

# **CREST RESOURCES INC.**

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

For the period ended February 28, 2022

This Management's Discussion and Analysis of Crest Resources Inc. ("Crest" or the "Company") ("MD&A") provides analysis of the Company's financial results for the period ended February 28, 2022 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 April 26, 2022.

The accompanying audited financial statements for the period ended February 28, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs"). All amounts are expressed in Canadian dollars, unless otherwise stated.

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

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

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

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

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

### **DESCRIPTION OF BUSINESS**

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

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

The Company's mineral property assets are as follows:

- Chala Copper property in Peru (73.5% owned);
- Red Metal Ridge property on Vancouver Island, British Columbia (51% owned and 49% under further option);
- Gazeebow North property in Newfoundland and Labrador (90% owned);
- Enterprise in Newfoundland (100% owned);
- Newfoundland Syndicate (50%)
- Atlin-Ruffner (66.7% owned)
- Tan Nickel Property in Quebec (90% owned)
- Allaru Project (60% 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 with the percentage owned shown below:

- 1251797 B.C. Ltd. (66.67%) – a private company that holds 100% interest in the Atlin-Rufner property in British Columbia.
- AusVan Battery Metals Pty Ltd (60%) – 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%) – 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%) – a private company duly incorporated in the jurisdiction of the Cayman Islands.
- Crest Canada GP Inc. (100%) – a private company that serves as General Partner to Crest SPV I Limited Partnership, a Limited Partnership created for the purpose of making and holding investments with a view to earning a profit.
- Crest Project Development Corp. (100%) – a private company that provides project engineering and development consulting services.
- Chala Cobre y Oro S.R.L. (73.5%) – a private mineral interest holding company in Peru.
- Volatus Capital Corp. (37.3%) – a junior resource company trading on the Canadian Securities Exchange.
- Auratus Resources Corp (formerly known as 1255929 B.C. Ltd.) (63.3%) - – a private company incorporated in British Columbia.
- Golcap Resources Corp. (31.1%) - 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:

<b>Newfoundland and Labrador, Canada</b>				
	<b>Gazebow North</b>	<b>Enterprise</b>	<b>Howell River</b>	<b>Newfoundland Syndicate</b>
	\$	\$	\$	\$
<b>Acquisition costs</b>				
Balance, February 28, 2021	36,280	-	52,000	-
Acquisition	-	-	-	412,815
Sale of property	-	-	-	-
Balance, May 31, 2021	36,280	-	52,000	412,815
Acquisition	51,200	81,090	8,726	-
Sale of property	-	-	(60,726)	-
Balance, February 28, 2022	87,480	81,090	-	412,815
<b>Exploration expenditures</b>				
Balance, February 28, 2021	-	-	-	-
Sale of property	-	-	-	-
Balance, May 31, 2021	-	-	-	-
Acquisition	-	-	-	-
Sale of property	-	-	-	-
Balance, February 28, 2022	-	-	-	-
<b>Total acquisition costs and exploration expenditures</b>				
February 28, 2021	36,280	-	52,000	-
February 28, 2022	87,480	81,090	-	412,815

	British Columbia			Peru	Quebec		Australia	Total
	Atlin- Ruffner	Red Metal Ridge	Whympcr	Chala Copper	Stargold Properties	Tan Nickel Property	Allaru Project	
	\$	\$		\$	\$	\$	\$	\$
<b>Acquisition costs</b>								
Balance, February 28, 2021	60,000	65,916	-	143,924	69,000	-	518,488	945,608
Acquisition	-	3,200	76,210	5,122	-	3,197	-	500,544
Sale of property	-	-	-	-	(69,000)	-	-	(69,000)
Balance, May 31, 2021	60,000	69,116	76,210	149,046	-	3,197	518,488	1,377,152
Acquisition	-	-	1,679	79,826	-	-	-	222,521
Sale of property	-	-	(77,889)	-	-	-	-	(138,615)
Balance, February 28, 2022	60,000	69,116	-	228,872	-	3,197	518,488	1,461,058
<b>Exploration expenditures</b>								
Balance, February 28, 2021	-	100,269	-	38,199	-	-	355,616	494,084
Addition	-	-	-	23,096	-	-	-	23,096
Write-off	-	-	-	(12,500)	-	-	(74,492)	(86,992)
Balance, May 31, 2021	-	100,269	-	48,795	-	-	281,124	430,188
Acquisition	-	-	-	-	-	-	234,121	234,121
Sale of property	-	-	-	(10,069)	-	-	-	(10,069)
Balance, February 28, 2022	-	100,269	-	38,726	-	-	515,245	654,240
<b>Total acquisition costs and exploration expenditures</b>								
February 28, 2021	60,000	166,185	-	182,123	69,000	-	874,104	1,439,692
February 28, 2022	60,000	169,385	-	267,598	-	3,197	1,033,733	2,115,298

