

# **CREST RESOURCES INC.**

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

For the year ended May 31, 2021

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

The accompanying audited financial statements for the year ended May 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs"). All amounts are expressed in Canadian dollars, unless otherwise stated.

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

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

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

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

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

### **DESCRIPTION OF BUSINESS**

Crest Resources Inc. was incorporated on November 23, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 3043 – 595 Burrard Street, Vancouver, British Columbia, Canada. The Company's principal business activity is the acquisition and exploration of mineral property assets in Canada, Australia and Peru, and the investment in mineral exploration and mining technology companies of merit with potential for favorable return on investment.

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

The Company's mineral property assets are as follows:

- Chala Copper property in Peru (78.5% owned);
- Red Metal Ridge property on Vancouver Island, British Columbia (51% owned and 49% under further option);
- Gazebo North property in Newfoundland and Labrador (90% owned);
- Howells River property in Newfoundland and Quebec (80% owned);
- Newfoundland Syndicate (100%)
- Whympere property (100% owned)
- Stargold Properties in Quebec (100% owned)
- Tan Nickel Property in Quebec (90% owned)

At the Company's Annual General and Special Meeting held October 30, 2020, the Company's shareholders approved a resolution authorizing the Company to expand its corporate objectives including to become an investment issuer.

The Company holds significant interests in the following companies:

- 1251797 B.C. Ltd. (66.67% owned) – a private company that holds 100% interest in the Atlin-Rufner property in British Columbia.
- AusVan Battery Metals Pty Ltd (60% owned) – a private Australian company that has entered into a Property Purchase and Sale Agreement to acquire 100% interest in the Allaru Queensland Vanadium Shale project.
- Carbon Foundry Corp. (50% owned) – a private company formed for the purpose of the developing, building and operating a facility to refine graphite and other similar carbon elements.
- Core Asset Management Corp. (40% owned) – a private company duly incorporated in the jurisdiction of the Cayman Islands.
- Crest Canada GP Inc. (100% owned) – a private company that serves as General Partner to Crest SPV I Limited Partnership, a Limited Partnership created for the purpose of making and holding investments with a view to earning a profit.
- Crest Project Development Corp. (100% owned) – a private company that provides project engineering and development consulting services.
- Challa Cobre y Oro S.R.L. (73.5% owned) – a private mineral interest holding company in Peru.
- Rain City Resources Inc. (20.6% owned) – a junior resource company trading on the Canadian Securities Exchange.
- Volatus Capital Corp. (24.05% owned) – a junior resource company trading on the Canadian Securities Exchange.

## MAJOR OPERATING MILESTONES

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

Newfoundland and Labrador, Canada										
	Chapel Island / Lil D'Espoir Lake	True Grit / Middle Ridge	Gazebow North	Dog Bay	Enterprise	Jonathan's Pond	Mt. Peyton	Mt. Peyton Extension	Howell River	Newfoundl and Syndicate
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>										
Balance, May 31, 2020	-	-	-	-	-	120,103	180,103	38,675	-	-
Acquisition	33,735	60,150	36,280	75,837	19,890	30,000	231,602	6,000	52,000	412,815
Sale of property	(33,735)	(60,150)	-	(75,837)	(19,890)	(150,103)	(411,705)	(44,675)	-	-
Balance, May 31, 2021	-	-	36,280	-	-	-	-	-	52,000	412,815
<b>Exploration expenditures</b>										
Balance, May 31, 2020	-	-	-	-	-	4,046	4,045	-	-	-
Sale of property	-	-	-	-	-	(4,046)	(4,045)	-	-	-
Balance, May 31, 2021	-	-	-	-	-	-	-	-	-	-
<b>Total acquisition costs and exploration expenditures</b>										
May 31, 2020	-	-	-	-	-	124,149	184,148	38,675	-	-
May 31, 2021	-	-	36,280	-	-	-	-	-	52,000	412,815

	British Columbia				Peru	Quebec	Australia		Total		
	Atlin- Ruffner	Red Metal Ridge	Lion's Den	Whimper	Lunar Frog	Chala Copper	Richard Copper	Stargold Properties	Tan Nickel Property	Allaru Project	
	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>											
Balance, May 31,	-	44,500	47,311	-	-	91,958	-	-	-	518,488	1,041,138
Acquisition	60,000	24,616	-	76,210	100,000	57,088	5,000	69,000	3,197	-	1,353,420
Sale of property	-	-	(47,311)	-	(100,000)	-	(5,000)	(69,000)	3,197	-	(1,017,406)
Balance, May 31, 2021	60,000	69,116	-	76,210	-	149,046	-	-	-	518,488	1,377,152
<b>Exploration expenditures</b>											
Balance, May 31,	-	100,269	-	-	-	38,199	-	-	-	-	146,559
Addition	-	-	-	-	-	23,096	-	-	-	281,124	304,220
writeoff	-	-	-	-	-	(12,500)	-	-	-	-	(20,591)
Balance, May 31, 2021	-	100,269	-	-	-	48,798	-	-	-	281,124	430,188
<b>Total acquisition costs and exploration</b>											
May 31, 2020	-	144,769	47,311	-	-	130,157	-	-	-	518,488	1,187,697
May 31, 2021	60,000	169,385	-	76,210	-	197,841	-	-	3,197	799,612	1,807,340

