phase 1 exploration program focussed on additional soil sampling and coincident magnetometer survey. In particular, the extent of anomalous soils located near the Puff and Eclair showings needs to be determined. It is recommended that a soil sampling grid with line spacing of 100 metres and sample intervals of 25 metres be established to cover the area that would include the Puff, Eclair and Cruller showings. Given the density of underbrush it may be necessary to cut lines in order to facilitate sampling. A magnetometer or Beep Mat survey on the same grid would also be useful. Similarly, the area north of the Linzer showing should also be covered by a soil sampling and magnetometer grid. The objective of these surveys is to try to determine the extent of subsurface mineralization beyond the current known showings, all of which are located in road cuts or quarries along logging roads. Depending on the results of the recommended soil/magnetometer surveys a Phase 2 program would involve additional work in the form of IP or EM ground geophysics. The projected costs for the recommended work program are \$104,000 for Phase 1 and \$267,000 for Phase 2.

For more information on the Red Metal Ridge Property, please see the NI 43-101 technical report on www.sedar.com.

Split Dome Property

On September 9, 2019, the Company entered into a purchase and sale agreement to acquire up to 100% interest, subject only to a 0.25% net smelter return royalty, in the Split Dome copper project (the "Property") located near Hazelton, British Columbia. The Company earned an initial 75% interest in the Property by paying \$10,600 cash and issuing 1,500,000 common shares on September 12, 2019. The Company earned a further 25% interest to bring its ownership interest in the Property to 100% by issuing a further 500,000 common shares on January 2, 2020.

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

The Split Dome copper project consists of four claim groups totalling 319 claims for 5,840 hectares located 55 km north-east of Hazelton, British Columbia on the west side of the Babine Valley. The project can be accessed by active forestry roads on the northern and southern sides of the claim group, which in turn are accessed two turnoffs north and south of Smithers on Highway 16. Lodges and camp areas are found to the south-south east in the Fort Babine area.

The project target is a dome feature which is bifurcated by two north-south magnetic lows and has the overall magnetic signature that is indicative of an intrusive host rock but has been mapped as a sedimentary rock with a small window of intrusive rocks mapped on the north side of the magnetic signature. The regional stream sampling downstream of the Split Dome claims indicate second-order copper in silt anomalies and only one sample has been taken in the target area.

Structurally, the Split Dome Target lays on the South west side of a Northwest - Southeast regional scale strike slip fault that locally follows the Babine river. The Split dome target is nestled in a dilational jog in the fault geometry. This dilational jog gives room for a significant sized granitic intrusive body to rise and become emplaced in the near surface. Continued activity in the dilational jog in the fault allows for the long term structural development and the open spaces required for copper mineralization. The Lone Mountain/Mount Horetzky copper showing is located to

the north west on the opposite side of the regional fault structure and demonstrates the pregnant nature of the intrusive system. Split Dome has the signature of a large intrusive body and has the potential to host a significant copper resource.

The Company is planning an initial exploration program for the property with additional details to follow.

Michael Collins, P.Geo and Director of Crest, and one of the vendors of the project, is the Qualified Person for Crest Resources Inc. and approves the technical content of this MD&A.

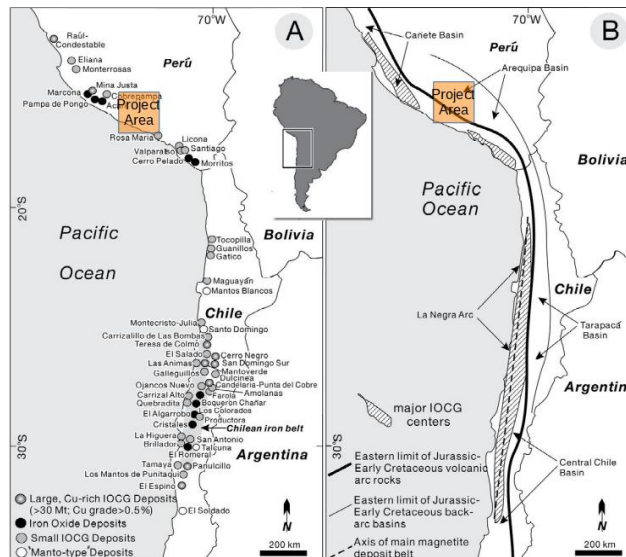
Chala Copper Property

The Company has acquired ownership of a 65% interest in four mineral claims known as the Chala Copper Project located east of Chala, Peru. The claims were acquired through a staking syndicate that includes the Company's President, CEO and director, who holds 20% interest in the claims. The Company has expended \$21,958 in staking costs on the claims.