### **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.

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

Pursuant to a staking syndicate agreement dated November 26, 2019, the Company 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 former President, CEO and director, who held an 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 acquired an additional 5% interest in the Chala Copper Project from the former 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’s total interest in the property is now 73.5%.

The Company entered into an option agreement on the Sauco I and Sauco II claims in the Department of La Libertad Peru on September 20, 2020 with a payment of USD \$6,600. The option agreement envisions payments of USD \$450,000 over 3 years with a 2% royalty that can be bought for USD \$2,000,000. Close of the due diligence period is 4 months after the secession of travel restrictions on international and local travel in relation to the COVID-19 pandemic.

The Company entered into an agreement on the Sausal Cooper claim in the Department of La Libertad Peru on September 20, 2020 with a payment of USD\$4,800. The option agreement envisions payments of USD \$1,000,000 over 3 years with a 2% royalty that can be bought for USD \$2,000,000. Close of the due diligence period is 4 months after the secession of travel restrictions on international and local travel in relation to the COVID 19 pandemic.

The Company entered into a due diligence agreement on the Surupampa III 2009 claim in the Department of La Libertad Peru on September 19, 2020 with a payment of USD \$4,800. The option agreement envisions payments of USD \$1,000,000 over 3 years with a 2% royalty. Close of the due diligence period is 4 months after the secession of travel restrictions on international and local travel in relation to the COVID 19 pandemic.

### **Howell’s River (Newfoundland and Labrador)**

Pursuant to a staking agreement dated August 24, 2020, the Company engaged three consultants including the former 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 former 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.

### **Gazebow North (Newfoundland and Labrador)**

Pursuant to a staking agreement dated July 7, 2020, the Company engaged two consultants including the former 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 former Vice President and 5% by the other consultant.

### **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 former common director. Aholdings was assigned a non-binding term sheet with Vecco Industrial Pty Ltd (“Vecco”), the owner of Arizona Queensland Vanadium Shale Project (now named the “Allaru Project”) to acquire the Allaru Project. Pursuant to the assignment agreement, Aholdings assigned and transferred to the Company all of its rights, title and interest in the term sheet and the Allaru Project to the Company for consideration of \$450,000, which is included in accounts payable and accrued liabilities as at February 28, 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) as reimbursement for EMP rents; (ii) \$50,000 cash within 45 days after the Completion Date (10 business days after the final condition precedent has been satisfied or waived, or such other date as agreed to in writing by the parties); (iii) \$100,000 cash by the earlier of the date AusVan is publicly listed on a Relevant Stock Exchange and October 20, 2020; (iv) \$350,000 within 10 business days of completing certain milestones 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.

### **Whymper Project**

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

On November 1, 2021, the Company entered into a sales agreement to sell the remaining 49% of the rights, title and interest in the Whymper Property to Auratus Resources Corp. (formerly known as 1255929 B.C. Ltd) for a consideration of \$250,000. Subsequent to this transaction, Auratus Resources Corp owned 100% of the rights, title and interest in the Whymper Property and as at February 28, 2022 it was sold to Cayenne Capital Corp.