**a) Red Metal Ridge Property (Sayward, British Columbia)**

Pursuant to an option agreement (the “Agreement”) dated January 5, 2018, and as amended on October 30, 2019 and November 28, 2019 for a total fee of \$10,000, the Company was granted an option to acquire a 100% undivided interest in two stages in the Red Metal Ridge property (“Red Metal”) located near Sayward in British Columbia.

Under the Agreement and its subsequent amendments, the Company has the option to acquire an initial 51% undivided interest (earned) in Red Metal by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in Red Metal by issuing a total of 800,000 common shares of the Company to the Optionors, making cash payments totaling \$140,000, and incurring a total of \$500,000 in exploration expenditures.

The Optionors will retain a 3% Net Smelter Returns royalty on Red Metal. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

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

**b) Lion’s Den Property (Toodoggone, British Columbia)**

Pursuant to an agreement dated February 19, 2020, the Company agreed to acquire a 100% interest in 11 mineral claims known as the Lion’s Den Property, located in the Toodoggone region of north-central British Columbia, for consideration of 300,000 common shares of the Company issued on February 28, 2020 with a fair value of \$19,500. An additional \$27,811 in acquisition costs was incurred on claims registration during the year ended May 31, 2020.

On June 4, 2020 the company entered into an agreement to sell its 100% interest in the Lion’s Den and Peak gold properties as well as its rights to acquire two additional mineral claims in the Toodoggone region of north-western British Columbia to Volatus for consideration of \$35,000 cash, 3,750,000 common shares of Volatus, and a 1.5% net smelter returns royalty of which Volatus may purchase 0.5% for \$1,000,000 at any time. The transaction was completed on June 5, 2020.

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

Pursuant to a staking syndicate agreement dated November 26, 2019, the Company has acquired ownership of a 68.5% interest in four mineral claims known as the Chala Copper Project located east of Chala, Peru for consideration of funding an exploration program with a value of USD \$50,000. The claims were acquired through a staking syndicate that includes the Company’s President, CEO and director, who held 18% interest in the claims. The Company has expended \$21,958 in staking costs on the claims.

Pursuant to an agreement dated March 12, 2020, the Company agreed to acquire another 5% interest in the Chala Copper Project from the CEO of the Company, for consideration of 1,000,000 common shares of the Company issued on May 25, 2020 with a fair value of \$70,500. The Company currently holds a 73.5% interest in the Chala Project.

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

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

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

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

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

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

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

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

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

Pursuant to an agreement dated February 13, 2020, the Company's 58% owned subsidiary, Exploits Gold Corp. ("Exploits"), agreed to acquire a 100% interest in three mineral licenses known as the Jonathan's Pond Property (the "JP Property") for the following consideration: (i) \$15,000 cash (paid) and 2,000,000 common shares of Exploits (issued February 13, 2020 with a fair value of \$100,000 based on Exploits' most recent financing preceding the issuance) upon signing the agreement; and (ii) \$35,000 cash on or before June 13, 2020. One of the vendors of the JP Property is the Vice President of Business Development of the Company, who received 300,000 shares of Exploits as consideration. The JP Property is subject to a 3% net smelter returns royalty of which Exploits may repurchase 1.5% of the NSR for \$1,000,000 at any time.

On September 1, 2020 the Company sold its interest in Exploits for consideration of 4,200,000 common shares of Origen Resources Inc., 5,000,000 common shares of Exploits Discovery Corp. (formerly Mariner Resources Corp.) and a \$350,000 note payable.

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

Pursuant to an agreement dated February 13, 2020, the Company's 58% owned subsidiary, Exploits, agreed to acquire a 100% interest in 15 mineral licenses known as the Mt. Peyton Property (the "MP Property") for the following consideration: (i) \$25,000 cash (paid) and 3,000,000 common shares of Exploits (issued February 13, 2020 with a fair value of \$150,000 based on Exploits' most recent financing preceding the issuance) upon signing the agreement; and (ii) \$50,000 cash on or before May 13, 2020. One of the vendors of the JP Property is the Vice President of Business Development of the Company, who received 450,000 shares of Exploits as consideration and will retain a 0.45% NSR on the claims. The MP Property is subject to a 3% net smelter returns royalty of which Exploits may repurchase 1.5% of the NSR for \$1,500,000 at any time.

The Company sold its interest in Exploits for consideration of 4,200,000 common shares of Origen Resources Inc., 5,000,000 common shares of Exploits Discovery Corp. (formerly Mariner Resources Corp.) and a \$350,000 note payable.

