

CREST RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

CREST RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - expressed in Canadian dollars)

	Note	August 31, 2022 \$	May 31, 2022 \$
ASSETS			
CURRENT			
Cash		173,766	-
Restricted cash		5,063	5,063
Accounts receivable		103,462	35,528
Marketable securities	4	732,600	3,159,300
Investments	5	987,767	1,454,834
Prepaid expenses and advance		49,058	46,478
GST recoverable		93,425	221,199
Loans and notes receivable	6	810,398	801,951
		2,955,539	5,724,353
Equipment		29,851	32,422
Investment in associates (Note 8)	7	3,512,690	3,195,435
Investment in Leigh Creek (Note 19)	8	4,724,824	3,724,824
Exploration and evaluation assets (Note 9)	9	7,549,955	7,273,677
Reclamation deposit		30,000	30,000
		18,802,859	19,980,711
LIABILITIES			
CURRENT			
Bank indebtedness		-	21,082
Accounts payable and accrued liabilities	13	2,053,135	1,380,528
Loans payable	10	542,649	562,649
		2,595,784	1,964,259
CEBA loan	11	40,000	40,000
		2,635,784	2,004,259
SHAREHOLDERS' EQUITY			
Share capital	12	7,686,406	7,431,046
Reserves		465,677	307,639
Retained earnings		4,119,429	6,197,939
Total equity attributable to the Company's shareholders		12,271,512	13,936,624
Non-controlling interests		3,895,563	4,039,828
Total equity		16,167,075	17,976,452
		18,802,859	19,980,711

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 16)

SUBSEQUENT EVENTS (Note 19)

Approved and authorized for issue on behalf of the Board on December 23, 2022

"Jason Cubitt" Director "Garry Stock" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CREST RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

	Note	2022 \$	2021 \$
REVENUE			
Management fees		53,431	106,228
Contractor fees		-	30,000
		53,431	136,228
EXPENSES			
Amortization		2,572	113
Bank charges		907	2,971
Consulting fees	13	307,363	60,072
Director fees	13	12,211	13,565
Exploration and evaluation expenditures		-	43,070
Insurance		775	507
Interest expense		3,765	3,112
Management fees	13	117,824	70,500
Marketing fees		13,571	2,221
Office		11,294	43,268
Professional fees		95,334	19,382
Rent		62,345	89,060
Salaries		27,261	-
Share-based payments	12,13	158,038	6,490,772
Transfer agent and filing fees		6,579	2,781
Travel		9,288	10,463
		(829,127)	(6,851,857)
Loss before other items		(775,696)	(6,715,629)
OTHER ITEMS			
Interest income		12,447	5,610
Gain (loss) on foreign exchange		(106,991)	102,812
Realized (loss) gain on disposals of marketable securities and investments	4	(363,335)	7,089,316
Unrealized (loss) gain on marketable securities and investments	4	(775,285)	1,449,687
Gain on disposal of investment in associates	7	257,313	-
Share of loss from equity investments	7	(496,544)	-
Loss on disposition of subsidiary		(42,884)	-
Derecognized share of loss from equity investments		-	1,229,363
Other income		30,000	
		(1,485,279)	9,876,788
NET AND COMPREHENSIVE INCOME		(2,260,975)	3,161,159
NET AND COMPREHENSIVE INCOME ATTRIBUTED TO			
Shareholders of the Company		(2,078,510)	3,153,265
Non-controlling interest		(182,465)	7,894
		(2,260,975)	3,161,159
BASIC AND DILUTED EARNINGS PER SHARE		(0.02)	0.05
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
OUTSTANDING		96,139,412	65,325,193

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CREST RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

	Common Shares		Reserves \$	Retained earnings (Deficit) \$	Non-controlling Interests \$	Total Equity \$
	Number of Shares #	Amount \$				
Balance, May 31, 2021	69,683,507	7,149,194	330,594	2,217,220	(337,861)	9,359,147
Shares issued for bonus	14,538,689	-	-	-	-	-
Warrant exercises	200,000	15,000	-	-	-	15,000
Shares issued by subsidiary for cash	-	-	-	-	90,500	90,500
Share issuance costs	-	(910)	-	-	-	(910)
Net and comprehensive income for the period	-	-	-	3,153,265	7,894	3,161,160
Balance, August 31, 2021	84,422,196	7,163,284	330,594	5,370,485	(239,467)	12,624,897
Balance, May 31, 2022	94,474,022	7,431,046	307,639	6,197,939	4,039,828	17,976,452
Shares issued for marketable securities	2,688,000	255,360	-	-	-	255,360
Share-based compensation	-	-	158,038	-	-	158,038
Disposal of subsidiary	-	-	-	-	38,200	38,200
Net and comprehensive loss for the period	-	-	-	(2,078,510)	(182,465)	(2,260,975)
Balance, August 31, 2022	97,162,021	7,686,406	465,677	4,119,429	3,895,563	16,167,075

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CREST RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN CASHFLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

	2022 \$	2021 \$
OPERATING ACTIVITIES		
Net (loss) income for the period	(2,260,975)	3,161,159
Items not involving cash		
Accrued interest	(8,447)	(5,286)
Amortization	2,571	113
Share-based payments	158,038	6,491,372
Disposition of subsidiary	42,884	-
Gain on foreign exchange	-	(102,812)
Realized gain (loss) on disposals of marketable securities	413,933	(7,089,316)
Unrealized (loss) gain on marketable securities and investments	695,402	(1,449,687)
Disposition of investments in associates	(244,640)	-
Share of loss from equity-accounted investments	496,544	(1,229,363)
Changes in non-cash working capital balances:		
Accounts receivable	(67,934)	66,431
Prepaid expenses and advances	(2,580)	(1,832)
GST recoverable	123,089	22,305
Deferred revenue	-	(56,250)
Accounts payable and accrued liabilities	672,608	(888,526)
Restricted cash	-	(38)
Cash used in operating activities	20,493	(1,081,730)
INVESTING ACTIVITIES		
Notes advanced	-	(14,142)
Repayment of notes receivable	-	24,979
Proceeds from disposal of plant and equipment	-	495
Exploration and evaluation assets	(1,276,278)	(186,486)
Purchase of marketable securities	(120,669)	(2,832,449)
Proceeds from sales of marketable securities	1,905,101	8,297,080
Investment in associates	(844,404)	(750,000)
Disposition of investment in associates	530,605	-
Cash provided by investing activities	194,355	4,539,477
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	15,000
Proceeds from issuance of subsidiary shares	-	133,500
Share issuance costs	-	(910)
Loans payable	(20,000)	(109,147)
Cash provided by financing activities	(20,000)	38,443
CHANGE IN CASH	194,848	3,496,190
CASH, BEGINNING OF PERIOD	(21,082)	6,061
CASH, END OF PERIOD	173,766	3,502,251

SUPPLEMENT CASH FLOW INFORMATION (Note 17)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Crest Resources Inc. (the “Company”) was incorporated on November 23, 2017, under the laws of British Columbia. The address of the Company’s corporate records office is Suite 2900 – 733 Seymour Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets in Canada and Australia and the investment in mineral exploration and mining technology companies. As at May 31, 2022, the Company had not yet determined whether the Company’s mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

The Company has net loss of \$2,260,975 for the three months ended August 31, 2022, and, as of August 31, 2022, the Company had retained earnings of \$4,119,429 (May 31, 2022 - \$6,197,939). The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The March 2020 pandemic outbreak of COVID-19 could have a negative impact on the Company’s ability to raise new capital. These factors indicate a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended May 31, 2022.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year May 31, 2022.