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

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

### **Newfoundland Gold District**

In June 2021, the Company entered into 50/50 staking syndicate with Exploits Discovery Corp. and through the staking syndicate acquired through staking a 100% interest in PB Hill property at a cost of \$412,815. Pursuant to the terms of the staking agreement, Crest is contributing geological intellectual property for the staking thesis and Exploits Discovery Corp financed the cost of staking. Upon sale or joint venture, Exploits Discovery Corp will receive the first 1.2 times the staking costs with any further benefit being split 50/50 between the Company and Exploits Discovery Corp.

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

The Company owns 66.7 % of 1251797 BC Ltd, which owns 100% of 28 claims covering the historic Atlin-Ruffner mine. The mine is about 23 kilometres northeast of Atlin. The occurrence has been an intermittent producer of silver and lead from 1916 to 1981, being operated by numerous companies.

Historic and unclassified reserves from the two zones from which underground development and production has taken place are reported to be 113,638 tonnes grading 600 grams per tonne silver and 5.0 per cent lead.

The reserves noted here are historic in nature and 1251767 BC Ltd has not done sufficient work to verify that an NI 43-101 resource exists on the property. This historic reserve should not be relied upon.

### **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, subject to the 2.5% NSR retained by the Company. 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.

During the period, Opawica Resources Inc. cancelled the option and returned the property to the Company.

## **INVESTMENTS IN MINERAL EXPLORATION COMPANIES**

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

## Marketable Securities

During the period ended February 28, 2022, the Company acquired common shares of publicly traded companies for investment purposes. A summary table of the Company's investments in marketable securities is as follows:

	FMV Balance, May 31, 2021	Additions	Proceeds from disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, February 28, 2022
	\$	\$	\$	\$	\$	\$
<b>Common shares – Level 1</b>						
Atacama Copper Corp	-	500	(505)	5	-	-
Atomic Minerals Corp	-	14,155	(13,845)	(310)	-	-
Cavu Mining Corp	-	215,161	(90,034)	21,020	48,253	194,400
Clarity Gold Corp.	-	141,612	(89,363)	(52,249)	-	-
Cleghorn Minerals Ltd. (a) (b)	276,000	185,952	-	-	141,618	603,570
Cognetivity Neurosciences Ltd	-	245,870	(217,112)	(28,758)	-	-
Core Assets Corp	-	621,777	(805,461)	321,083	233,461	370,860
Essex Minerals Inc.	39,599	156,526	(144,899)	(49,927)	(1,299)	-
Exploits Discovery Corp	-	6,628,040	(12,629,947)	6,208,681	513,226	720,000
Forty Pillars Mining Corp	-	90,000	(43,228)	43,228	11,250	101,250
Global Li-ion Graphite Corp	-	40,430	(34,620)	(5,810)	-	-
Go Metals Corp	-	63,053	(9,425)	(3,975)	13,697	63,350
Headwater Gold Inc	-	234,262	(194,029)	(40,232)	-	-
Inflection Res Ltd	-	165	(125)	(40)	-	-
Komo Plant Based Food Inc	-	10,095	(9,945)	(150)	-	-
Medallion Resource Ltd	-	33,090	(37,851)	4,761	-	-
Mountain Boy Minerals Ltd	-	133,060	(100,179)	(32,881)	-	-
Nevgold Corp	-	1,321,560	(211,858)	9,732	141,045	1,260,479
Opawica Explorations Inc	1,316,000	830,919	(1,334,942)	411,402	(487,440)	735,939
Origen Resources Inc	1,761,667	1,108,808	(603,946)	224,211	(782,208)	1,708,532
Penbar Capital Ltd	-	1,000	(1,198)	698	500	1,000
Playground Ventures Inc	-	149,711	-	-	(96,820)	52,891
Rain City Resources Inc	369,045	156,006	-	-	(126,026)	399,025
Ranchero Gold Corp	-	275	(142)	(133)	-	-
Ready Set Gold Corp	-	754,549	(240,115)	(226,264)	34,670	322,840
Sabre Gold Mines Corp	-	35,744	(32,160)	(3,584)	-	-
Solis Minerals Ltd	-	99,184	(82,214)	(16,970)	-	-
Troubadour Resources Inc	-	55,000	(108,894)	53,894	-	-
Val-D'or Mining Corp	-	245,748	(133,777)	5,089	49,690	166,750
Vertical Exploration Inc	31,200	119,094	(172,117)	15,436	6,387	-
Westbridge Energy Corp	-	55,854	(51,534)	(4,320)	-	-
Xrapplied Technologies Inc	-	148,043	(76,554)	(71,489)	-	-
Zimtu Capital Corp	-	177,212	(143,754)	(33,458)	-	-
<b>Common shares – Level 1</b>	<b>3,793,511</b>	<b>14,072,454</b>	<b>(17,613,773)</b>	<b>6,748,690</b>	<b>(299,996)</b>	<b>6,700,886</b>