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 200km 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, it suggests that potential for significant IOCG type mineral deposits remain to be found.

Map showing IOCG Belts: Project Area as being in Gap.



The geology is dominated by a series of porphyritic monzodiorite intrusions into a equigranular granodiorite of the coastal batholith. A least 4 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 4 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. We postulate 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.

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.

a) Marketable Securities

During the period ended November 30, 2019, the Company acquired common shares of four publicly traded mining exploration company for investment purposes. A summary table of the Company’s investment in marketable securities is as follows:

Scottie Resources Corp.	Number of shares	Fair value \$
Balance, May 31, 2019	-	-
Purchase of securities	5,100,000	797,250
Sale of securities	(1,000,000)	(135,896)
Realized losses	-	(29,104)
Unrealized losses	-	(37,750)
Balance, November 30, 2019	4,100,000	594,500

Prime Mining Corp.	Number of shares	Fair value \$
Balance, May 31, 2019	-	-
Purchase of securities	150,000	60,455
Sale of securities	(25,000)	(8,580)
Realized losses	-	(1,496)
Unrealized losses	-	(10,379)
Balance, November 30, 2019	125,000	40,000
International Prospect Ventures Ltd.	Number of shares	Fair value \$
Balance, May 31, 2019	-	-
Purchase of securities	1,704,000	138,726
Sale of securities	(75,000)	(8,823)
Realized gains	-	2,894
Unrealized losses	-	(2,477)
Balance, November 30, 2019	1,629,000	130,320
Troubadour Resources Inc.	Number of shares	Fair value \$
Balance, May 31, 2019	-	-
Purchase of securities	2,000,000	100,000
Unrealized losses	-	(10,000)
Balance, November 30, 2019	2,000,000	90,000

Subsequent to November 30, 2019, the Company acquired 2,000,000 shares of ThreeD Capital Inc. at a cost of \$40,000.

b) Volatus Capital Corp.

On September 25, 2019, the Company acquired 2,000,000 common shares of Volatus Capital Corp. (“Volatus”), a publicly traded mineral exploration company, at a price of \$0.04 per share for total consideration of \$80,000. The shares were acquired in a private transaction from a single arm’s length vendor. Immediately following the acquisition of the shares, the Company owned and controlled a total of 2,000,000 common shares or approximately 14.4% of the issued and outstanding shares of Volatus.

On October 7, 2019, the Company acquired an additional 1,600,000 common shares of Volatus at a price of \$0.075 per share for total consideration of \$120,000. The shares were acquired in private transactions from two arm’s length vendors. Immediately following the acquisition of the shares, the Company owned and controlled a total of 3,600,000 common shares or approximately 25.9% of the issued and outstanding shares of Volatus.

		Volatus
As at May 31, 2019	\$	-
Investment		209,000
Capitalized legal fees		2,225
Share of loss from equity-accounted investment		(16,916)
As at November 30, 2019	\$	194,309

The Company sees great opportunity in Volatus and looks forward to helping the company grow.

c) Receivables

The Company has extended loans and purchased receivables from certain mineral exploration companies with the commercial interest of potentially leveraging these receivables into equity.

On September 16, 2019, the Company acquired \$473,748 in receivables from Westminster Resources Ltd. (“WMR”) and assumed \$473,748 in corresponding liabilities payable to certain creditors. The liabilities are payable at face value in cash or in kind on or before three years, accrue interest at a rate of 2.0% per annum and a good faith payment of \$150 is payable to each creditor on or around December 25 of each year the liability is outstanding. A director of the Company is also a director and corporate secretary of one of the creditors. The amount owing to the related party creditor is \$196,748.

Pursuant to a Loan Agreement dated September 12, 2019, as amended November 28, 2019, between the Company as Lender and WMR as Borrower, the Company agreed to lend up to \$50,000 (the “Loan”) to WMR on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand after December 31, 2019 and the Loan shall be secured by WMR’s interest in its Peruvian subsidiary as collateral. During the period ended November 30, 2019, the Company advanced \$38,100 to WMR.