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities that are measured at fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

The condensed interim financial statements were approved by the board and authorized for issue on December 23, 2022

Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation. The following is a list of the Company's operating subsidiaries:

Name of Entity	Jurisdiction of incorporation	Ownership interest as at August 31, 2022	Ownership interest as at May 31, 2022
Crest GP Canada Inc.	British Columbia, Canada	100%	100%
Crest Project Development Corp.	British Columbia, Canada	100%	100%
Crest SPV Limited Partnership	British Columbia, Canada	100%	100%
1251797 B.C. Ltd	British Columbia, Canada	66.7%	66.7%
AusVan Battery Metals Pty Ltd	Australia	60%	60%
Carbon Foundry Corp.*	British Columbia, Canada	Nil	50%
Auratus Resources Corp. (formerly known as 1255929 B.C. Ltd)	British Columbia, Canada	63.3%	63.3%
Chala Cobre y Oro S.R.L.**	Peru	73.5%	73.5%
Volatus Capital Corp.***	British Columbia, Canada	51.44%	51.44%

*Dissolved during the period ended August 31, 2022. Carbon Foundry Corp. had no activity in the three month period ended August 31, 2022 or 2021.

**Dissolved subsequent to August 31, 2022

***The consolidated financial statements include the financial statements of Volatus Capital Corp. ("Volatus") from its date of acquisition on March 9, 2022.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Company uses the same critical accounting estimates and judgements as those that applied to the annual consolidated financial statements for the year ended May 31, 2022.

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, 2021, or later periods. The Company has not early adopted these new standards in preparing these condensed interim 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.

4. MARKETABLE SECURITIES

The Company holds common shares in various public companies. The common shares are classified as FVTPL and are recorded at fair value using the quoted market price as at August 31, 2022 and are therefore classified as Level 1 within the fair value hierarchy.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

Marketable securities for the periods ended August 31, 2022 and May 31, 2022 are as follows:

	FMV Balance, May 31, 2021	Transfer from (to) Associates	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, May 31, 2022
	\$		\$	\$	\$	\$	\$
Common shares – Level 1							
Atacama Copper Corp	-	-	500	(505)	5	-	-
Atomic Minerals Corp	-	-	14,155	(13,845)	(310)	-	-
Cavu Mining Corp	-	-	247,321	(218,157)	(29,164)	-	-
Clarity Gold Corp.	-	-	141,612	(89,363)	(52,249)	-	-
Cleghorn Minerals Ltd.	276,000	-	185,952	-	-	(130,962)	330,990
Cognetivity Neurosciences Ltd	-	-	465,308	(363,265)	(102,043)	-	-
Core Assets Corp	-	-	621,777	(805,461)	321,083	329,680	467,079
Essex Minerals Inc.	39,599	-	156,526	(144,899)	(49,927)	(1,299)	-
Exploits Discovery Corp	-	2,075,570	159,040	(3,274,475)	1,039,865	-	-
Forty Pillars Mining Corp	-	-	90,000	(43,228)	43,228	(71,311)	18,689
Global Li-ion Graphite Corp	-	-	40,430	(34,620)	(5,810)	-	-
Go Metals Corp	-	-	65,013	(73,879)	8,866	-	-
Headwater Gold Inc	-	-	234,262	(194,030)	(40,232)	-	-
Inflection Res Ltd	-	-	165	(125)	(40)	-	-
Komo Plant Based Food Inc	-	-	10,095	(9,945)	(150)	-	-
Medallion Resource Ltd	-	-	33,092	(37,853)	4,761	-	-
Mountain Boy Minerals Ltd	-	-	133,060	(100,179)	(32,881)	-	-
Nevgold Corp	-	-	1,782,250	(591,541)	82,520	221,671	1,494,900
Opawica Explorations Inc	1,316,000	-	948,504	(989,893)	964	(690,617)	584,958
Origen Resources Inc	1,761,667	(1,592,695)	578,151	(709,886)	(1,780)	(35,457)	-
Penbar Capital Ltd	-	600	1,000	(1,848)	848	-	600
Playground Ventures Inc	-	-	149,711	-	-	(120,327)	29,384
Rain City Resources Inc	369,045	-	156,006	(70,035)	(152,055)	(302,961)	-
Ranchero Gold Corp	-	-	275	(142)	(133)	-	-
Ready Set Gold Corp	-	-	775,464	(256,260)	(229,922)	(56,582)	232,700
Sabre Gold Mines Corp	-	-	35,744	(32,160)	(3,584)	-	-
Solis Minerals Ltd. (formerly Westminster Resources Ltd.)	-	-	99,184	(82,214)	(16,970)	-	-
Troubadour Resources Inc	-	-	55,000	(108,894)	53,894	-	-
Val-D'or Mining Corp	-	-	307,592	(302,219)	(5,373)	-	-
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)	-	-
Total	3,793,511	483,475	7,987,392	(8,992,880)	739,580	(851,778)	3,159,300

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

	FMV Balance, May 31, 2022	Transfer from (to) Associates	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, August 31, 2022
	\$		\$	\$	\$	\$	\$
Common shares – Level 1							
Cleghorn Minerals Ltd.	330,990	-	-	(232,457)	(48,820)	(49,713)	-
Core Assets Corp	467,079	-	-	(21,170)	16,865	(10,329)	452,445
Forty Pillars Mining Corp	18,689	-	-	-	-	8,311	27,000
Nevgold Corp	1,494,900	-	92,669	(1,327,405)	164,883	(254,948)	170,100
Opawica Explorations Inc	584,958	-	-	(233,205)	(433,772)	88,019	6,000
Penbar Capital Ltd	600	-	-	-	-	(75)	525
Playground Ventures Inc	29,384	-	-	-	-	(11,754)	17,630
Terra Balcanica Resources Corp	-	135,000	-	(89,085)	(60,815)	15,000	-
Rain City Resources Inc.	-	-	28,000	-	-	(10,500)	17,500
Ready Set Gold Corp	232,700	-	-	(1,780)	(1,577)	(187,943)	41,400
Total	3,159,300	135,000	120,669	(1,905,101)	(363,335)	(413,933)	732,600

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

5. INVESTMENTS

The Company holds common shares in various private companies. At August 31, 2022, the Company had privately held investments and warrants with a total fair value of \$987,767 (May 31, 2022 - \$1,454,834). 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.

	August 31, 2022	May 31, 2022
	\$	\$
Avalyn Beverage Company Ltd	150,000	150,000
Core Asset Management Corp	40	40
Progenitor Metals Corp	75,000	75,000
Sustainable Capital Corp.	250,000	250,000
Terra Balcanica Resources Corp	-	135,000
	475,040	610,040

The Company also holds warrants in public companies which are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as Level 2 within the fair value hierarchy. The following warrants were held at August 31, 2022 and May 31, 2022.