	<b>FMV Balance, May 31, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Realized gain (loss) on disposals</b>	<b>Unrealized gain (loss) on changes in fair value</b>	<b>FMV Balance, February 28, 2022</b>
<b>Warrants – Level 2</b>						
Cleghorn Minerals Ltd. (a) (b)	8,090	-	-	-	5,779	13,869
Volatus Capital Corp. (c) (j) (k)	25,602	-	-	-	663,032	688,634
Troubadour Resources Inc. (d)	24,526	-	-	-	(24,526)	-
Origen Resources Inc. (e)	64,579	-	-	-	(64,579)	-
Opawica Explorations Inc.(f)	53,767	-	-	-	49,183	102,950
Core Assets Corp (g)	-	-	-	-	4,285	4,285
Forty Pillar Mining Corp (h)	-	-	-	-	32,455	32,455
Golcap Resources Corp (i)	-	-	-	-	290,660	290,660
Devvesg Streaming Finco Ltd (l)	-	175,000	-	-	-	175,000
Warrants – Level 2	176,564	175,000	-	-	956,289	1,307,853
<b>Total</b>	<b>3,970,075</b>	<b>14,247,454</b>	<b>(17,613,773)</b>	<b>6,748,690</b>	<b>639,277</b>	<b>8,008,739</b>

## Investments

The Company holds common shares in various private companies. At February 28, 2022, the Company had nine privately held investments with a total value of \$4,087,992.

	February 28, 2022	February 28, 2021
	\$	\$
Avalyn Beverage Company Ltd	150,000	-
Cayenne Capital Corp	275,000	-
Core Asset Management Corp	40	40
Ecomine Technology Inc	583,383	583,383
EResources Technologies LLC	360,000	-
OCP Holdings Ltd	2,143,977	2,144,419
Progenitor Metals Corp	75,000	-
Terra Balcanica Resources Corp	150,000	-
Viewmont Gold Pty Ltd	350,592	-
	4,087,992	2,727,842

## SELECTED QUARTERLY INFORMATION

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

	<u>Nine Months</u> <u>Period ended</u> <u>February 28,</u> <u>2022</u>	<u>Nine Months</u> <u>Period ended</u> <u>February 28,</u> <u>2021</u>
	\$	\$
Revenue	325,592	743,602
Net comprehensive profit (loss)	3,644,184	11,769,640
gain per share, basic and diluted	0.05	0.26
Total assets	20,184,653	7,739,392
Total long-term liabilities	40,000	40,000

Various factors contribute to the period to period variations in financial position and financial performance. The \$3,644,184 comprehensive income for the period ended February 28, 2022 decreased as a result of decreased revenues and gains disposition of assets. The costs associated with these decreases in income decreased as well.

### Total operating expenses for the period ended February 28, 2022

During the period ended February 28, 2022, the Company reported a net income of \$3,644,184 compared to a net income of \$11,769,640 for the period ended February 28, 2021. Included in the determination of operating gain was \$262,131 (2021 - \$302,838) for consulting fees, \$45,590 (2021-\$Nil) for directors fees, \$60,726 (2021 - \$Nil) for exploration & evaluation expenses, \$10,874 (2021 - \$34,149) interest expense, \$257,405 (2021 - \$242,147) for management fees, \$48,508 (2021 - \$15,332) for marketing fees, \$204,447 (2021 - \$142,644) for professional fees, \$19,100 (2021 - \$16,043) for salaries, \$24,187 (2021 - \$32,691) for transfer agent and filing fees, \$248,088 (2021 - \$Nil) for rent, \$48,324 (2021 - \$41) for travel and \$5,403,905 (2021 - \$98,819) for share based payments (a non-cash expense) for the granting of stock bonuses.