**f) 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: (i) \$37,091(AUD \$32,000, paid) as reimbursement for EMP rents (ii) \$50,000 cash within 45 days after the Completion Date (10 business days after the final condition precedent has been satisfied or waived, or such other date as agreed to in writing by the parties) (ii) \$100,000 cash by the earlier of the date AusVan is publicly listed on a Relevant Stock Exchange and October 20, 2020 (iii) \$350,000 within 10 business of completing certain millstone to be achieved within 18 months of the Completion Date; and (v) share consideration equal to 40% of AusVan’s issued capital on a fully diluted basis. In addition AusVan must meet a minimum project expenditure of: (i) \$75,000 within 8 months of the Completion Date (incurred \$31,397) (ii) \$500,000 during the period commencing on the Completion Date and ending on the day that is 12 months after the Completion Date; and (iii) another \$500,000 during the following 12 months.

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

#### Geology

Centered on the Euroka Ridge separating the Carpentaria and Eromanga Sedimentary Basin in North-west Queensland, the Allaru Project displays many similar characteristics to the nearby advanced Debella Vanadium + HPA Project; a near surface, flat lying and locally oxidized vanadium enriched shale. The Allaru Project is hosted by Cretaceous sedimentary rocks of the Toolebuc Formation. The Toolebuc Formation is composed primarily of banded limestone and shales, is widely distributed and laterally stable across the Project. The Vanadium mineralization is concentrated in the Toolebuc B and D beds. The Toolebuc B bed ranges in thickness from 0.3m to 3.0m in thickness, averaging 2.8m, and the Toolebuc D bed ranges in thickness from 1.3m to 4.1m in thickness, averaging 2.8m.

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

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

**g) Chapel Island / Lil D’Espoir Lake**

On February 5, 2020, the Company staked the Lil D’Espoir property in central Newfoundland. The property had historic showings of gold and base metals mineralization.

The company staked the Chapel Island Gold Property on August 7, 2020. The Property had numerous gold showings.

Both Chapel Island and Lil D’Espoir Lake were sold to Opawica Resources Ltd. on February 12, 2021.

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

Pursuant to an agreement dated July 13, 2020, the Company agreed to acquire a 100% interest, subject to a 1% net smelter returns royalty, in the Lunar Frog gold property (the “Property”) for consideration of 1,000,000 common shares of the Company (issued on July 16, 2020 with a fair value of \$100,000). The Property consists of six mineral claims located approximately 170 kilometers east-southeast of Dease Lake, British Columbia.

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

**i) True Grit and Middle Ridge (Newfoundland and Labrador)**

Pursuant to a staking agreement dated June 16, 2020, the Company engaged the Vice President of Business Development of the Company to stake mineral claims (the “Property”) in Newfoundland and Labrador by which ownership is held 85% by the Company, 10% by the Vice President and 5% by Volatus as a fee for extending a loan to the Company to stake the claims.

Pursuant to a property purchase and sale agreement dated July 8, 2020, the Company sold its 85% interest in a portion of the Property known as “Middle Ridge South” to Mariner Resources Corp. (“Mariner”) for consideration of \$204,000, 1,530,000 common shares of Mariner with a fair value of \$82,554 (Mariner is now Exploits Gold) and a 1.7% retained net smelter return royalty. This transaction was completed on July 22, 2020 and a gain on disposal of exploration and evaluation assets of \$204,000 was recorded.

Pursuant to a property purchase and sale agreement dated July 31, 2020, the Company sold its 85% interest in the remaining portion of the Property known as “Middle Ridge North and True Grit” to Mariner for consideration of 5,822,500 common shares of Mariner with a fair value of \$1,810,819. This transaction was completed on August 5, 2020 and a gain on disposal of exploration and evaluation assets of \$1,750,669 was recorded.

Pursuant to a property purchase and sale agreement (the “Agreement”) dated June 10, 2020, the Company agreed to acquire 100% interest in 18 additional claims from two vendors for consideration of \$20,000 and 150,000 common shares. The claims are subject to a 2% net smelter returns royalty with the right to purchase 1% of the NSR for \$1,000,000 at any time. The Agreement was assigned to Mariner on July 31, 2020.

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

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

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

**k) Whympere Project**

On November 30, 2020 the Company staked gold claims near Lake Cowichan on Vancouver Island, British Columbia. Subsequent to May 31, 2021, 51% of the rights, title and interest in the Whympere Property was sold

**l) Newfoundland Syndicate**

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

**m) Gazebo North (Newfoundland and Labrador)**

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

**n) Enterprise (Newfoundland and Labrador)**

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

The Enterprise property was optioned to Opawica Resources Inc. on October 26, 2020. Opawica may earn an initial 80% interest in the property by paying an aggregate of \$1.45-million cash and incurring \$5-million in work expenditures over a four-year period as follows:

\$250,000 cash due upon signing the agreement, (paid);

Second anniversary: \$450,000 cash payment and \$1 million in exploration expenditures.