	August 31, 2022	May 31, 2022
	\$	\$
Cleghorn Minerals Ltd. (a)	12,923	27,891
Opawica Explorations Inc.(f)	1,050	98,503
Core Assets Corp (g)	135,375	216,929
Forty Pillar Mining Corp (h)	10,514	18,368
Golcap Resources Corp (i)	177,865	308,103
Devvesg Streaming Finco Ltd (l)	175,000	175,000
	512,727	844,794

- (a) During the year 2020, the Company purchased 1,000,000 units of Cleghorn Minerals Ltd. ("Cleghorn") at a price of \$0.05 per unit for an aggregate price of \$50,000. Each unit consists of one common share of Cleghorn and one non-transferable share purchase warrant exercisable at \$0.10 per share for a period of 36 months. The fair value of the warrants was determined using the Black – Scholes option pricing model based on the following assumptions:

	Initial Measurement	August 31, 2022	May 31, 2022
Share price	\$0.06	\$0.06	\$0.09
Risk free interest rate	1.25%	2.65%	2.62%
Expected life	3 years	0.51 years	0.76 years
Expected volatility	110.43%	132%	130.52%
Expected dividend	Nil	Nil	Nil

As at August 31, 2022, the warrants were remeasured at a fair value of \$12,923 (2022 - \$27,891).

- (b) Pursuant to an agreement dated February 11, 2021, the Company sold its 100% interest in Lil D'Espoir Lake property, Chapel Island Property and Richard Copper Property to Opawica Explorations Inc. ("Opawica") for consideration of 2,000,000 common shares of Opawica and 1,000,000 common share

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

purchase warrants exercisable at a price of \$0.31 per share for a period of 24 months. The fair value of the common shares was evaluated at \$600,000.

This transaction was completed on February 11, 2021 and a gain on sale of mineral properties of \$861,265 was recorded. The fair value of the warrants was evaluated using the Black – Scholes option pricing model based on the following assumptions:

	Initial Measurement	August 31, 2022	May 31, 2022
Share price	\$0.30	\$0.06	\$0.25
Risk free interest rate	0.25%	2.65%	2.62%
Expected life	1.7 years	0.58 years	0.83 years
Expected volatility	137%	110%	130.52%
Expected dividend	Nil	Nil	Nil

As at August 31, 2022 the warrants were remeasured at a fair value of \$1,050 (2022 - \$98,503).

- (c) On August 25, 2021, the Company entered into a share subscription agreement for 800,000 Core Assets Corp. shares at \$0.055. Each unit is comprised of one common share and one-half common share purchase warrant of the company. Each full warrant will entitle the company to purchase one additional common share at a price of \$0.25 for a period of 24 months from the date of the issue of the warrants. At initial recognition, the fair value of the warrants was evaluated at \$4,285 using the Black – Scholes option pricing model based on the following assumptions:

	Initial Measurement	August 31, 2022	May 31, 2022
Share price	\$0.06	\$0.48	\$0.69
Risk free interest rate	0.54%	2.65%	2.62%
Expected life	2.00 years	1.05 years	1.24 years
Expected volatility	117.45%	100%	150%
Expected dividend	Nil	Nil	Nil

As at August 31, 2022, the warrants were remeasured at a fair value of \$135,375 (2022 - \$216,929).

- (d) On October 22, 2021, the Company entered into a share subscription agreement for 450,000 Forty Pillars Mining Corp. shares at \$0.20. Each unit is comprised of one common share and one common share purchase warrant of the company. Each full warrant will entitle the company to purchase one additional common share at a price of \$0.24 for a period of 36 months from the date of the issue of the warrants. At initial recognition, the fair value of the warrants was evaluated at \$64,910 using the Black – Scholes option pricing model based on the following assumptions:

	August 31, 2022	May 31, 2022
Share price	\$0.06	\$0.08
Risk free interest rate	2.65%	2.62%
Expected life	2.16 years	2.41 years
Expected volatility	100%	138.39%
Expected dividend	Nil	Nil

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

As at August 31, 2022, the warrants were remeasured at a fair value of \$10,514 (2022 - \$18,368).

- (e) On July 28, 2021, the Company entered into a share subscription agreement for 2,100,000 Golcap Resources Corp. shares at \$0.18. Each unit is comprised of one share and common share purchase warrant of the company. Each full warrant will entitle the company to purchase one additional common share at a price of \$0.225 for a period of 60 months from the date of the issue of the warrants. At initial recognition, the fair value of the warrants was evaluated at \$290,660 using the Black – Scholes option pricing model based on the following assumptions:

	Initial Measurement	August 31, 2022	May 31, 2022
Share price	\$0.18	\$0.09	\$0.17
Risk free interest rate	0.54%	2.65%	2.70%
Expected life	5.00 years	3.91 years	4.16 years
Expected volatility	140.51%	100%	150%
Expected dividend	Nil	Nil	Nil

As at August 31, 2022, the warrants were remeasured at a fair value of \$177,865 (2022 - \$308,103).

- (f) On January 14, 2022, the Company entered into a private subscription agreement to acquire 218,750 special warrants of Devvesg Streaming Finco Ltd at \$0.80 for a cost of \$175,000. The special warrants will convert upon DevvESG's reverse-takeover IPO to a common share and one-half share-purchase warrant, each full warrant exercisable at \$1.50 for a period of 24 months from the date of the reverse-takeover IPO.

6. LOANS AND NOTES RECEIVABLE

	Playground Ventures Inc	Core Management Corp.	Orogenic Regional Exploration	Opawica Explorations Inc.	Total
	\$	\$	\$	\$	\$
Balance, May 31, 2021	-	33,875	365,736	24,935	424,546
Addition	288,000	-	256,113	-	544,113
Accrued interest	3,175	-	53,427	-	56,602
Repayments	-	-	(164,500)	(24,935)	(189,435)
Written off	-	(33,875)	-	-	(33,875)
Balance, May 31, 2022	291,175	-	510,776	-	801,951
Repayments	-	-	(4,000)	-	(4,000)
Accrued interest	5,516	-	6,931	-	12,447
Balance, August 31, 2022	296,691	-	513,707	-	810,398

During the year ended May 31, 2021, the Company advanced \$33,875 to Core Asset Management Corp. for working capital purposes. The amount is due on demand, unsecured and non-interest bearing. During the year ended May 31, 2022, the Company wrote off the entire \$33,875 as management deemed it uncollectible due to the financial position of Core Asset Management Corp.

Pursuant to a loan agreement dated October 1, 2019, and as amended on January 14, 2020, between the Company as lender and Opawica as borrower, the Company agreed to lend up to \$30,000 (the "Loan") to Opawica on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand. During the year ended May 31, 2021, the Company accrued interest income of \$2,196. The loan has been fully settled during the year ended May 31, 2022.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

On September 1, 2020, the Company completed the sale of 1,000,000 common shares of Exploits Discovery Corp. ("Exploits") to Orogenic Regional Exploration ("Orogenic") for consideration of a promissory note of \$350,000 bearing an interest at a rate of 6% per annum and payable on demand. The shares are pledged as collateral for the promissory note. During the year ended May 31, 2022, \$164,500 was repaid. During the three months ended August 31, 2022 \$4,000 was repaid. The Company accrued interest income of \$3,268 (2021 - \$5,249) during the three months ended August 31, 2022. As at August 31, 2022, the principal balance owing was \$181,500 (May 31, 2022 - \$185,500) and total interest income accrued was \$37,841 (2022 - \$34,573).