	<b>Period Ended February 28, 2022</b>	Period Ended February 28, 2021
<b>EXPENSES</b>	<b>\$</b>	<b>\$</b>
Amortization	438	-
Bad debts	-	85,716
Bank charges	17,303	2,868
Consulting fees	262,131	302,838
Director fees	45,590	-
Exploration & evaluation expenditure	60,726	-
Insurance	2,016	-
Interest expense	10,874	34,149
Management fees	257,405	242,147
Marketing fees	48,508	15,332
Office	81,926	12,415
Professional fees	204,447	142,644
Rent	248,088	-
Salaries	19,100	16,043
Share-based payments (Note 15)	5,638,950	98,819
Transfer agent and filing fees	24,187	32,691
Travel	48,324	41
	<b>6,734,968</b>	<b>985,703</b>

Total operating expenses for the period ended February 28, 2022 were \$6,734,968 compared to \$985,703 in operating expenses recorded for the period ended February 28, 2021.

Consulting fees were paid to various strategic business development consultants, as well as geological and project management consultants-

Management fees included amounts paid to the former Chief Executive Officer (“CEO”) for the services provided by the CEO, a company controlled by the Chief Financial Officer (“CFO”) for the services provided by the CFO, a company controlled by the COO of the Company and the former VP Business Development of the Company. Management fees were \$257,405 for the period ended February 28, 2022 compared to expenses of \$242,147 recorded for the period ended February 28, 2021.

Marketing fees were \$48,508 for the period ended February 28, 2022 compared to expenses of \$15,332 recorded for the 2021 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 \$204,447 (2021 - \$142,644) for the period ended February 28, 2022 and relate to the Company’s accounting and legal fees. Accounting fees totaled \$154,952 (2021-\$92,649 during the year and legal fees totaled \$49,495 (2021-\$49,995). Legal fees incurred relate to the Company’s various agreements and general matters.

Share-based payments (a non-cash expense) were \$5,403,905 (2021- \$98,819) which includes the distribution of bonus shares to certain directors, officers, employees and consultants.

Transfer agent and filing fees were \$24,187 (2021 - \$32,691) for the period ended February 28, 2022.

## 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

	Q3 February 28, 2022 \$	Q2 November 30, 2021 \$	Q1 August 31, 2021 \$	Q4 May 31, 2021 \$	Q3 February 28, 2021 \$
<b>Total revenue</b>	87,984	101,380	136,228	322,140	291,352
<b>Net Income (loss) (\$)</b>	(1,816,272)	2,306,963	3,161,159	(2,907,643)	1,633,814
<b>Per Share (\$)</b>	(0.03)	0.02	0.05	(0.05)	0.03

	Q2 November 30, 2020 \$	Q1 August 31, 2020 \$	Q4 May 31, 2020 \$	Q3 February 28, 2020 \$	Q2 November 30, 2019 \$
<b>Total Revenue</b>	42,750	322,000	(67,500)	88,500	69,000
<b>Net Income (loss) \$</b>	5,077,798	5,070,527	(59,059)	37,341	(293,478)
<b>Per Share (\$)</b>	0.11	0.15	(0.002)	0.00	(0.01)

	9 months ended February 28, 2022 \$	Year Ended May 31 2021 \$	9 months ended February 28, 2021 \$
<b>OTHER ITEMS</b>			
Gain on sale of mineral properties	337,111	5,906,698	5,962,980
Interest Income	38,160	24,204	18,928
Asset recovery	81,547	-	-
Gain (loss) on foreign exchange	84,178	46,170	-
Recovery of expenses	-	-	74,713
Realized gain on sale of marketable securities	6,748,690	289,820	240,863
Unrealized gain on marketable securities	656,293	1,704,173	1,463,819
Gain on deemed disposal of subsidiary	-	-	1,461,645
Gain on disposal of investment in associates	-	-	2,886,190
Share of loss from equity accounted investment	(162,005)	(1,354,146)	(97,448)
Derecognized share of loss from equity	1,258,724	-	-

For the period ended February 28, 2022 gains on sale of mineral properties were \$337,111 (2021-\$5,962,980). The gains were realized from the sale of Whympet property.

