



**Management Discussion and Analysis  
For the Three Months Ended March 31, 2019**

This Management Discussion and Analysis (“MD&A”) of Cresval Capital Corp. (the “Company” or “Cresval”) provides analysis of the Company’s financial results for the three months ended March 31, 2019 and should be read in conjunction with accompanying unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2019 and with the Company’s audited financial statements and notes thereto for the year ended December 31, 2018, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the notes thereto.

This Management Discussion and Analysis (“MD&A”) is dated May 28, 2019 and discloses specified information up to that date. Cresval is classified as a “venture issuer” for the purposes of National Instrument 51-102.

***We recommend that readers consult the “Cautionary Statement” on the last page of this report.***

Additional information relating to the Company can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.cresval.com](http://www.cresval.com).

**Overview**

Cresval was incorporated under the Company Act of British Columbia on July 23, 2001 and is a reporting issuer in the Provinces of British Columbia and Alberta. The common shares of the Company are listed for trading on the TSX Venture Exchange under the symbol “CRV” and on the Frankfurt Stock Exchange under the symbol “CFV”. Its principal business comprises the acquisition and exploration of mineral resource properties, with a current focus on base and precious metal properties located in the Province of British Columbia, Canada.

The Company is in the exploration stage. The Company is classified as a Mineral Exploration company. The financial statements to which this MD&A relates have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company had a working capital deficit of \$494,203 at March 31, 2019 and has accumulated losses of \$2,952,583 since inception. The Company’s ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

**Strategy, Performance and Outlook**

On February 15, 2019, the Company terminated the proposed plan of arrangement with Tess Inc. due to Tess’ inability to complete the application for listing of the resulting issuer, TessPay Inc. The Company’s common shares resumed trading on February 21, 2019.

On May 13, 2019, the Company closed a private placement for gross proceeds of \$60,000 through the issuance of 1,000,000 units and 1,400,000 flow-through units at a price of \$0.025 per unit.

The Company also announced its exploration plans for surface work consisting of sampling and alteration mapping on its New Raven claims as a follow-up to soil sampling conducted in late 2018, as well as a ground geophysics program on its MIKE claims to assist in delineating drill targets for future drilling.

### ***Mineral Property Interests***

The Company currently has interests in two exploration projects. The first property, known as the MIKE Property, located 40 km west-northwest of Goldbridge, British Columbia in the Lillooet Mining Division consists of 27 contiguous mineral claims and covers an area of approximately 11,127 hectares.

The second property, the New Raven property, is located 15 km southwest of Lillooet, British Columbia, in the Lillooet Mining Division and consists of 4 mineral claims, covering an area of 2,700 hectares. In 2018, the Company amalgamated 5 mineral claims comprising 1,087 hectares, formerly known as the Aumax claims, with the New Raven claims.

### **Review of Operations**

#### **Three months ended March 31, 2019 compared with the three months ended March 31, 2018**

	<b>3 Months Ended Mar. 31, 2019</b>	<b>3 Months Ended Mar. 31, 2018</b>
<b>General and Administrative Expenses</b>		
Consulting and management fees	\$ 39,000	\$ 40,115
Depreciation	170	224
Office supplies and services	4,999	3,458
Professional fees	1,865	-
Shareholder information and communications	49,628	12,316
Share transfer, listing and filing fees	12,750	11,669
Travel	868	-
	<u>(109,280)</u>	<u>(67,782)</u>
<b>Total Loss and Comprehensive Loss</b>	<u>(109,280)</u>	<u>(67,782)</u>
<b>Basic and Diluted Loss per Share</b>	\$ -	\$ -
<b>Weighted Average Shares Outstanding</b>	<u>27,618,231</u>	<u>24,753,453</u>

- Consulting and management fees decreased slightly to \$39,000 for the three months ended March 31, 2019 compared to \$40,115 for the three months ended March 31, 2018. This is due to a decrease in consulting fees over the prior year attributable to the termination of the proposed business combination transaction.
- Office supplies and services increased to \$4,999 for the three months ended March 31, 2019 compared to \$3,458 for the three months ended March 31, 2018 and is due to an increase in rent.
- Professional fees increased slightly to \$1,865 for the three months ended March 31, 2019 from \$nil in the three months ended March 31, 2018. The increase is due to legal fees for general corporate services incurred in the period.
- Shareholder information and communications increased to \$49,628 for the three months ended March 31, 2019 compared to \$12,316 for the three months ended March 31, 2018. The increase is a result of the Company engaging marketing and communications consultants to increase the Company's market profile following its resumption in trading.

- Share transfer, listing and filing fees increased slightly to \$12,750 for the three months ended March 31, 2019 compared to \$11,669 for the three months ended March 31, 2018. The increase is due to regulatory filing fees incurred in connection with a private placement.