On September 7, 2021, the Company entered into an agreement to loan \$236,113 to Orogenic Regional Exploration Ltd on terms that the Loan plus accrued interest at 5.0% per annum plus a 10% bonus shall be payable on demand. During the three months ended August 31, 2022, the Company accrued interest income of \$3,382 (2021 - \$nil) and as at August 31, 2022, the principal balance owing was \$236,113 (2022 - \$236,113) and total interest income accrued was \$35,630 (2022 - \$32,248).

On January 31, 2022, the Company entered into an agreement to loan \$20,000 to Orogenic Regional Exploration Ltd on terms that the Loan plus accrued interest at 5.0% per annum plus a 10% bonus shall be payable on demand. During the three months ended August 31, 2022, the Company accrued interest income of \$282 (2021 - \$nil) and as at August 31, 2022, the principal balance owing was \$20,000 (2022 - \$20,000) and total interest income accrued was \$2,623 (2022 - \$2,342).

On February 23, 2022, the Company entered into an agreement to loan \$145,000 to Playground Ventures Inc. The principal amount plus accrued interest at 5% per annum is receivable on or before December 31, 2022. During the three months ended August 31, 2022, the Company accrued interest income of \$1,852 (2021 - \$nil) and as at August 31, 2022, the principal balance owing was \$145,000 (2022 - \$145,000) and total interest income accrued was \$3,799 (2022 - \$1,947).

On March 30, 2022, the Company entered into an agreement to loan \$140,000 to Playground Ventures Inc. The principal amount plus accrued interest at 5% per annum is receivable on or before December 31, 2022. During the three months ended August 31, 2022, the Company accrued interest income of \$3,382 (2021 - \$nil) and as at August 31, 2022, the principal balance owing was \$140,000 (2022 - \$140,000) and total interest income accrued was \$4,590 (2022 - \$1,208).

On April 13, 2022, the Company entered into an agreement to loan \$3,000 to Playground Ventures Inc. The principal amount plus accrued interest at 5% per annum is receivable on or before December 31, 2022. The Company accrued interest income of \$20 for the year ended May 31, 2022. During the three months ended August 31, 2022, the Company accrued interest income of \$282 (2021 - \$nil) and as at August 31, 2022, the principal balance owing was \$3,000 (2022 - \$3,000) and total interest income accrued was \$302 (2022 - \$20).

7. INVESTMENT IN ASSOCIATES

Volatus Capital Corp.

Volatus is a mineral resource company focused on the exploration and development of mineral property assets. As at May 31, 2022, the Company had a 51.44% of equity interest in Volatus. Management has determined that the Company has control over Volatus and included the operations of Volatus in the consolidated financial statements.

Increase in ownership holdings occurred as follows:

On September 25, 2019, the Company acquired 166,667 common shares of Volatus from a single arm's length vendor at a price of \$0.48 per share for total consideration of \$80,000. On October 7, 2019, the Company acquired another 133,333 common shares of Volatus from two arm's length vendors at a price of \$0.90 per share for total consideration of \$120,000. Immediately following the acquisition of the common

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

shares, the Company owned a total of 300,000 common shares or approximately 25.9% of the issued and outstanding shares of Volatus.

On January 30, 2020 the Company obtained regulatory approval for the purchase of 75,000 common shares of Volatus held in escrow at a price of \$0.12 per common share for total consideration of \$9,000.

On February 5, 2020, the Company sold its 100% interest in Split Dome copper property to Volatus for consideration of 250,000 common shares of Volatus and 125,000 common share purchase warrants as described in Note 6. On February 5, 2020, the Company acquired a further 41,667 common shares of Volatus through open market transactions at a price of \$0.96 per share for a total consideration of \$40,420. Immediately following the acquisition of the shares, the Company owned and controlled a total of 666,667 common shares or approximately 47.3% of the issued and outstanding shares of Volatus.

On May 20, 2020, the Company participated in a non-brokered private placement indirectly through its wholly-owned subsidiary, Crest Project Development Corp., and purchased 500,000 common shares of Volatus at a price of \$0.30 per share for total consideration of \$150,000.

On June 3, 2020, the Company purchased 125,000 common shares of Volatus at a price of \$0.60 per share for total consideration of \$75,000, indirectly through its former subsidiary Exploits Gold. This was deemed to be disposed of when the Company lost control of Exploits Gold on July 7, 2020.

On June 3, 2020, the Company entered into a mineral property sale agreement with Volatus. Pursuant to the agreement, the Company sold 100% of its interests in the Lion's Den, Peak Gold Properties and its rights to acquire two additional mineral claims in the Toodoggone region of British Columbia for total cash consideration of \$35,000 and 875,000 common shares of Volatus with a total fair value of \$1,050,000 (Note 9).

On June 5, 2020, the Company entered into a loan agreement to borrow \$150,000 from Volatus for the purpose of staking mineral claims in the province of Newfoundland and Labrador and other corporate purposes. The loan bears interest at 2% per month, is payable on demand after four months and is secured by the mineral claims to be staked. The loan has been settled on August 11, 2020. On August 18, 2020, the Company entered into another loan agreement with Volatus to borrow \$50,000 for the purpose of staking mineral claims in Newfoundland and Quebec. The loan bears interest at 2% per month, is payable on demand after March 10, 2021 and as further consideration for extending the loan, Volatus will receive a 5% ownership interest in the property to be staked (Note 10).

On June 19, 2020, the Company purchased an additional 199,750 common shares of Volatus at a price of \$1.40 for total consideration of \$282,369.

On November 6, 2020, the Company sold its 100% interest in the Lunar Frog property to Volatus for 375,000 common shares of Volatus with a total fair value of \$330,000 (Note 9).

On July 20, 2021, the Company entered into a subscription agreement to purchase of 1,562,500 flow-through shares of Volatus at \$0.48 per share for total consideration of \$750,000.

On August 25, 2021, the Company acquired 1,562,500 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.

On September 22, 2021, the Company acquired 850,000 units of Volatus Capital Corp. by way of a private placement at \$0.46 per unit. Each unit consists of one common share and one common share warrant of the issuer to purchase one additional share at a share price of \$0.48 for a period of 60 months from the date of issue. Subsequent to this transaction the Company controlled 5,153,917 common shares, representing 37.73% of the issued and outstanding common shares of the issuer.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

On October 12, 2021, the Company acquired 950,000 units of Volatus Capital Corp. by way of a private placement at \$0.46 per unit. Each unit consists of one common share and one common share warrant of the issuer to purchase one additional share at a share price of \$0.48 for a period of 60 months from the date of issue. Subsequent to this transaction the Company controlled 41.2% of the issued and outstanding common shares of the issuer.

On October 21, 2021, the Company acquired 200,000 common shares of Volatus through open market transactions at a price of \$0.424 per share for a total cost of \$84,683.