Realized gains on sale of marketable securities were \$6,748,690 for the period ended February 28, 2022 compared to \$240,863 for the 2021 comparative period. The gains were realized from the sale of the common shares of several publicly traded mining exploration companies held for investment to fund the Company's operations.

Unrealized gains on short-term investments were \$656,293 for the period ended February 28, 2022 compared to \$1,463,819 for the 2021 comparative period. The amount represents unrealized gain 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 February 28, 2022.

For the period ended February 28, 2022, the Company derecognized a loss of \$1,258,724 (2021 - \$nil) from its share of loss from an equity accounted investment. As at February 28, 2022, the Company compared the carrying value of its investment in Volatus and investment in Golcap Resources Corp of \$3,787,358 and \$Nil respectively to the fair value less costs to sell of the common shares as indicated by the trading price on the Canadian Securities Exchange and determined that no impairment loss is to be recognized.

## **CASH FLOWS**

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue. Total cash used in operating activities was \$1,992,347 during the period ended February 28, 2022 compared to \$232,634 cash provided by operating activities for the 2021 comparative period. The increase in cash used in operating activities was mainly from increase in business activity during the period.

Total cash provided by investing activities was \$2,129,980 during the period ended February 28, 2022 compared to \$983,467 cash used in investing activities for the 2021 comparative period. It consists of \$715,239 (2021 -\$78,592) notes advances to Orogenic Regional Exploration Inc, Volatus Capital Corp and Playground Ventures Inc., \$349,766 incurred on the acquisition of exploration and evaluation assets in the period ended February 28, 2022 compares to \$477,451, spent \$1,948,884 (2021-\$438,710) in associate companies and \$9,658,908 (2021-\$589,143) on the purchase of marketable securities for investment purposes.

Total cash provided by financing activities was \$28,845 (2021-\$747,706) during the period ended February 28, 2022 and consists of \$42,124 (2021-\$911,351) in proceeds from issuance of shares, \$97,500 (2021 - \$Nil) proceeds from issuance of subsidiary shares, less \$910 (2021 - \$Nil) in share issuance costs, and \$109,869 (2021 - \$89,675) in loans payable.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and attainment of profitable operations. Management has been successful in raising equity financing in the past. However, there is no assurance that it will be able to do so in the future.

Factors that could impact on the Company's liquidity are monitored regularly and include market changes and economic downturns that affect the market price of the Company's trading securities for the purposes of raising financing. The current state of equity markets presents a challenge to raise financing and Management believes that this condition will continue over the next twelve months.

The Company's cash balance at February 28, 2022 was \$177,602 compared to \$28,449 at February 28, 2021, and its short-term investments was \$12,096,731 compared to \$7,702,517 at February 28, 2022. The Company had a working capital surplus of \$13,008,842 (2021 - \$6,996,183) at February 28, 2022. Based on the above financial condition at February 28, 2022, Management believes that the Company has the financial resources to meet its financial obligations as they become payable in the current fiscal period.

The Company does not have any commitments for capital expenditures.

## **LOANS PAYABLE**

On February 28, 2021, the Company entered into an agreement with Volatus to use the outstanding loans owing to offset accounts receivable due from Volatus to the Company. As at February 28, 2021, the total principal balance owing and interest on the loan has been paid off.

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 of \$200,000 is to be returned to Exploits Discovery Corp. and the transfer of the shares was cancelled.

On July 23, 2021, the Company repaid \$100,000 to Exploits Discovery Corp. As of February 28, 2022 the outstanding balance was \$69,556.98.