Third anniversary: \$250,000 cash payment and \$2 million in exploration expenditures.

Fourth anniversary: \$500,000 cash payment and \$2 million in exploration expenditures.

Upon completing the above payments and expenditures, Opawica shall be deemed to have exercised the option and shall be entitled to an undivided 80% right, title and interest in and to the property. Subsequent to the exercise date, Opawica may earn an additional 20% interest in the property by paying market price in cash or in kind based on an independent valuation of the property.

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

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

**p) Atlin-Ruffner (British Columbia)**

The Atlin Ruffner mine, composed primarily of the Ruffner and Big Canyon claim groups, is located on Crater Creek which drains west into the Fourth of July Creek. The mine is about 23 kilometres northeast of Atlin. The occurrence has been an intermittent producer from 1916 to 1981, being operated by numerous companies.

**q) Richard Copper (Quebec)**

On December 1, 2020, the Company has entered into an agreement to purchase a 100% interest in four claims known as the Richard Copper project, subject to an existing 1% net smelter return royalty, located in Quebec from Urbangold Minerals Inc. (“Urbangold”) in consideration for 50,000 common shares of the Company at a price of \$0.01 per share, which are subject to a statutory four month hold period from the date of issue.

The Richard Copper project is located 35 km north of Rouyn Noranda and consists of four claims bisected by the Lynhurst Fault and Deformation zone. The host rock is a brecciated/porphyritic rhyolite and holds potential VMS base metal, (copper and gold) mineralization.

The Richard Copper Project was sold on February 12, 2021.

**r) Stargold Properties (Quebec)**

On February 2, 2021, the Company entered into an Option Agreement with UrbanGold Minerals Inc. (UrbanGold”) to acquire certain mining claims located in NTS 32B05 and 32B12, approximately 160 kilometers northeast of the Town of Val d’Or, in the Province of Quebec (the “Claims”).

Pursuant to the terms of the Option Agreement, the Company shall have the right until the third anniversary of the Option Agreement to acquire 100% of UrbanGold’s interest in the Claims by:

(a) making a total cash payment of \$25,000 to UrbanGold on the Closing Date (as defined in the Option Agreement);

b) issuing common shares in the capital stock of the Company (the “Option Shares”) as follows:

- (i) 400,000 Option Shares to UrbanGold on the Closing Date;
- (ii) 400,000 Option Shares to UrbanGold within one year of the Closing Date;
- (iii) 400,000 Option Shares to UrbanGold within two years of the Closing Date;
- (iv) 1,250,000 Option Shares to UrbanGold within three years of the Closing Date.

A portion of the claims is subject to a 1% royalty. Upon completion of the Option, UrbanGold will transfer a 100% stake in the claims to the Company. At that time, the Company will grant a royalty to Urbangold equal to 1% of the net smelter returns on the claims that are not subject to the existing royalty.

**s) Tan Nickel Property (Quebec)**

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

**INVESTMENTS IN MINERAL EXPLORATION COMPANIES**

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

## Marketable Securities

During the year ended May 31, 2021, the Company acquired common shares of publicly traded mining exploration companies for investment purposes. A summary table of the Company's investments in marketable securities is as follows:

	Balance, May 31, 2019	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	Balance, May 31, 2020
	\$	\$	\$	\$	\$	\$
<b>Common shares – Level 1</b>						
International Prospect Ventures	-	163,341	(34,191)	6,022	32,828	168,000
Troubadour Resources Inc.	-	101,910	(1,485)	(425)	(20,000)	80,000
Apex Resources Inc.	-	21,982	(19,800)	(2,182)	-	-
International Samuel Exploration Corp.	-	40,940	-	-	11,217	52,157
Tarku Resources Ltd	-	40,520	(27,258)	(13,262)	-	-
Westminster Resources Ltd	-	34,733	(24,285)	(10,448)	-	-
Rockridge Resources Ltd	-	38,874	(32,341)	(6,533)	-	-
Scottie Resources Corp	-	797,250	(906,397)	109,147	-	-
Prime Mining Corp.	-	60,455	(48,124)	(12,331)	-	-
Three D Capital Inc.	-	40,559	(34,485)	(6,074)	-	-
Peruvian Metals Corp.	-	35,470	(39,380)	3,910	-	-
Cleghorn Minerals Ltd (a) (b)	-	91,679	-	-	83,321	175,000
Essex Minerals Inc	-	100,000	-	-	150,000	250,000
	-	1,567,713	(1,167,746)	67,824	257,366	725,157
						-
<b>Warrants – Level 2</b>						
Cleghorn Minerals Ltd (a) (b)	-	25,846	-	-	32,360	58,206
Volatus Capital Corp. (c)	-	93,443	-	-	(42,475)	50,968
	-	119,289	-	-	(10,115)	109,174
<b>Total</b>	-	1,687,002	(1,167,746)	67,824	247,251	834,331