On March 2, 2022, the Company acquired 3,050,000 units of Volatus by way of a private placement at \$0.20 per unit. Each unit consists of one common share and one common share warrant of the issuer. Subsequent to this transaction the Company controlled 51.44% of the issued and outstanding common shares of the issuer.

The following table summarizes the change in investment in Volatus for the year ended May 31, 2022:

	\$
Balance, May 30, 2020	505,308
Consideration paid	354,972
Sale of mineral properties	1,380,000
Disposal	(75,000)
Equity loss on investment	(49,231)
Balance, May 31, 2021	2,116,049
	\$
Balance, May 31, 2021	2,116,049
Consideration paid	2,164,683
Equity loss on investment	(391,646)
Fair value adjustment on date of consolidation	126,586
Acquisition of Volatus	(4,015,672)
Balance, May 31, 2022	-

Exploits Discovery Corp. ("Exploits Discovery") (formerly Mariner Resources Corp.)

Exploits Discovery is a mineral resource company focused on the exploration and development of mineral property assets. As at May 31, 2021, the Company had a 28.9% equity interest in Exploits Discovery. Management determined that the Company has significant influence over Exploits Discovery and accordingly used the equity method to account for this investment. As at May 31, 2022, Management determined that the Company doesn't have significant influence and reclassified the investment from investment in associates to marketable securities.

On July 22, 2020, the Company sold interests in its Middle Ridge South Property for cash consideration of \$204,000 and 1,530,000 common shares of Exploits Discovery with a fair value of \$260,100 (Note 9).

On July 27, 2020, the Company purchased 1,250,000 common shares of Exploits Discovery for a unit price of \$0.12 per share in cash.

On August 5, 2020, the Company sold interests in its Middle Ridge North and True Grit properties to Exploits Discovery for a consideration of 5,822,000 common shares of Exploits Discovery with a fair value of \$1,965,140 (Note 9).

On September 18, 2020, the Company sold 5,000,000 common shares of Exploits Gold in exchange for 5,000,000 common shares of Exploits Discovery with a fair value of \$3,000,000.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

On October 19, 2020, the Company has sold a 40.3% interest in the Dog Bay gold property to four arm's length parties for gross proceeds of \$112,000 and 1,840,000 common shares of Exploits Discovery with a fair value of \$1,048,800, representing a 29.7% interest(Note 9).

The following table summarizes the change in investment in Exploits Discovery for the year ended May 31, 2022:

	\$
Balance, May 31, 2020	-
Consideration paid	354,000
Sale of mineral properties	3,274,040
Sale of equity investment	3,000,000
Equity loss on investment	(1,258,725)
Balance, May 31, 2021	5,369,315
	\$
Balance, May 31, 2021	5,369,315
Shares transferred through bonus	(859,864)
Disposal	(2,433,881)
Transfer to short term investment in marketable securities	(2,075,570)
Balance, May 31, 2022	-

The Company realized gains on the disposal of Exploit Discovery shares in the amount of \$4,553,681 (total proceeds minus carrying amount of total shares disposed of) prior to transferring Exploits shares to marketable securities after the Company's equity interest decreased below 20%.

Golcap Resources Corp.

On July 28, 2021, the Company acquired 2,100,000 units of Golcap Resources Corp. by way of a private placement at \$0.18 per unit. Each unit consists of one common share and one common share purchase warrant of the issuer. Subsequent to this transaction the Company had a 22.6% equity interest in Golcap Resources Corp. Management determined that the Company has significant influence over Golcap Resources Corp. and accordingly used the equity method to account for this investment.

On September 1, 2021, the Company acquired an additional 100,000 shares of Golcap Resources Corp. at \$0.015 per share.

On September 1, 2021, the Company acquired an additional 290,000 shares of Golcap Resources Corp. at \$0.03 per share.

On September 1, 2021, the Company acquired an additional 275,000 shares of Golcap Resources Corp. at \$0.015 per share.

On September 1, 2021, the Company acquired an additional 125,000 shares of Golcap Resources Corp. at \$0.015 per share. Subsequent to this transaction the Company controlled 2,890,000 common shares, representing 31% of the issued and outstanding common shares of the issuer.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

The following table summarizes the change in investment in Golcap Resources Corp. for the periods ended August 31, 2022 and May 31, 2022:

	\$
Balance, May 31, 2021	-
Consideration paid	394,200
Equity loss on investment	(264,984)
Balance, May 31, 2022	129,216
Equity loss on investment	(88,042)
Balance, August 31, 2022	41,174

Origen Resources Ltd.

On August 30, 2021, the Company had a 21.4% equity interest in Origen Resources Ltd. Management determined that the Company has significant influence over Origen Resources Ltd. and accordingly used the equity method to account for this investment. Subsequent to obtaining significant influence on August 30, 2021, the Company purchased 4,632,166 common shares of Origen Resources Ltd. through open market transactions for a total cost of \$1,333,630. As at May 31, 2022, the Company controlled 10,024,975 common shares, representing 28.26% of the issued and outstanding common shares of the issuer.

The following table summarizes the change in investment in Origen Resources Ltd. for the periods ended August 31, 2022 and May 31, 2022:

	\$
Balance, May 31, 2021	-
Transfer from marketable securities on August 30, 2021	1,498,695
Consideration paid	1,427,630
Equity gain on investment	44,779
Balance, May 31, 2022	2,971,104
Consideration paid	844,404
Disposition	(30,605)
Equity loss on investment	(391,724)
Balance, August 31, 2022	3,405,852

OCP Holdings Ltd.

On December 15, 2020, the Company had a 46.3% equity interest in OCP Holdings Ltd. ("OCP"). The shareholdings controlled by the Company with other factors indicated significant influence in OCP existed in the year ended May 31, 2021 and accordingly should have used the equity method to account for this investment.

The following table summarizes the change in investment in OCP for the periods ended August 31, 2022 and May 31, 2022:

	\$
Balance May 31, 2021	2,588,186
Equity loss on investment	(2,588,186)
Balance, May 31, 2022	-
Additions	255,360
Disposition	(500,000)
Gain on Disposition	244,640
Balance, August 31, 2022	-

During the three months ended August 31, 2022, on July 6, 2022 the Company issued 2,688,000 common

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

shares to acquire 2,100,000 common shares of OCP Holdings Ltd. from each of Garry Stock and Jason Cubit Holdings Inc. The common shares were fair valued at \$255,360. On July 7, 2022, the Company sold 100% of its interest in OCP for proceeds of \$500,000 and recognized a gain on sale of \$244,640.

Reverend Mining Corp. (formerly Cayenne Capital Corp.)

On March 17, 2021, the Company acquired a 25.3% equity interest in Reverend Mining Corp. (“Reverend”). Upon further review, Management determined that the Company had significant influence over Reverend and accordingly should have used the equity method to account for this investment.