### **Review of Quarterly Results**

Quarter ended	2019		2018				2017		
	Mar. 31 Q1 \$	Dec. 31 Q4 \$	Sept. 30 Q3 \$	June 30 Q2 \$	Mar. 31 Q1 \$	Dec. 31 Q4 \$	Sept. 30 Q3 \$	June 30 Q2 \$	
Revenues	-	-	-	-	-	-	-	-	
G&A Expenses	109,280	132,232	41,553	53,120	67,782	62,154	46,075	22,933	
Option Benefits									
Net Loss (Income)	109,280	132,232	41,553	53,120	67,782	62,154	46,075	22,933	
-per share					-	-	-	-	
-per share - diluted					-	-	-	-	
Total assets	249,766	270,879	327,099	345,847	375,855	181,687	144,426	148,938	
Liabilities (Long Term)									
Cash Dividends									
Working Capital (Deficiency)	(494,203)	(385,093)	(222,433)	(181,075)	(128,164)	(308,607)	(220,397)	(171,492)	
Share Capital:									
- Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	
- Outstanding	27,618,231	27,618,231	27,618,231	27,618,231	27,618,231	24,763,231	24,763,231	24,023,231	
- Warrants	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	3,920,000	3,920,000	3,180,000	
- Options	-	7,500	7,500	7,500	7,500	642,500	642,500	642,500	

Results of operations can vary significantly by quarter, as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are determined by the Company's working capital position, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties, the amount of stock options granted, the number of personnel required to support the level of corporate activity and the seasonality of exploration programs undertaken on the Company's mineral properties.

### **Liquidity and Capital Resources**

Since inception, the Company has incurred cumulative losses of \$2,952,583 and has a working capital deficiency at March 31, 2019 of \$494,203 (2018 – \$128,164).

The Company has financed its operations to date primarily through the issuance of common shares for private placements. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to have profitable operations in the future.

The Company's future capital requirements will depend on many factors, including costs of exploration and

development of the properties, cash flow from operations, costs to complete well production if warranted, competition and global market conditions. The Company's growing working capital needs may require it to obtain additional capital to operate its business.

The Company will depend partly on outside capital to complete the exploration and development of its resource properties. Such outside capital will include the sale of additional common shares and debt financing. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected.

### **Related Party Transactions**

Management services by the Company's officers are provided on a contract basis. Additionally, the Company shares its premises and certain administrative costs with a related company, and reimburses this related company for its share of direct costs. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company has identified its directors and officers as its key management personnel. The compensation costs for key management personnel for the three months ended March 31, 2019 and 2018 are as follows:

	Mar. 31, 2019	Mar. 31, 2018
Rent	\$ 4,200	\$ -
Consulting fees and management fees	39,000	37,500
	<u>\$ 43,200</u>	<u>\$ 37,500</u>

### **Due to Related Parties**

As at March 31, 2019, there was \$273,937 due to the president of the Company (2018 - \$268,753), \$1,000 due to the Company's former CEO (2018 - \$1,000), \$7,900 due to the Company's CFO (2018 - \$6,100) and \$110,250 (2017 - \$47,250) due to a director of the Company. The amounts due to related parties are non-interest bearing, with no specific terms of repayment.

### **Critical Judgments and Estimates**

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the years reported. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period they become known.

### **Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

### **Financial Instruments**

As at March 31, 2019, the Company's financial instruments are comprised of cash, receivables, accounts payable and accrued liabilities and due to related parties. The carrying value of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value.

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).

The Company has valued its cash using Level 1 inputs as at March 31, 2019. The fair value of the Company's, due to related parties and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

The Company's cash is held through a Canadian chartered bank. The Company's current policy is to invest excess cash in a guaranteed investment certificate administered by a Canadian chartered bank. The Company has no debt instruments.

### **Proposed Transactions**

In January 2018, the Company signed an agreement to complete a share transaction with Tess Inc. ("Tess"), a private company involved in developing a blockchain-based payment service, by way of a plan of arrangement. The plan of arrangement will result in a reorganization of the Company's share capital and amalgamation with Tess to form a new listed corporation. Upon completion, existing shareholders of the Company would own approximately 6.8% of the new listed entity on a fully diluted basis. The transaction would be considered to be a reverse takeover transaction whereby the shareholders of Tess control of the Company through the new listed entity. The transaction is subject, regulatory and shareholder approval and due diligence considerations.

On February 15, 2019, the Company terminated the proposed plan of arrangement.

### **Risks and Uncertainties**

The acquisition and exploration of mineral properties involves a high degree of risk, and the successful achievement of a profitable operation cannot be assured. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must first overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and

leases, completion of a feasibility study, funding of all costs to a commercial operating venture, completion of the permitting process, detailed engineering and procurement of a processing plant, and constructing a facility to support the mining activity. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares, will be required to fund the Company's activities. There can be no assurance that the Company will be able to raise the requisite financing in the future.

**Accounting pronouncements not yet effective**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2019 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

Effective for annual periods beginning on or after January 1, 2019:

*IFRS 16, Leases.* IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

**Outstanding Share Data as of March 31, 2019 and May 28, 2019**

	May 28, 2019	March 31, 2019
Shares	30,018,231	27,618,231
Warrants	<u>3,990,000</u>	<u>1,590,000</u>
Fully Diluted	<b>34,008,231</b>	<b>29,208,231</b>

**Management's Responsibility for Financial Statements**

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

**ADDITIONAL INFORMATION**

Additional information about the company can be found on [www.sedar.com](http://www.sedar.com) and [www.cresval.com](http://www.cresval.com)

**Cautionary Statement**

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of May 28, 2019. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.