	FMV Balance, May 31, 2020	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, May 31, 2021
<b>Common shares – Level 1</b>	\$	\$	\$	\$	\$	\$
International Prospect Ventures	168,000	-	(237,580)	102,408	(32,828)	-
Troubadour Resources Inc.	80,000	-	(69,285)	(30,715)	20,000	-
International Samuel Exploration Corp.	52,157	-	(41,525)	585	(11,217)	-
Spey Resources Corp.	-	75,925	(84,398)	8,473	-	-
Cleghorn Minerals Ltd. (a) (b)	175,000	30,313	(53,183)	26,516	97,354	276,000
Clarity Gold Corporation	-	228,015	(204,758)	(23,257)	-	-
Ecomine Technology Inc.	-	571,883	-	-	11,450	583,333
Essex Minerals Inc.	250,000	266,066	(494,623)	137,379	(119,223)	39,599
Gold Mtn Mining	-	1,000	(7,419)	6,419	-	-
Opawica Explorations Inc.	-	788,582	(106,341)	80,226	553,533	1,316,000
Rain City Resources Inc.	-	66,084	-	-	302,961	369,045
Origen Resources Inc.	-	940,000	-	-	821,667	1,761,667
Westminster Resources Ltd	-	31,500	(56,698)	25,198	-	-
Copaur Minerals	-	78,733	(39,598)	(39,135)	-	-
Vertical Exploration Inc	-	76,598	(34,734)	(4,277)	(6,387)	31,200
	725,157	3,154,699	(1,430,142)	289,820	1,637,310	4,376,844
<b>Warrants – Level 2</b>						
Cleghorn Minerals Ltd. (a) (b)	58,206	-	-	-	(50,116)	8,090
Volatus Capital Corp. (c)	50,968	-	-	-	(25,366)	25,602
Troubadour Resources Inc. (d)	-	-	-	-	24,526	24,526
Origen Resources Inc. €	-	-	-	-	64,579	64,579
Opawica Explorations Inc.(f)	-	-	-	-	53,767	53,767
	109,174	-	-	-	67,390	176,564
<b>Total</b>	834,331	3,154,699	(1,430,142)	289,820	1,772,090	4,553,408

## Investments

The Company holds common shares in various private companies. At May 31, 2021, the Company had seven privately held investments with a total cost of \$3,149,109. The common shares of private companies are classified as FVTPL and are recorded at fair value using unobservable inputs and are therefore classified as level 3 within the fair value hierarchy.

	May 31, 2021	May 31, 2020
	\$	\$
Core Asset Management Corp	40	-
2311548 Alberta Ltd	500	-
Cayenne Capital Corp	275,000	-
1255929 BC Ltd	19,000	-
EResources Technologies LLC	360,000	-
OCP Holdings Ltd	2,144,977	-
Viewmont Gold Pty Ltd.	350,592	-
	3,149,109	-

## SELECTED ANNUAL INFORMATION

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

	Year ended May 31, 2021	Period ended May 31, 2020
	\$	\$
Revenue	978,242	90,000
Net comprehensive income (loss)	8,874,496	(334,012)
Income (Loss) per share, basic and diluted	0.17	(0.01)
Total assets	17,739,392	2,727,475
Total long-term liabilities	40,000	40,000
Cash dividend declared per share	-	-

Various factors contribute to the year to year variations in financial position and financial performance. The \$8,874,496 comprehensive income for the year ended May 31, 2021 increased as a result of increased revenues and gains disposition of assets. The costs associated with these increases in revenue increased as well.

## OPERATIONS

### Year ended May 31, 2021

During the year ended May 31, 2021, the Company reported a net income of \$8,874,496 compared to a net loss of \$334,012 for the year ended May 31, 2020. Included in the determination of operating loss was \$85,716 (\$Nil – 2020) for bad debt, \$ Nil (2020-\$48,265) for business development, \$384,001 (2020 - \$140,000) for consulting fees, \$112,403 (2020-\$Nil) for directors fees, \$ 698,147 (2020 - \$Nil) for exploration & evaluation expenses, \$ 35,937 (2020- \$13,412) interest expense, \$300,647 (2020 - \$217,900) for management fees, \$23,821 (2020 - \$46,616) for marketing fees, \$170,938 (2020- \$72,452) for professional fees, \$37,043 (2020 - \$59,344) for salaries, \$37,043 (2020 - \$25,737) for transfer agent and filing fees, \$83,889 (2020-\$34,139) for travel and \$163,359 (2020-\$3,922) for share based payments (a non-cash expense) for the granting of stock options.