Pursuant to a Loan Agreement dated October 1, 2019, as amended January 14, 2020, between the Company as Lender and Opawica Explorations Inc. (“OPW”) as Borrower, the Company agreed to lend up to \$30,000 (the “Loan”) to OPW on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand after December 31, 2019. During the period ended November 30, 2019, the Company advanced \$10,660 to OPW and a further \$5,400 was advanced in January 2020. OPW is a related party by reason of a common director and corporate secretary.

d) Deposits

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

SELECTED ANNUAL INFORMATION

N/A

FINANCIAL PERFORMANCE

Net loss and comprehensive loss for the six months ended November 30, 2019

Net loss and comprehensive loss for the six months ended November, 2019 was \$312,294 or \$0.01 per share, compared to a loss of \$111,170 for the six months ended November 30, 2018 or \$0.01 per share.

Total expenses for the six months ended November 30, 2019

	Six months ended November 30, 2019 \$	Six months ended November 30, 2018 \$
Advertising and promotion	-	5,469
Bank charges	3,392	107
Business development	10,344	-
Consulting fees	50,000	27,000
Management fees	92,500	-
Marketing fees	18,537	-
Office	8,348	4,766
Professional fees	24,971	21,203
Rent	3,207	8,333
Salaries	37,962	-
Share-based payments	1,961	34,486
Transfer agent and filing fees	16,569	9,806
Travel	9,176	-
OPERATING LOSS	(276,967)	(111,170)

Business development expenses were \$10,344 for the six months ended November 30, 2019 compared to expenses of \$nil recorded for the 2018 comparative. The Company is actively seeking new business opportunities and ramped up its business development activities during the current fiscal period.

Consulting fees were \$50,000 for the six months ended November 30, 2019 compared to expenses of \$27,000 recorded for the 2018 comparative. Consulting fees are higher in the current fiscal period as the Company engaged more

consultants to provide strategic business development, geological and project management and administrative service provider.

Management fees included amounts paid to the new 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 and a company controlled by a director of the Company. Management fees were \$92,500 for the six months ended November 30, 2019 compared to expenses of \$nil recorded for the 2018.

Marketing fees were \$18,537 for the six months ended November 30, 2019 compared to expenses of \$nil recorded for the 2018 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 \$24,971 for the six months ended November 30, 2019 compared to \$21,203 recorded for the 2018 comparative period. The increase in professional fees during the six months were mainly the consequence of higher fees associated with a shareholder meeting, general corporate matters and due diligence work performed relating to the Company’s new and prospective investments during the period.

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

Share-based payments (a non-cash expense) were \$1,961 (2018 - \$34,486) which includes the estimated fair value of for the unvested options granted to the CFO.

Transfer agent and filing fees were \$16,569 for the six months period ended November 30, 2019 compared to expenses of \$9,806 for the 2018 comparative period. The Company closed four tranches of private placements during the period. The Company has also issued shares to acquire 75% of the Split Dome Property.

Travel expenses were \$9,176 for the six months ended November 30, 2019 compared to expenses of \$nil for the 2018 comparative period. The Company has acquired 65% ownership in the Chala Copper Property in Peru.

	Six months ended November 30, 2019	Six months ended November 30, 2018
OTHER ITEMS		
Management fees	69,000	-
Interest income	901	-
Realized losses on sale of short-term investments	(27,706)	-
Unrealized losses on short-term investments	(60,606)	-
Share of loss from equity-accounted investment	(16,916)	-
	<u>(35,327)</u>	<u>-</u>

The Company has entered into a management, operations and geological consulting services agreement with Opawica whereby the Company will provide management, operations and geological consulting services to Opawica for a fee of \$10,000 per month plus GST effective October 1, 2019 for a three year term. Opawica is a related party by reason that Owen King, a director of the Company, is also the President, CEO and a director of Opawica, and Sandra Wong, the Corporate Secretary of the Company, is also the CFO and Corporate Secretary of Opawica.

The Company has entered into a management, operations and marketing support agreement with Volatus whereby the Company will provide management, operations and marketing support services to Volatus for a fee of \$9,500 per month plus GST effective October 1, 2019 for a three year term. Volatus is a related party by reason that the Company owns and controls 25.9% of the issued and outstanding shares of Volatus and Michael Collins is the President, CEO and a director of both companies.

The Company has entered into a management, operations and geological consulting services agreement with Westminster whereby the Company will provide management, operations and geological consulting services to Westminster for a fee of \$10,000 per month plus GST effective September 1, 2019 for a three year term. Westminster is an arm’s length party.

