

CREST RESOURCES INC.

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

For the three months ended August 31, 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 months ended August 31, 2019 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three months ended August 31, 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 October 9, 2019.

The accompanying condensed interim financial statements for the three months ended August 31, 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 the investment in mineral exploration companies.

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 overallotment option, at a price of 10 cents per share for gross proceeds of \$385,900. The net proceeds from the IPO will be 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 revenues. Mineral interests in the form of exploration and acquisition costs totaled \$111,269 as at August 31, 2019 (May 31, 2019 - \$111,269).

Red Metal Ridge Property

Pursuant to an option agreement (the "Agreement") dated January 5, 2018, 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 the 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 \$155,000, and incurring a total of \$500,000 in exploration expenditures over a three year period. 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 August 31, 2019, the Company has incurred \$111,269 in acquisition and exploration costs on the Red Metal property.

On September 9, 2019, the Company announced that in consideration of the changing market conditions and opportunities presented to the Company, Management is in the process of reviewing the exploration plans and development concepts for the 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 may earn an initial 75% interest in the Property by paying \$10,600 cash and issuing 1,500,000 common shares within ten business days of executing the Agreement. The Company may earn a further 25% interest to bring its ownership interest in the Property to 100% by issuing a further 500,000 common shares on or before January 2, 2020.

On September 12, 2019, the Company completed the acquisition of an initial 75% interest with the payment of \$10,600 and issuance of 1,500,000 common shares. The securities issued are restricted from trading until January 13, 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.Geol 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.

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 August 31, 2019, the Company has acquired 5,100,000 common shares of a publicly traded mining exploration company for investment purposes. The investment was acquired through open market transactions at a cost of \$797,250 and had a market value of \$841,500 at August 31, 2019, resulting in an unrealized gain of \$44,250.

On September 18, 2019, the Company acquired 150,000 common shares of a publicly traded mining exploration company for investment purposes. The investment was acquired through open market transactions at a cost of \$60,455.

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.

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. 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. One of the creditors is a related party by virtue of a director of the Company also being the corporate secretary of the related party creditor. The amount owing to the related party creditor is \$196,748.

Pursuant to a Loan Agreement dated September 12, 2019 between the Company as Lender and Westminster Resources Ltd. ("WMR") as Borrower, the Company agreed to lend up to \$35,000 (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. On September 12, 2019, the Company advanced \$25,000 to WMR.

Pursuant to a Loan Agreement dated October 1, 2019 between the Company as Lender and Opawica Explorations Inc. ("OPW") as Borrower, the Company agreed to lend up to \$11,000 (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. On October 1, 2019, the Company advanced \$10,100 to OPW. OPW is a related party by virtue of a common director and corporate secretary.

SELECTED ANNUAL INFORMATION

N/A

FINANCIAL PERFORMANCE

As the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a public company. Net loss and comprehensive loss for the three months ended August 31, 2019 was \$18,816 or \$0.00 per share, compared to a loss of \$80,650 for the three months ended August 31, 2018 or \$0.01 per share.

Total expenses for the three months ended August 31, 2019

The following is a breakdown of material components on the Company's expenses for the three months ended August 31, 2019 and 2018.

	Three months ended August 31, 2019 \$	Three months ended August 31, 2018 \$
Advertising and promotion	\$ -	\$ 1,017
Bank charges	394	65
Business development	2,500	-
Consulting fees	20,000	9,000
Marketing fees	1,967	-
Office	202	3,750
Professional fees	5,941	18,803
Rent	-	4,685
Salaries	23,005	-
Share-based payments	981	34,486
Transfer agent and filing fees	8,155	8,844
OPERATING LOSS	(63,145)	(80,650)

Business development expenses were \$2,500 for the three months ended August 31, 2019 compared to expenses of \$nil recorded for the 2018 comparative. The Company is actively seeking new business opportunities.

Consulting fees included amounts paid to a company controlled by the Chief Financial Officer ("CFO") for the services provided by the CFO and various strategic business consultants and geological consultants. Consulting fees are higher in the current fiscal period compared to 2018 due in part to engaging more consultants.

Salaries include amounts paid to the Chief Executive Officer ("CEO") and Corporate Secretary.

Share-based payments (a non-cash expense) were \$981 (2018 - \$34,486) which includes the estimated fair value of for the unvested options granted to the CFO.

Professional fees were \$5,941 for the three months period ended August 31, 2019 and relates to the audit accrual of \$2,500 and legal fees of \$3,441. The decrease in professional fees during the three months were mainly as a result of higher fees associated with the IPO in the previous period.

Transfer agent and filing fees were \$8,155 for the three months period ended August 31, 2019 compared to expenses of \$8,844 for the 2018 comparative. The Company had increased business activity during the period whereas previous period expenses mainly relates to the fees associated with the IPO.

	Three months ended August 31, 2019	Three months ended August 31, 2018
OTHER ITEMS		
Interest income	79	-
Unrealized gain on short term investments	44,250	-
	44,329	-

Unrealized gain on short-term investments were \$44,250 for the three months period ended August 31, 2019 compared to \$nil for the 2018 comparative. The amount represents unrealized gains from the common shares of a publicly traded mining exploration company held for investment recorded at fair value using quoted market prices as at August 31, 2019.