<b>EXPENSES</b>	<b>Year ended May 31, 2021</b>	<b>Year ended May 31, 2020</b>
Amortization	\$ 183	\$ -
Bad debts	85,716	-
Bank charges	4,697	2,563
Business development	-	48,265
Consulting fees	384,001	140,000
Director fees	112,403	-
Exploration and evaluation expenditures	698,147	-
Insurance	2,975	738
Interest expenses	35,937	13,412
Management fees	300,647	217,900
Marketing fees	23,821	46,616
Office	43,827	37,172
Professional fees	170,938	72,452
Rent	31,378	5,207
Salaries	37,043	59,344
Share based payments	163,359	3,922
Transfer agent and filing fees	35,347	25,737
Travel	83,889	34,139
	<u>\$ 2,214,308</u>	<u>\$ 707,467</u>

#### **Total operating expenses for the year ended May 31, 2021**

Total operating expenses for the year ended May 31, 2021 were \$2,214,307 compared to \$707,467 in operating expenses recorded for the year ended May 31, 2020.

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

Management fees included amounts paid to the 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, a company controlled by the COO of the Company and the VP Business Development of the Company. Management fees were \$300,647 for the year ended May 31, 2021 compared to expenses of \$217,900 recorded for the 2020.

Marketing fees were \$23,821 for the year ended May 31, 2021 compared to expenses of \$46,616 recorded for the 2020 comparative. The Company increased its marketing fees to effectively communicate the flow of information of its operations to the public and its shareholders.

Professional fees were \$170,938 (2020 - \$72,452) for the year ended May 31, 2021 and relate to the Company’s accounting and legal fees. Accounting fees totaled \$92,649 (2020-\$9,500) during the year and legal fees totaled \$42,923 (2020-\$62,952). Legal fees incurred relate to the Company’s various agreements and general matters.

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

Share-based payments (a non-cash expense) were \$163,359 (2020- \$3,922) which includes the estimated fair value of stock options granted to CFO.

Transfer agent and filing fees were \$35,347 (2020 - \$25,737) for the year ended May 31, 2021.

## SELECTED ANNUAL INFORMATION

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

## SUMMARY OF QUARTERLY RESULTS

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

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

	Year Ended May 31 2021	Year ended May 31, 2020
<b>OTHER ITEMS</b>		
Gain on sale of mineral properties	\$ 5,906,698	\$ 205,727
Interest Income	\$ 24,204	\$ 4,351
Gain (loss) on foreign exchange	\$ 46,170	\$ (953)
Notes receivable write off	\$ -	\$ (76,633)
Realized gain on sale of marketable securities	\$ 289,820	\$ 67,824
Unrealized gain on marketable securities	\$ 1,704,173	\$ 247,251
Share of loss from equity accounted investment	\$ (1,354,146)	\$ (164,112)

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

Notes receivable write off from Westminster Resources Ltd.

Realized gains on sale of marketable securities were \$289,820 for the year ended May 31, 2021 compared to \$ 67,824 for the 2020 comparative year. The gains were realized from the sale of the common shares of several publicly traded mining exploration companies held for investment to fund the Company's operations.

Unrealized gains on short-term investments were \$1,704,173 for the year ended May 31, 2021 compared to \$247,251 for the 2020 comparative year. The amount represents unrealized losses from market price fluctuations of the common shares of publicly traded mining exploration companies held for investment recorded at fair value using quoted market prices as at May 31, 2021.

For the year ended May 31, 2021, the Company recognized a loss of \$1,354,146 (2020 - \$164,112) from its share of loss from an equity accounted investment. As at May 31, 2021, the Company compared the carrying value of its investment in Volatus and investment in Exploits Discovery Corp are \$2,116,049 and \$5,369,315 respectively to the fair value less costs to sell of the common shares as indicated by the trading price on the Canadian Securities Exchange and determined that no impairment loss is to be recognized

## **CASH FLOWS**

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue. Total cash provided by operating activities was \$120,516 during the year ended May 31, 2021 compared to \$276,117 cash used in operating activities for the 2020 comparative year. The increase in cash used in operating activities was mainly from increase in business activity during the year.

Total cash used by investing activities was \$1,312,049 during the year ended May 31, 2021 compared to \$1,232,302 cash used in investing activities for the 2020 comparative year. It consists of \$51,807 (2020 -\$111,560) notes advances to Opawica Exploration Inc and Volatus Capital Corp., realized \$1,848,280 on the disposition of exploration and evaluation assets compared to \$252,668 incurred on the acquisition of exploration and evaluation assets in the year ended May 31, 2020, realized proceeds from the sales of mineral properties of \$601,000 (2020-\$Nil), spent \$5,136,503 (2020-\$399,420) in associate companies and \$ 1,430,141 (2020-\$1,167,745) on the purchase of marketable securities for investment purposes and \$Nil (2020-\$126,800) from share subscription advanced.