Realized losses on sale of short-term investments were \$27,706 for the six months ended November 30, 2019 compared to \$nil for the 2018 comparative period. The losses were realized from the sale of the common shares of three publicly traded mining exploration company held for investment to fund the Company's operations.

Unrealized losses on short-term investments were \$60,606 for the six months ended November 30, 2019 compared to \$nil for the 2018 comparative period. The amount represents unrealized losses from market price fluctuations of the common shares of four publicly traded mining exploration company held for investment recorded at fair value using quoted market prices as at November 30, 2019.

For the six months ended November 30, 2019, the Company recognized a loss of \$16,916 (May 31, 2019 - \$nil) from its share of loss from an equity-accounted investment. As at November 30, 2019, the Company compared the carrying value of its investment in Volatus 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.

Net loss and comprehensive loss for the three months ended November 30, 2019

Net loss and comprehensive loss for the three months ended November, 2019 was \$293,478 or \$0.01 per share, compared to a loss of \$30,521 for the three months ended November 30, 2018 or \$0.00 per share.

Total expenses for the three months ended November 30, 2019

The following is a breakdown of material components on the Company's expenses for the three months ended November 30, 2019 and 2018.

	Three months ended November 30, 2019 \$	Three months ended November 30, 2018 \$
Advertising and promotion	-	4,452
Bank charges	2,998	42
Business development	7,844	-
Consulting fees	50,000	18,000
Management fees	72,500	-
Marketing fees	16,570	-
Office	8,146	1,016
Professional fees	19,030	2,400
Rent	3,207	3,649
Salaries	14,957	-
Share-based payments	980	-
Transfer agent and filing fees	8,414	962
Travel	9,176	-
OPERATING LOSS	(213,822)	(30,521)

Business development expenses were \$7,844 for the three months ended November 30, 2019 compared to expenses of \$nil recorded for the 2018 comparative period. The Company is actively seeking new business opportunities.

Consulting fees were \$50,000 for the three months ended November 30, 2019 compared to expenses of \$18,000 recorded for the 2018 comparative period. Consulting fees are higher in the current fiscal period as the Company engaged more consultants to provide strategic business development, geological and project management and administrative services.

Management fees included amounts paid to the new 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 and a company controlled by a director of the Company. Management fees were \$72,500 for the three months ended November 30, 2019 compared to expenses of \$nil recorded for the 2018 comparative period.

Marketing fees were \$16,750 for the three months ended November 30, 2019 compared to expenses of \$nil recorded for the 2018 comparative period. The Company increased its marketing fees to effectively communicate the flow of information of its operations to the public.

Professional fees were \$19,030 for the three months ended November 30, 2019 as compared to \$nil recorded for the 2018 comparative period. The increase in professional fees during the three months were mainly the consequence of higher fees associated with a shareholder meeting, general corporate matters and due diligence work performed relating the Company’s new and prospective investments during the period.

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

Share-based payments (a non-cash expense) were \$980 (2018 - \$nil) which includes the estimated fair value of the unvested options granted to the CFO.

Transfer agent and filing fees were \$8,414 for the three months period ended November 30, 2019 compared to expenses of \$962 for the 2018 comparative period. The Company closed four tranches of private placements during the period. The Company also issued shares for to acquire 75% of the Split Dome Property.

Summary of Quarterly Results

	Q2 November 30, 2019 \$	Q1 August 31, 2019 \$	Q4 May 31, 2019 \$	Q3 Feb 28, 2019 \$
Total revenue (\$)	-	-	-	-
Net loss (\$)	293,478	18,816	60,771	21,512
Per Share (\$)	0.01	0.00	0.01	0.00

	Q2 Nov 30, 2018 \$	Q1 Aug 31, 2018 \$	Q4 May 31, 2018 \$	Q3 Feb 28, 2018 \$
Total revenue (\$)	-	-	-	-
Net loss (\$)	30,520	80,650	50,248	14,777
Per Share (\$)	0.00	0.00	0.00	0.00

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 \$218,695 during the six months ended November 30, 2019 compared to \$82,076 cash used in operating activities for the 2018 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 \$1,270,675 during the six months ended November 30, 2019 compared to \$nil cash used in investing activities for the 2018 comparative period. The Company purchased a \$5,000 restricted term deposit held with the Royal Bank of Canada as security against the Company's corporate credit card account, incurred \$37,558 on the acquisition of exploration and evaluation assets, spent \$1,159,357 on the acquisition of marketable securities for investment purposes, incurred \$48,760 in notes receivable and placed a \$25,000 deposit to Ecomine.