Summary of Quarterly Results

	Q1 August 31, 2019 \$	Q4 May 31, 2019 \$	Q3 Feb 28, 2019 \$	Q2 Nov 30, 2018 \$
Total revenue	-	-	-	-
Net loss (\$)	18,816	60,771	21,512	30,520
Per Share (\$)	0.00	0.01	0.00	0.00

	Q1 Aug 31, 2018 \$	Q4 May 31, 2018 \$	Q3 Feb 28, 2018 \$	Incorporation to Nov 30, 2017 \$
Total revenue	-	-	-	-
Net loss (\$)	80,650	50,248	14,777	-
Per Share (\$)	0.00	0.00	0.00	0.00

The Company does not have any revenue as it is in the exploration stage.

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 \$54,571 during the three months period ended August 31, 2019 compared to \$25,732 cash used in operating activities for the 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 \$802,250 during the three months period ended August 31, 2019 compared to \$nil cash used in investing activities for the 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, and spent \$797,250 on the acquisition of common shares of a publicly traded mining exploration company for investment purposes.

Total cash provided by financing activities was \$817,065 during the three months period ended August 31, 2019 and consists of \$825,000 in proceeds from private placement, less \$7,935 in share issuance costs. 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 August 31, 2019 was \$122,930 compared to \$162,686 at May 31, 2019. Based on the above financial condition at August 31, 2019, Management believes that the Company has the financial resources to meet its financial obligations as they become payable in the current fiscal year.

On September 10, 2019, the Company completed the second tranche of a non-brokered private placement and issued 2,700,000 common shares at a price of \$0.075 per common share for gross proceeds of \$202,500. The securities issued are restricted from trading until January 11, 2020.

On September 23, 2019, the Company completed the third tranche of a non-brokered private placement and issued 2,250,000 common shares at a price of \$0.075 per common share for gross proceeds of \$168,750. The securities issued are restricted from trading until January 24, 2020. A director of the Company purchased 1,250,000 shares.

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 CEO and CFO of the Company. Key management personnel compensation is comprised of the following:

	Period ended August 31, 2019	Period ended August 31, 2018
	\$	\$
Salaries	20,972	-
Consulting fees	16,500	-
Share-based payments	981	35,950
	38,453	35,950

The Company has entered into an Employment Agreement with the former CEO of the Company effective April 1, 2019. As compensation for the services to be provided, the former CEO received a monthly fee of \$2,500. During the three months period ended August 31, 2019, the Company paid \$7,500 (2018 - \$nil) in salary to the former CEO. On September 26, 2019, the former CEO resigned as an officer of the Company and the Employment Agreement was terminated.

The Company has entered into a Consulting Agreement with a company controlled by 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 three months period ended August 31, 2019, the Company paid \$7,500 (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 August 31, 2019, the Company has \$2,670 in accounts payable owed to the company controlled by the CFO, which is due on demand, unsecured and is non-interest bearing.

The Company has entered into an Employment Agreement with the Corporate Secretary of the Company effective April 18, 2019, as amended July 25, 2019. As compensation for the services to be provided, the Corporate Secretary will receive a signing bonus of \$3,000 and a monthly fee of \$3,000 for a one year term. During the three months period ended August 31, 2019, the Company paid \$13,472 (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 these options were cancelled during the period ended August 31, 2019.

The Company has entered into a Consulting Agreement with the new CEO of the Company effective September 26, 2019. As compensation for the services to be provided, the CEO will receive a signing bonus of \$37,500 and a monthly fee of \$8,000.

Two of the vendors of the Split Dome 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 on September 12, 2019.

On September 16, 2019, the Company acquired \$473,748 in receivables from Westminster Resources Ltd. 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. One of the creditors is a related party by virtue of a director of the Company also being the corporate secretary of the related party creditor. The amount owing to the related party creditor is \$196,748.

Pursuant to a Loan Agreement dated October 1, 2019 between the Company as Lender and Opawica Explorations Inc. ("OPW") as Borrower, the Company agreed to lend up to \$11,000 (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. On October 1, 2019, the Company advanced \$10,100 to OPW. OPW is a related party by virtue of a common director and corporate secretary.

COMMITMENTS

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

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 disclosed in this Report, the Company does not have any proposed transactions.

SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

DISCLOSURE OF OUTSTANDING SHARE DATA

Equity Securities Issued and Outstanding

The Company had 32,459,001 shares issued and outstanding at October 9, 2019.

Share Purchase Options

The Company had 375,000 stock options outstanding at October 9, 2019.

Warrants

The Company had 11,385,900 share purchase warrants outstanding at October 9, 2019.

Escrow Shares

The Company has 1,875,000 common shares held in escrow as at October 9, 2019.

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. The directors of the Company are John Michael William Collins (Chairman, President and Chief Executive Officer), Emma Fairhurst, Owen C. King, and John Paul. 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