Total cash provided by financing activities was \$1,171,043 (2020-\$1,372,284) during the year ended May 31, 2021 and consists of \$911,351 (2020-\$1,242,625) in proceeds from issuance of shares, \$Nil (2020-\$200) proceeds from issuance of subsidiary shares, less \$3,145 (2020 - \$10,541) in share issuance costs, and \$516,157 (2020 - \$140,000) in loans payable. Further, there was \$253,320 (2020- \$Nil) decrease in cash incurred on the deemed disposal of a subsidiary.

## **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 May 31, 2021 was \$6,061 compared to \$26,551 at May 31, 2020, and its short-term investments was \$4,553,408 compared to \$834,331 at May 31, 2020. The Company had a working capital surplus of \$5,042,061 (2020 - \$89,492) at May 31, 2021. Based on the above financial condition at May 31, 2021, Management believes that the Company has the financial resources to meet its financial obligations as they become payable in the current fiscal year.

The Company does not have any commitments for capital expenditures.

## LOANS PAYABLE

Loans payable consists of two loans.

On May 31, 2021, the Company entered into an agreement with Volatus to use the outstanding loans owing to offset the accounts receivable. As at May 31, 2021 The new principal balance owing on the loan was \$72,518 and continuing with the 2% interest rate.

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

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

## OFF-BALANCE SHEET ARRANGEMENTS

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

## TRANSACTIONS WITH RELATED PARTIES

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

### Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer (“CEO”) and chief financial officer (“CFO”) of the Company. Key management personnel compensation is comprised of the following:

	<b>Year ended May 31, 2021</b>	<b>Year ended May 31, 2020</b>
	\$	\$
Salaries and benefits	37,043	59,344
Management fees	300,647	217,900
Professional fee	37,500	-
Share-based payments	163,359	3,922
	<b>538,549</b>	<b>281,166</b>

The Company has entered into an Executive Management Agreement with the former CEO of the Company effective May 15, 2020 for a five-year term. As compensation for the services to be provided, the CEO will receive a monthly fee of \$8,500. During the year ended May 31, 2021, the Company incurred \$99,000 (2020 - \$93,500) in management fees to the CEO. As at May 31, 2021, accounts payable and accrued liabilities include amounts due to the CEO of \$31,650 (2020 - \$50,163), which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with a company controlled by the CFO of the Company. As compensation for the services provided, the company controlled by the CFO will receive a monthly fee of \$2,500. During the year ended May 31, 2021, the Company incurred \$30,000 (2020 – \$NIL) in fees to the company controlled by the CFO. During the year ended May 31, 2021, the Company granted 100,000 options to the company controlled by the CFO exercisable at a price of \$0.12 per share until April 4, 2023, with a fair value of \$981 and vesting over a period of four years as to 25% per year. As at May 31, 2021, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$18,375 (2020 - \$NIL), which are due on demand, unsecured and non-interest bearing.

The Company has entered into a Consulting Agreement with the CFO of the Company. As compensation for the services provided, the CFO will receive a monthly fee of \$1,000. During the year ended May 31, 2021, the Company incurred \$12,000 (2020 - \$Nil) in fees to the CFO. As at May 31, 2021, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$5,250 (2020 - \$Nil), which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Officer and Consulting Agreement with the former Vice President, Business Development (“VP”) of the Company effective January 16, 2020 for a term to end on May 15, 2020 and subsequently extended to continue on a monthly basis. As compensation for the services to be provided, the VP will receive a monthly fee of \$8,000 plus applicable taxes, of which \$5,000 is payable in cash and \$3,000 is accrued and applied towards the purchase of equity securities of the Company. During the year ended May 31, 2021, the Company incurred \$84,000 (2020- \$36,000) in management fees to the VP. As at May 31, 2021, accounts payable and accrued liabilities include amounts due to the VP of \$28,050 (2020 - \$Nil), which are due on demand, unsecured and non-interest bearing.

The Company has entered into an Employment Agreement with the former Corporate Secretary of the Company effective April 18, 2020 for no fixed term. As compensation for the services to be provided, the Corporate Secretary will receive a monthly fee of \$4,500 of which \$3,000 is to be paid in cash and \$1,500 is to be accrued and applied towards the purchase of equity securities of the Company. During the year ended May 31, 2021, the Company incurred \$27,000 (2020 - \$46,152) in salary and benefits to the Corporate Secretary.

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

The former President, CEO and a Director of the Company was party to the Peruvian staking agreement.

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

As at May 31, 2021, the Company had \$73,163 receivable (2020 - \$80,000) balance with a company related through a common director and common corporate shareholder, for sales of \$120,750 (2020 - \$80,000) incurred during the year ended May 31, 2021.

As at May 31, 2021, the Company had \$4,441 receivable (2020 - \$94,500) balance with a company related through a common director for sales of \$24,229 (2020 - \$90,000) incurred during the year ended May 31, 2021.

As at May 31, 2021, the Company had \$Nil receivable (2020 - \$2,850) balance with an associated company for sales of \$116,317 (2020 - \$36,000) incurred during the year ended May 31, 2021.