Total cash provided by financing activities was \$1,332,445 during the six months ended November 30, 2019 and consists of \$1,242,625 in proceeds from private placement, less \$10,541 in share issuance costs and \$100,361 in loans payable. Cash provided by financing activities was \$nil for the comparative period.

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, 2019 was \$5,761 compared to \$162,686 at May 31, 2019 and its short-term investments was \$859,820 compared to \$nil at May 31, 2018. Based on the above financial condition at November 30, 2019, Management believes that the Company has the financial resources to meet its financial obligations as they become payable in the current fiscal year.

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 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 November 30, 2019	Period ended November 30, 2018
	\$	\$
Salaries and benefits	37,962	-
Management fees	92,500	-
Share-based payments	1,961	35,950
	132,423	35,950

The Company entered into an Employment Agreement with Owen King, the former CEO of the Company, effective April 1, 2019 until his resignation on September 26, 2019. As compensation for the services provided, the former CEO received a monthly fee of \$2,500. During the six months ended November 30, 2019, the Company paid \$13,700 (2018 - \$nil) in salary to the former CEO.

The Company has entered into an Officer and Consulting Agreement with Michael Collins, the new CEO of the Company, effective September 26, 2019. As compensation for the services to be provided, the CEO will receive a monthly fee of \$8,000 and a signing bonus of \$37,500. During the six months ended November 30, 2019, the Company paid \$37,500 in signing bonus and recorded \$16,800 in fees payable to the CEO of the Company, which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with Quaestus Strategies Corp., a company controlled by a Emma Fairhurst, a director of the Company (the “Consultant”), effective September 1, 2019. As compensation for the services to be provided, the Consultant will receive a monthly fee of \$8,000. During the six months ended November 30, 2019, the Company recorded \$24,000 in fees payable to the Consultant, which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with Ty Consulting Inc., a company controlled by Sean Ty, the CFO of the Company, effective April 1, 2019. As compensation for the services provided, the company controlled by the CFO will receive a monthly fee of \$2,500. During the six months ended November 30, 2019, the Company paid \$15,000 (2018 - \$nil) in fees to the company controlled by the CFO and granted 100,000 stock options (2018 - nil) exercisable at a price of \$0.12 per share until April 4, 2023. The options had a fair value of \$981 and will vest over a period of four years as to 25% per year. As at November 30, 2019, the Company has recorded \$2,640 in fees payable to the company controlled by the CFO, which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Employment Agreement with Sandra Wong, the Corporate Secretary of the Company, effective April 18, 2019, as amended July 25, 2019. As compensation for the services to be provided, the Corporate Secretary will receive a signing bonus of \$3,000 and a monthly fee of \$3,000 for a one-year term. During the six months ended November 30, 2019, the Company paid \$24,262 (2018 - \$nil) in salary to the Corporate Secretary.

On July 13, 2018, the Company granted 425,000 stock options to certain directors and officers of the Company at an exercise price of \$0.10 for a period of five years from the date of grant. These options had a fair value of \$35,950. 150,000 of the options have been cancelled.

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 invest up to \$1,000,000 in the common shares of EcoMine Technologies Corporation, a private British Columbia company that produces bespoke bio-chemical reagents for recovery of metals in the mineral industry, over an eighteen month period pursuant to an agreement dated October 29, 2019 as amended January 28, 2020.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 16 Leases (“*IFRS 16*”)

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

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

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

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

In 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (“IFRIC 23” or “the Interpretation”). The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

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

FOURTH QUARTER

N/A

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 as disclosed in this Report.

SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

DISCLOSURE OF OUTSTANDING SHARE DATA

Equity Securities Issued and Outstanding

The Company had 33,577,334 shares issued and outstanding at January 29, 2020.

Share Purchase Options

The Company had 375,000 stock options outstanding at January 29, 2020.

Warrants

The Company had 11,385,900 share purchase warrants outstanding at January 29, 2020.

Escrow Shares

The Company has 1,500,000 common shares held in escrow as at January 29, 2020.

BOARD OF DIRECTORS AND OFFICERS

On September 26, 2019, John Michael William 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. The directors of the Company are John Michael William Collins (Chairman, President and Chief Executive Officer), Emma Fairhurst, Owen C. King, John Paul and Jason K. McLaughlin. The Chief Financial Officer is Sean Ty and the Corporate Secretary is Sandra Wong.

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. 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