Crest Petroleum Corp.
(A Capital Pool Company)

Management Discussion & Analysis

For the three months ended May 31, 2016

This Management Discussion and Analysis ("**MD&A**") was prepared as at July 29, 2016 to assist readers in understanding Crest Petroleum Corp's (the "Company") financial performance for three months ended May 31, 2016. This MD&A should be read in conjunction with the condensed interim financial statements for the three months ended May 31, 2016 and related notes (the "**Interim Financial Statements**") and the audited financial statements for the year ended February 29, 2016 and related notes (the "**Annual Financial Statements")**. The Interim Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results. See additional discussion under "Risks and Uncertainties" section.

CORPORATE PROFILE AND OVERALL PERFORMANCE

The Company was incorporated on January 24, 2012, under the laws of the Province of British Columbia, Canada. Following the completion of its initial public offering ("IPO") on June 26, 2012, (the "Listing Date"), the Company secured designation as a Capital Pool Company ("CPC"), according to the TSX Venture Exchange (the "Exchange").

The Company's principal activity is the identification, evaluation and negotiation for the acquisition of assets or a business ("Qualifying Transaction" or "QT"). The Company has not yet commenced operations and has no significant assets other than cash.

On October 7, 2014, the Company had not completed a Qualifying Transaction within the prescribed time frame and the Company's listing was transferred from the Exchange to the NEX trading board. The Company is presently listed and trading on the NEX under the symbol "CTP.H".

The head office of the Company is located at Suite 610 - 815 West Hastings Street, Vancouver, British Columbia, V6C 1B4.

As at May 31, 2016, the Company had cash of $104,385 and working capital of $94,209. See "Liquidity and Capital Resources" for further details.

Subsequent event:

In June 2016, the Company entered into a binding letter of intent ("LOI") with GFG Resources Inc. ("GFG Resources") to acquire 100% of the issued and outstanding shares of GFG Resources ("GFG Shares), a private British Columbia mineral company, in exchange for shares of the Company which would result in a reverse take-over of the Company by the shareholders of GFG Resources (the "Transaction").

Pursuant to the terms of the LOI, the shareholders of GFG (the "GFG Shareholders") will exchange all GFG Shares for common shares of the Company on a one for one basis. Likewise, all outstanding GFG stock options will be exchanged for stock options of the Company on the same basis.

The LOI may be terminated by either party if closing of the Transaction has not occurred on or before October 17, 2016. Upon completion of the transaction, the combined entity will qualify as a Tier I Mining Issuer (as defined by the TSX-V).

RESULTS OF OPERATIONS

As at May 31, 2016, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

Selected Financial Data

	Three months ended May 31, 2016	Three months ended May 31, 2015
	$	$
Revenue	-	-
Loss and comprehensive loss	(3,705)	(15,114)
Basic and diluted loss per share	(0.00)	(0.01)
Working capital (deficit)	94,209	(27,758)
Total assets	111,385	16,491
Total shareholders' equity (deficit)	94,209	(27,758)

Net and comprehensive loss

For the three months ended May 31, 2016, the Company did not yet achieve profitable operations and incurred a net and comprehensive loss of $3,705 (May 31, 2015 - $15,114) which has resulted in accumulated losses of $643,899 (May 31, 2015 - $606,194) since inception. The loss for the period resulted in a net loss per share (basic and diluted) for the three months ended May 31, 2016 of $0.00 (May 31, 2015 - $0.01).

Results of Operations

The Company has yet to generate any revenue since its inception from its planned operations and has, to date, incurred annual net losses from operating and administrative expenses.

The operating and administrative expenses for the three months ended May 31, 2016 totalled $3,705 (May 31, 2015 - $15,114). The table below details the changes in major expenditures for the three months ended May 31, 2016 as compared to the corresponding three months ended May 31, 2015.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Office and general	Decrease of $6,111	Decreased due to reduced corporate activity.
Professional fees	Decrease of $5,326	Decreased due to reduced corporate activity.