The following table summarizes the change in investment in Reverend for the periods ended August 31, 2022 and May 31, 2022:

	\$
Balance, May 31, 2021	240,595
Equity loss on investment	(145,480)
Balance, May 31, 2022	95,115
Equity loss on investment	(16,778)
Balance, August 31, 2022	78,337

8. INVESTMENT IN LEIGH CREEK

On June 1, 2022, the Company entered into a letter of intent to acquire a 69.5% interest in WitchiMag Pty Ltd. which owns a 100% interest in the Mount Hutton magnesite property; and a 80% interest in MagMetal Tech Pty, which owns a 100% interest in the Leigh Creek magnesite property (together referred to as the “The Leigh Creek Project”). The Company made an initial payment of \$1,000,000 pursuant to the letter of intent. As at August 31, 2022, a definitive agreement was not finalized and the completion of such a transaction is subject to shareholder approval. In the event the transaction does not proceed the Company will receive \$500,000 of its initial payment.

During the year ended May 31, 2022, the Company acquired a 20% interest in the Leigh Creek Project through its acquisition of Volatus. As at August 31, 2022, the total investment in Leigh Creek was \$4,724,824.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

	Newfoundland and Labrador, Canada				British Columbia, Canada					
	Gazeebow North	Enterprise	Howell River	Newfoundland Syndicate	Split Dome Copper	To Do and Lions Den Gold	Untapped	JD Property	Belle Property	More Creek
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs										
Balance, May 31, 2021	36,280	-	52,000	412,815	-	-	-	-	-	-
Acquisition	51,200	81,090	8,726	-	362,172	1,200,598	956,494	261,292	125,035	106,715
Write off	(87,480)	(81,090)	(60,726)	(412,815)	-	-	-	-	-	-
Balance, May 31, 2022	-	-	-	-	362,172	1,200,598	956,494	261,292	125,035	106,715
Acquisition cost	-	-	-	-	-	-	-	200,000	25,000	-
Balance, August 31, 2022	-	-	-	-	362,172	1,200,598	956,494	461,292	150,035	106,715
Exploration expenditures										
Balance, May 31, 2021	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	105,843	171,395	88,403	1,495,749	-	151,205
Sale of property	-	-	-	-	-	-	-	-	-	-
Balance, May 31, 2022	-	-	-	-	105,843	171,395	88,403	1,495,749	-	151,205
Additions:										
Administration and consulting	-	-	-	-	2,500	3,200	4,000	32,278	-	-
Balance, August 31, 2022	-	-	-	-	108,343	174,595	92,403	1,518,475	-	-
Total acquisition costs and exploration expenditures										
May 31, 2022	-	-	-	-	468,015	1,371,993	1,044,897	1,757,041	125,035	257,920
August 31, 2022	-	-	-	-	470,515	1,375,193	1,048,897	1,979,767	125,035	257,920

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

	British Columbia					Peru	Quebec	Australia	Total	
	Lone Mountain	Williams EXT	Bentley	Atlin-Ruffner	Red Metal Ridge	Whymper	Chala Copper	Tan Nickel Property	Allaru Project	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Acquisition costs										
Balance, May 31, 2021	-	-	-	60,000	69,116	76,210	149,046	3,197	518,488	1,377,152
Acquisition	547,992	219,196	41,099	-	-	16,485	79,826	-	-	4,057,920
Write off	-	-	-	-	(69,116)	-	(228,872)	-	-	(940,099)
Balance, May 31, 2022	547,992	219,196	41,099	60,000	-	92,695	-	3,197	518,488	4,494,973
Acquisition cost – cash	-	-	-	-	-	-	-	-	-	225,000
Balance, August 31, 2022	547,992	219,196	41,099	60,000	-	92,695	-	3,197	518,488	4,719,973
Exploration expenditures										
Balance, May 31, 2021	-	-	-	-	100,269	-	48,795	-	281,124	430,188
Acquisition	86,414	112,859	50,693	-	-	-	-	-	235,019	2,497,579
Sale of property	-	-	-	-	(100,269)	-	(10,069)	-	-	(110,338)
Write off	-	-	-	-	-	-	(38,726)	-	-	(38,726)
Balance, May 31, 2022	86,414	112,859	50,693	-	-	-	-	-	516,143	2,778,703
Additions:										
Administration and consulting	5,100	4,200	-	-	-	-	-	-	-	51,278
Balance, August 31, 2022	91,514	117,059	50,693	-	-	-	-	-	516,143	2,829,982
Total acquisition costs and exploration expenditures										
May 31, 2022	634,406	332,055	91,792	60,000	-	92,695	-	3,197	1,034,631	7,273,676
August 31, 2022	639,506	336,255	91,792	60,000	-	92,695	-	3,197	1,034,631	7,549,955

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

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.

During the year ended May 31, 2022, the Company decided to abandon the Red Metal Ridge property, which resulted in a write-off of \$169,385.

b) 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 Saucó I and Saucó 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.

During the year ended May 31, 2022, the Company decided to abandon and wrote-off the entire balance of \$38,726.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

c) Howell 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.

During the year ended May 31, 2022, the Company decided to abandon the project and wrote-off \$60,726.

d) Gazeebow 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.

During the year ended May 31, 2022, the Company decided to abandon the project and wrote-off \$87,480. On August 10, 2022, the Company entered into a mineral claim purchase agreement with Exploits Discovery Corp. to sell 256 claim cells in the Gazeebow North property in consideration for \$44,580.

e) 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 (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 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) 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.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

f) Whympier Project (British Columbia)

On February 28, 2020, the Company staked gold claims near Lake Cowichan on Vancouver Island, British Columbia. During the year ended May 31, 2022, 51% of the rights, title and interest in the Whympier Property was sold to 1255929 B.C. Ltd on June 14, 2021 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 Whympier 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 Whympier Property and as at May 31, 2022 an agreement was signed to sell to Reverend Mining Corp. (formerly Cayenne Capital Corp.) but the conditions to settle the consideration has not yet been fulfilled.

g) 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.

h) Newfoundland Syndicate

Pursuant to an agreement dated October 23, 2020, the Company has entered into an exploration, development and mine operating agreement with Opawica Explorations Inc. ("Opawica") whereby the Company will identify claims to be staked in the Newfoundland area, that are prospective for gold mineralization, and Opawica will pay for the costs of staking the same, and thereafter the parties will explore and develop the staked claims on a joint venture basis under which Opawica will hold an initial 70% interest and the Company will hold an initial 30% interest. The Company has staked 906 claims under this agreement, comprising the Density, Eclipse and Mass properties (the "Properties"). The claims are being held in trust and will be transferred to a joint venture company when formed. The properties host multiple gold bearing quartz vein systems and are located within the Newfoundland central gold belt. They lie within the Exploits Sub-Zone of the Dunnage Zone adjacent to and along the southeast margin of the Red Indian Line, a major (Appalachian-scale) collisional boundary and suture zone.

During the year ended May 31, 2022, the Company decided to abandon and wrote-off \$412,815.

i) 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.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

j) 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.

During the year ended May 31, 2022, Opawica Resources Inc. cancelled the option and returned the property to the Company and the Company decided to abandon the project and wrote-off \$81,090.

k) Split Dome Copper Property (British Columbia)

During the year ended May 31, 2022, the Company acquired the Split Dome Copper property located near Hazelton, British Columbia by completing the acquisition of Volatus (Note 19).

The property is subject to a 0.25% NSR royalty.

l) To Do and Lions Den Gold Properties (British Columbia)

During the year ended May 31, 2022, the Company acquired the To Do and Lions Den Gold properties located in northwestern British Columbia by completing the acquisition of Volatus (Note 19).