## 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>Period ended February 28, 2022</b>	<b>Period ended February 28, 2021</b>
	\$	\$
Salaries and benefits	-	16,043
Management fees	257,405	242,147
Professional fee	204,447	25,000
Share-based payments	5,403,905	98,819
	<b>5,865,757</b>	<b>382,009</b>

The Company entered into an Executive Management Agreement with the former CEO of the Company effective May 15, 2020 for a five-year term. As compensation for the services to be provided, the CEO will receive a monthly fee of \$8,500. During the period ended February 28, 2022, the Company incurred \$41,000 (2021 - \$48,300) in management fees to the former CEO. As at February 28, 2022, accounts payable and accrued liabilities include amounts due to the former CEO of \$Nil (2021 - \$31,650).

The Company entered into a Consulting Agreement with a company controlled by the CFO of the Company. As compensation for the services provided, the company controlled by the CFO will receive a monthly fee of \$2,500. During the period ended February 28, 2022, the Company incurred \$29,700 (2021 – \$22,500) in fees to the company controlled by the CFO. During the period ended February 28, 2022, 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 February 28, 2022, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$19,236 (2021 - \$13,125), which are due on demand, unsecured and non-interest bearing.

The Company entered into a Consulting Agreement with the CFO of the Company. As compensation for the services provided, the CFO will receive a monthly fee of \$1,000. During the period ended February 28, 2022, the Company incurred \$10,000 (2021 - \$7,000) in fees to the CFO. As at February 28, 2022, accounts payable and accrued liabilities include amounts due to the CFO of \$17,136 (2021 - \$5,250), which are due on demand, unsecured and non-interest bearing.

The Company entered into an Officer and Consulting Agreement with the former vice president, Business Development (“VP”) of the Company effective January 16, 2020 for a term to end on May 15, 2020 and subsequently extended to continue on a monthly basis. As compensation for the services to be provided, the former VP will receive a monthly fee of \$8,000 plus applicable taxes, of which \$5,000 is payable in cash and \$3,000 is accrued and applied towards the purchase of equity securities

of the Company. During the period ended February 28, 2022, the Company incurred \$9,000 (2021 - \$72,000) in management fees to the former VP. As at February 28, 2022, accounts payable and accrued liabilities include amounts due to the former VP of \$23,150 (2021 - \$16,495), which are due on demand, unsecured and non-interest bearing.

The Company entered into an Employment Agreement with the former Corporate Secretary of the Company effective April 18, 2020 for no fixed term. As compensation for the services to be provided, the Corporate Secretary will receive a monthly fee of \$4,500 of which \$3,000 is to be paid in cash and \$1,500 is to be accrued and applied towards the purchase of equity securities of the Company. During the period ended February 28, 2022, the Company incurred \$10,500 (2021 - \$15,275) 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 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 described in Note 9.

On June 2, 2021, the Company has issued to certain directors, officers, employees and consultants an aggregate of 14,538,689 common shares in the capital stock of the Company as bonuses in relation to the increase in value and significant performance of the Company's investments. The common shares issued are subject to a four month hold period expiring October 2, 2021. On September 16, 2021 5,023,175 of these shares were subsequently returned.

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 certain directors, officers, employees and consultants as bonuses. On September 16, 2021 1,000,000 Exploits Discovery Corp. shares were returned. On February 25, 2022, 691,309 Origen Resources Inc shares were returned.

On July 26, 2021, the Company has loaned \$14,100 to Christopher Huggins, the President and COO of the Company on terms that the loan plus accrued interest at 3.0% per annum shall be payable on demand. During the period ended February 28, 2022, the Company accrued interest income of \$112 and \$14,100 of loan principal has been repaid.

## **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.

## **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 February 28, 2022, the Company has 79,774,021 common shares issued and outstanding (February 28, 2021 – 69,683,507).

As at February 28, 2022, the Company has 10,425,000 common share purchase warrants exercisable at \$0.075 per share until July 25, 2024 (February 28, 2021 – 10,625,000).

As at January 28, 2022, the Company has 1,275,000 stock options exercisable at \$0.065 until June 1, 2025 (February 28, 2021 – 1,450,000) and 200,000 stock options exercisable at \$0.12 per share until October 5, 2025 (February 28, 2021 – 250,000)

## **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 2022 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 is 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