Summary of quarterly results for the last consecutive 8 quarters

Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

	Quarters Ended			
	May 31, 2016	**February 29, 2016**	**November 30, 2015**	**August 31, 2015**
	$	$	$	$
Revenue (interest income)	-	-	-	-
Net and comprehensive loss	(3,705)	(9,645)	(4,679)	(19,676)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Working capital (deficit)	94,209	97,914	107,559	112,238
	May 31, 2015	**February 28, 2015**	**November 30, 2014**	**August 31, 2014**
	$	$	$	$
Revenue (interest income)	-	-	286	543
Net and comprehensive loss	(15,114)	(3,697)	(37,524)	(119,027)
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.06)
Working capital (deficit)	(27,758)	(12,644)	(8,947)	28,577

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity.

The Company's liquidity and capital resources are as follows:

	May 31, 2016	February 29, 2016
	$	$
Cash	104,385	104,807
Prepaid expenses	7,000	8,218
Total current assets	111,385	113,025
Trade payables and accrued liabilities	17,176	15,111
Working capital	94,209	97,914

As at May 31, 2016, the Company had cash of 104,385 (February 29, 2016 - $104,807) and had working capital of $94,209 (February 29, 2016 – 97,914). The Company has not pledged any of its assets as security for loans, or otherwise, and is not subject to any debt covenants.

During the three months ended May 31, 2016 and 2015, the Company used cash to fund administrative expenses and activities. There were no financing or investing activities during these periods.

As of the date hereof, the Company did not have any commitments for capital expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in Exchange Policy 2.4 and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate QT; and

4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at May 31, 2016 or as of the date of this report.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to income tax provisions and note disclosures.

ACCOUNTING STANDARDS AND AMENDMENTS NOT YET ADOPTED

There were no changes to the Company's accounting policies during the three months ended May 31, 2016.

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended May 31, 2016 and have not been applied in preparing the Interim Financial Statements.

a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on its financial statements.

b) IFRS 15 – Revenue from Contracts with Customers: On May 28, 2014, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2018, and interim periods within that year. Earlier application is permitted. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

c) IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is currently assessing the impact of this new standard on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

RISKS & UNCERTAINTIES

The Company currently has no source of recurring income, has not commenced commercial operations, has no significant assets other that cash, has no history of earnings and does not intend to pay dividends. In addition, there can be no assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

Business Strategy
The Company is actively trying to complete a Qualifying Transaction. There is no assurance that the transactions contemplated by the LOI will be completed as proposed, or at all. Closing of the RTO is subject to a number of conditions that may not be met, including, but not limited to, completion of satisfactory due diligence, approval of the RTO by the Exchange and the completion of securities offerings to raise sufficient capital to meet the requirements of the Exchange.

Uncertainty of Funding
The Company has limited financial resources, and the completion of a Qualifying Transaction will require additional financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company. Further searching and acquisition efforts will depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its Qualifying Transaction or reduce or terminate its operations.

Potential Conflicts of Interest
The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

General Economic Conditions
The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the mining and energy industries, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Substantial Volatility of Share Price
In recent years, the securities markets have experienced a high level of price and volume volatility, and the securities of many junior companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Potential Dilution of Present and Prospective Shareholdings
In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Trade payables and accrued liabilities are due within the current operating period and the Company has sufficient cash to settle current these liabilities. The Company has working capital of $94,209 so the liquidity risk is assessed as low.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates. The risk of loss is low.

Capital Management
The Company defines capital as the Company's shareholders' equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's Qualifying Transaction while providing adequate returns to shareholders.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES AND OPTIONS

As at May 31, 2016 and the date of this report, the Company had:

a. 382,000 shares held in escrow;
b. 4,750,000 common shares issued and outstanding; and
c. 100,000 stock options outstanding and exercisable.

The following table summarizes the options outstanding and exercisable at the date of this report:

Exercise price	Number outstanding and exercisable	Expiry date
$		
0.50	100,000	June 26, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's Interim Financial Statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's condensed interim financial statements for the three months ended May 31, 2016; and
- the Company's audited financial statements for the year ended February 29, 2016

This MD&A has been approved by the Board on July 29, 2016.