The properties are subject to a 1.5% NSR royalty.

m) Untapped Property (British Columbia)

During the year ended May 31, 2022, the Company acquired the Untapped property in British Columbia by completing the acquisition of Volatus (Note 19).

The property is subject to a 1% NSR royalty which is the Company may purchase 0.5% for \$500,000.

n) JD Property (British Columbia)

During the year ended May 31, 2022, the Company acquired the JD property located in the Omineca Mining Division in northern British Columbia by completing the acquisition of Volatus (Note 19).

The properties are subject to a 2.5% NSR royalty.

o) Belle Property (British Columbia)

During the year ended May 31, 2022, the Company acquired the Belle property located in northwestern British Columbia by completing the acquisition of Volatus (Note 19). The properties are subject to a 2% NSR royalty.

p) More Creek (British Columbia)

During the year ended May 31, 2022, the Company acquired the More Creek property located in northwestern British Columbia by completing the acquisition of Volatus (Note 19).

The properties are subject to a 2% NSR royalty. In the event the Company acquires 100% interest in the property, the Company will be subject to an additional 1% NSR of which 0.5% can be purchased at any time for \$500,000.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

q) Lone Mountain (British Columbia)

During the year ended May 31, 2022, the Company acquired the Lone Mountain property located in British Columbia by completing the acquisition of Volatus (Note 19).

The properties are subject to a 2% NSR royalty.

r) Williams EXT (British Columbia)

During the year ended May 31, 2022, the Company acquired the Williams property located in British Columbia by completing the acquisition of Volatus (Note 19).

s) Bentley (British Columbia)

During the year ended May 31, 2022, the Company acquired the Bentley property located in the Toodoggone district in north central British Columbia by completing the acquisition of Volatus (Note 19).

10. LOANS PAYABLE

Loans payable is comprised of the following as at August 31, 2022 and May 31, 2022:

	August 31, 2022	May 31, 2022
	\$	\$
Orogenic	30,000	30,000
Exploits	512,649	512,649
Company controlled by the CEO	-	20,000
	<u>562,649</u>	<u>562,649</u>

On May 7, 2021, the Company has an advancement of \$350,000 from Exploits Discovery Corp for the purpose of initiate and manage online staking syndicate for properties in Newfoundland which are unsecured and non-interest bearing.

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 1,800,000 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.

On July 26, 2021, Exploits Discovery Corp. has paid \$62,649 staking fee for Newfoundland Syndicate project on behalf of the Company.

On May 24, 2022, the Company entered into an agreement to borrow \$20,000 from a Company controlled by the Chief Executive Officer. The loan shall be payable on or before September 24, 2022. The Company repaid the loan in full during the three months ended August 31, 2022

On June 8, 2021, Volatus entered into an agreement to borrow \$30,000 from Orogenic Regional Exploration Ltd.

11. CEBA LOAN

On April 23, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2023. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

forgiveness contingent on the business repaying \$30,000 on or before December 31, 2023. If the business cannot pay back the loan by December 31, 2023, it can be converted into a 3-year term loan at an interest rate of 5%. As at August 31, 2022, the principal balance owing on the loan was \$40,000 (2021 - \$40,000).

12. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding as at August 31, 2022: 97,162,021 (2022 – 94,474,021) common shares.

During the three months ended August 31, 2022:

- On July 6, 2022 the Company issued 2,688,000 common shares to acquire 2,100,000 common shares of OCP Holdings Ltd. From each of Garry Stock and Jasin Cubit Holdings Inc. The common shares were fair valued at \$255,360.

During the year ended May 31, 2022:

- On June 1, 2021, the Company issued to certain directors, a former CEO, 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 were subject to a four month hold period expiring October 2, 2021.
- On August 1, 2021, the former CEO returned 5,023,175 of the Company shares which were distributed on June 2, 2021.
- On June 3, 2021, the Company issued 200,000 common shares upon the exercise of warrants at a price of \$0.075 per common share for gross proceeds of \$15,000.
- On October 21, 2021, the Company issued 150,000 common shares upon the exercise of options at a price of \$0.065 per common share for gross proceeds of \$9,750, resulting in a reallocation of share-based reserves of \$8,237 from reserves to share capital.
- On January 31, 2022, the Company issued 175,000 common shares upon exercise of options at a price of \$0.065 per common share for gross proceeds of \$11,375, resulting in a reallocation of share-based reserves of \$9,609 from reserves to share capital.
- On January 31, 2022, the Company issued 50,000 common shares upon exercise of options at a price of \$0.12 per common share for gross proceeds of \$6,000, resulting in a reallocation of share-based reserves of \$5,109 from reserves to share capital.
- On March 9, 2022, the Company completed a non-brokered private placement of 14,700,000 units at a price of \$0.05 per unit for gross proceeds of \$735,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 for a term of three years expiring March 9, 2025. There was no value allocated to the warrants under the residual method.

c) Stock Options

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants of the Company. Options are exercisable for periods of up to ten years, as determined by the Board of Directors of the Company, to purchase common shares of the Company at a price not less than the discounted market price on the date of the grant. The maximum number of shares which may be

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

issuable under the Plan cannot exceed 10% of the total number of issued and outstanding common shares on a non-diluted basis

During the three month ended August 31, 2022, the Company granted 8,275,000 options to consultants and directors of the Company. The options have a life of 5 years and vest 20% on grant date and 20% every six months thereafter until June 2, 2024. The options were fair valued at \$0.08 using the Black-Scholes option pricing model using the following assumptions: risk free rate – 2.89%, expected life – 5 years, volatility – 167%, forfeiture rate – nil, expected dividend – nil. During the period the Company recorded share-based compensation expense of \$158,038 (August 31, 2021 - \$6,490,772).

A summary of the Company's stock options at August 31, 2022 and May 31, 2022 and the changes for the periods then ended is presented below:

	Number of Share Options	Weighted Average Exercise Price
		\$
Balance, May 31, 2021	4,150,000	0.09
Exercised	(375,000)	0.07
Expired	(2,650,000)	0.08
Balance, May 31, 2022	1,125,000	0.07
Granted	8,275,000	0.06
Balance, August 31, 2022	9,400,000	0.06
Unvested	(6,620,000)	0.06
Balance, August 31, 2022 Vested and exercisable	2,780,000	0.07

Details of stock options outstanding and exercisable as at August 31, 2022 are as follows:

Expiry Date	Exercise Price \$	Outstanding	Exercisable
June 1, 2025	0.065	925,000	925,000
October 5, 2025	0.12	200,000	200,000
June 2, 2027	0.06	8,075,000	1,615,000
July 6, 2027	0.06	200,000	40,000
		9,400,000	2,780,000

The weighted average remaining contractual life of stock options outstanding at August 31, 2022 was 3.97 years (2022: 3.07 years).