## **COMMITMENTS**

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

## **NEW ACCOUNTING STANDARDS**

### New accounting standards issued and effective

Accounting standards and amendments issued but not yet adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after June 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

## SUBSEQUENT EVENTS

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

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

On June 3, 2021, the Company confirms that, as the shares being distributed as performance bonus shares (the "Performance Shares") are in lieu of the issuance of units under the Company's restricted share unit plan (the "RSU Plan"), the Performance Shares are subject to escrow restrictions the same as the vesting provisions of the RSU Plan, as detailed in the amended RSU Plan dated November 19, 2020 filed on SEDAR.

As a result, the Performance Shares of each company distributable to each recipient will be released from escrow over 24 months, as to 20% every six months, with the first 20% being released as of January 1, 2021 and the second released July 1, 2021 as outlined in the original RSU plan. The final release will be January 1, 2023.

On August 13, 2021, the Company terminated its RSU Plan. Other than the awards granted on June 2, 2021, no further awards have been or will be granted under the RSU Plan.

- b) On June 3, 2021, the Company has entered into a 50/50 staking syndicate agreement with Exploits Discovery Corp. and acquired through staking the 100% owned PB Hill Property located in prospective siliciclastic sediments of the Exploits Subzone Gold Belt, Newfoundland.
- c) On June 14, 2021, the Company sold an undivided 51% right, title and interest in and to the Whymper Property to 1255929 BC LTD. Consideration for 51% of the Property was \$15,000 and 2,000,000 common shares of 1255929 BC LTD.
- d) On June 30, 2021, the Company has arranged the sale of 7,000,000 shares in Exploits Discovery Corp held by the Company.
- e) On August 20, 2021, the Company acquired 15,000 common shares of Origen Resources Inc. on the Canadian Securities Exchange at a price of \$0.29 per Common Share. Subsequent to this transaction the Company controlled 3,981,500 shares of Origen Resource Inc., this represents 12.24% of the issued and outstanding Common Shares of the Issuer.
- f) On August 25, 2021, the Company acquired 6,250,000 common shares of Volatus Capital Corp. in a private placement at a deemed price of \$0.12 per share or \$750,000. Subsequent to this transaction the Company controlled 33.5% of the issued and outstanding shares of Volatus Capital Corp.
- g) On September 2, 2021, the Company acquired 93,500 Common Shares of Origen Resources Inc. on the Canadian Securities Exchange at a price of \$0.332 per Common Share. Subsequent to this transaction the Company controlled 14.26% of the issued and outstanding Common Shares of the Issuer.
- h) On September 7, 2021, the Company, in a private transaction, acquired 2,370,000 Common Shares of Golcap Resources Inc. at a price of \$0.006 per Common Share. Golcap Resource Shares are listed for trading on the Canadian Securities Exchange.

Subsequent to the transaction the Company controlled 8,670,000 Common Shares, representing 31.07% of the issued and outstanding Common Shares of the Issuer.

- i) On September 16, 2021, the Company acquired 233,000 Common Shares of Origen Resources Inc. on the Canadian Securities Exchange at a price of \$0.343 per Common Share. Subsequent to this transaction the Company controlled 15.93% of the outstanding Common shares of the Issuer.
- j) On September 22, 2021, the Company acquired 3,400,000 units of Volatus Capital Corp. by way of a private placement done at \$0.10 per unit. Each unit consists of one Common Share and one Common Share warrant of the Issuer. Subsequent to this transaction the Company controlled 20,365,667 Common Shares, representing 37.27% of the issued and outstanding common shares of the Issuer.

## **PROPOSED TRANSACTIONS**

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

## **SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE**

N/A

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

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

As at May 31, 2021, the Company has 69,683,507 common shares issued and outstanding (May 31, 2020 – 35,177,344).

As at May 31, 2021, the Company has 10,625,000 common share purchase warrants exercisable at \$0.075 per share until July 25, 2024 (May 31, 2020 – 10,400,000).

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

As at September 28, 2021, the Company has 84,422,196 common shares issued and outstanding (September 28, 2020 – 43,648,314).

As at September 28, 2021 the Company has 10,625,000 common share purchase warrants exercisable at \$0.075 per share until July 25, 2024 (September 28, 2020 – 10,025,000)

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

## **COVID-19 Pandemic**

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

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

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

## **BOARD OF DIRECTORS AND OFFICERS**

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

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

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

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

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

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

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

The Audit Committee is appointed by the Board and two of its members are independent directors. The Audit Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its

responsibilities, and to review the financial statements and the external auditors' report. The Audit Committee reports its finding to the Board for consideration when approving the financial statements for issuance to the shareholders, the engagement or reappointment of the external auditors.

**CREST RESOURCES INC.**

Emma Fairhurst

Chairperson and Interim Chief Executive Officer