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

c) Warrants

A summary of the Company's share purchase warrants at May 31, 2022 and the changes for the period then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, May 31, 2021	10,625,000	0.075
Exercised	(200,000)	0.075
Balance, May 31, 2022 and August 31, 2022	10,425,000	0.075

As at August 31, 2022, the Company had outstanding and exercisable warrants as follows:

Expiry Date	Number of warrants	Exercise Price \$	Weighted Average Period (years)
July 25, 2024	10,425,000	0.075	1.90
	10,425,000	0.075	1.90

13. RELATED PARTY TRANSACTIONS AND BALANCE

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 during the three months ended August 31, 2022 and 2021 was comprised of the following:

	August 31, 2022	August 31, 2021
	\$	\$
Salaries and benefits	-	3,512,966
Consulting fees ¹	123,000	-
Director fees ²	12,211	-
Management fees	69,500	70,500
Professional fees	-	7,500
Share-based payments	82,663	-
	287,374	3,590,966

¹ Includes amounts paid to the CFO and Directors of the Company and the CEO of Volatus

² Includes fees paid to a director of the Company

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 year ended May 31, 2022, the Company incurred \$20,000 (2021 - \$99,000) in management fees to the former CEO. As at August 31, 2022, accounts payable and accrued liabilities include amounts due to the former CEO of \$Nil (2022 - \$Nil).

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

During the year ended May 31, 2022, the Company incurred \$252,000 in management fees to a former interim CEO. As at August 31, 2022, accounts payable and accrued liabilities include amounts due to the former CEO of \$47,797 (2022 - \$47,797).

The Company entered into a consulting agreement with a company controlled by the former CFO of the Company. As compensation for the accounting and bookkeeping services provided. During the year ended May 31, 2022, the Company incurred \$73,070 (2021 - \$30,000) in fees to the company controlled by the former CFO. As at August 31, 2022, accounts payable and accrued liabilities include amounts due to the company controlled by the CFO of \$32,086 (2022 - \$32,086), which are due on demand, unsecured and non-interest bearing.

The Company entered into a consulting agreement with a former CFO of the Company. As compensation for the CFO services provided, the former CFO will receive a monthly fee of \$1,000. During the year ended May 31, 2022, the Company incurred \$12,000 (2021 - \$12,000) in fees to the former CFO. As at August 31, 2022, accounts payable and accrued liabilities include amounts due to the former CFO of \$4,200 (2022 - \$4,200), 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 year ended May 31, 2022, the Company incurred \$15,000 (2021- \$84,000) in management fees to the former VP. As at August 31, 2022, accounts payable and accrued liabilities include amounts due to the former VP of \$23,150 (2022 - \$23,150), which are due on demand, unsecured and non-interest bearing.

On June 1, 2021, the Company has issued to certain directors, a former CEO, 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 June 1, 2021, 5,023,175 of these shares to the former CEO were 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, 457,408 Exploits Discovery Corp. shares were returned. On February 25, 2022, 691,309 Origen Resources Inc shares were returned.

On May 24, 2022, the Company entered into an agreement to borrow \$20,000 from a Company controlled by the Chief Executive Officer. The loan was repaid during the three months ended August 31, 2022

As at August 31, 2022, the Company had \$177,541 in accounts payable owing to current directors and officers of the Company.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Values and Classification of Financial Instruments

The Company's financial instruments consist of cash, restricted cash, marketable securities, accounts receivable, Investments, loans and notes receivable, accounts payable, and loans payable and CEBA loan. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2022	May 31, 2022
		\$	\$
Cash	FVTPL	173,766	-
Restricted cash	FVTPL	5,063	5,063
Marketable securities	FVTPL	732,600	3,253,300
Investments	FVTPL	987,767	1,725,982
Accounts receivable	Amortized cost	103,462	35,528
Loans and notes receivable	Amortized cost	810,398	801,951
Accounts payable	Amortized cost	2,053,135	1,380,528
Loans payable and CEBA loan	Amortized cost	582,649	602,649

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Marketable securities are measured at fair value on a recurring basis using level 1 inputs. Investments in warrants are measured on a recurring basis using level 2 inputs. Private investments are measured on the hierarchy at level 3 using unobservable inputs. The continuity and valuation techniques that are used to determine the fair value of the investments in warrants are described in Note 6.

The fair value of the Company's cash, restricted cash, accounts receivable, loans and notes receivable, accounts payable, loans payable and CEBA loan payable approximates their carrying value as at August 31, 2022 and May 31, 2022 because of the demand nature or short-term maturity.

Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) *Currency risk*

The majority of Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign-currency-denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution. As at August 31 2022, the Company's maximum credit risk is the carrying value of cash, accounts receivable and loans and notes receivable.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Factors that could impact on the company's liquidity are monitored regularly and include market changes, gold price changes, and economic downturns that affect the market price of the company's marketable 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.

Contractual undiscounted cash flow requirements of financial liabilities at August 31, 2022 are as follows:

	Less than 1 year \$	Between 1 – 5 years \$	More than 5 years \$	Total \$
Accounts payable and accrued liabilities	2,053,135	-	-	2,053,135
Loan Payable	542,649	-	-	542,649
CEBA loan	-	40,000	-	40,000
	2,595,784	40,000	-	2,635,784

(v) *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The COVID-19 pandemic and its economic consequences are an extenuating impact on the current volatility of financial markets. Market conditions will cause fluctuations in the fair value of the company's marketable securities. The Company's ability to raise capital to fund exploration, development or investing activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the company.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

16. COMMITMENTS

The Company is committed to certain cash payments, share issuances, management agreements and exploration expenditures in connection with the acquisition of its mineral property claims as described in Note 9.

17. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended August 31, 2022 and 2021, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	2022	2021
	\$	\$
Transfer from investment in associates to marketable securities	135,000	-
Shares issued to acquire investment in associates	255,360	-
Shares and subsidiary shares issued to acquire mineral properties	-	100,000

There were no amounts of cash paid for income taxes for the periods presented.

18. VOLATUS CAPITAL CORP. ACQUISITION

During the year ended May 31, 2022, the Company acquired 51.44% of the outstanding share capital of Volatus Capital Corp. in consideration for a cash payment of \$4,608,711.

The acquisition was determined to be an asset acquisition, whereby all of the assets acquired, and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing the transaction, Volatus became a subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net assets acquired		
Cash	\$	14,455
Accounts receivable		153,032
Prepaid expenses		21,500
Marketable securities		21,490
Investment in Leigh Creek		3,724,824
Exploration and evaluation assets		6,054,976
Reclamation deposit		30,000
Accounts payable		(628,036)
Loan payable		(30,000)
	\$	9,362,241
Total purchase price		
Cash	\$	4,608,711
Non-controlling interest		4,753,530
	\$	9,362,241

Effective March 9, 2022, the Company included the operations of Volatus Capital Corp. in the consolidated financial statements. Subsequent to August 31, 2022, the Company's interest was diluted to below 50%.

CREST RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited - expressed in Canadian dollars)

19. SUBSEQUENT EVENTS

Subsequent to August 31, 2022 the Company:

- i) Revised the terms of a letter of intent to acquire a 69.5% interest in WitchiMag Pty Ltd. which owns a 100% interest in the Mount Hutton magnesite property; and a 80% interest in MagMetal Tech Pty, which owns a 100% interest in the Leigh Creek magnesite property (together referred to as the “The Leigh Creek Project”). See news release dated November 11, 2022.