



HALLGARTEN & COMPANY

Initiation of Coverage

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Crestview Exploration

(TSX-V: CRS, FSE:CE7)

Strategy: LONG

Key Metrics

Price (CAD)	\$0.385
12-Month Target Price (CAD)	\$0.95
Upside to Target	147%
12 mth high-low	\$0.37-\$2.60
Market Cap (CAD mn)	\$4.75
Shares Outstanding (millions)	12.3
Fully Diluted (millions)	12.9

Crestview Exploration

Staking Out Nevada

- + Crestview has a portfolio of three brownfield and greenfield gold projects in the trustworthy jurisdiction of Nevada
- + Massive rally in gold has put explorers back in contention after a long period of being at a disadvantage to producers
- + Company has accumulated in a relatively short time a portfolio of highly prospective exploration territory and past producing properties in relatively near proximity to each other
- + Financing potential for gold explorers has been enhanced strongly in the last two months
- ✗ Castile Mountain has no history of past production and little past work so remains something of an unknown quantity for the moment
- ✗ The environment for funding projects is improved, but ever fluctuating, with Crestview dependent upon a near-time financing to ramp up its exploration activities and starting to present a flow of news and results

Firm Favourite

Despite the resurgence of a gold and precious metals boom in the world's major mining exchanges, the investment community is still highly selective and Nevada is showing itself to be a perennial favourite. We have seen this tendency before early in the century when in the original Commodity Supercycle the investor community gravitated first towards areas and jurisdictions that were familiar to players, with US investors in particular being most highly disposed towards projects in that country with Nevada way ahead of other states in investors' perceptions and affections.

In this note we shall look at Crestview's recent asset purchases in the state and its strategy for exploration and advancement of these properties and the financing thereof.

Rock Creek project

The project area is located in the Tuscarora Mountains of north-central Nevada, in Elko County. The center of the Rock Creek project area about 12 miles northwest of the old mining town of Tuscarora, which in turn is about 38 miles northwest of the town of Elko.

Elko is the county seat, and lies on Interstate Highway I-80 about halfway between Reno, Nevada and Salt Lake City, Utah. The property in the project area together add up to 72 unpatented lode mining claims, with each claim covering 20.6 acres. It is approximately 3 miles long by 1 mile wide (maximum dimensions) and covers an area of about 1,508 acres.

Geology

During the Cambrian through early Mississippian, most of eastern Nevada was situated along a stable paleo-continental margin. During this period, a westward-thickening and deepening wedge of sediments was deposited across the paleo-continental shelf and oceanic basin.

The sedimentary facies of this Cordilleran geosyncline graded from eastern shallow water (miogeoclinal) carbonates, to deep water (eugeoclinal) fine-grained siliciclastic rocks. During the late Devonian through middle Mississippian, tectonic activity resulted in large-scale uplift, folding, and thrusting of the siliceous rocks eastward over the carbonate rocks, along the Roberts Mountains thrust fault system.

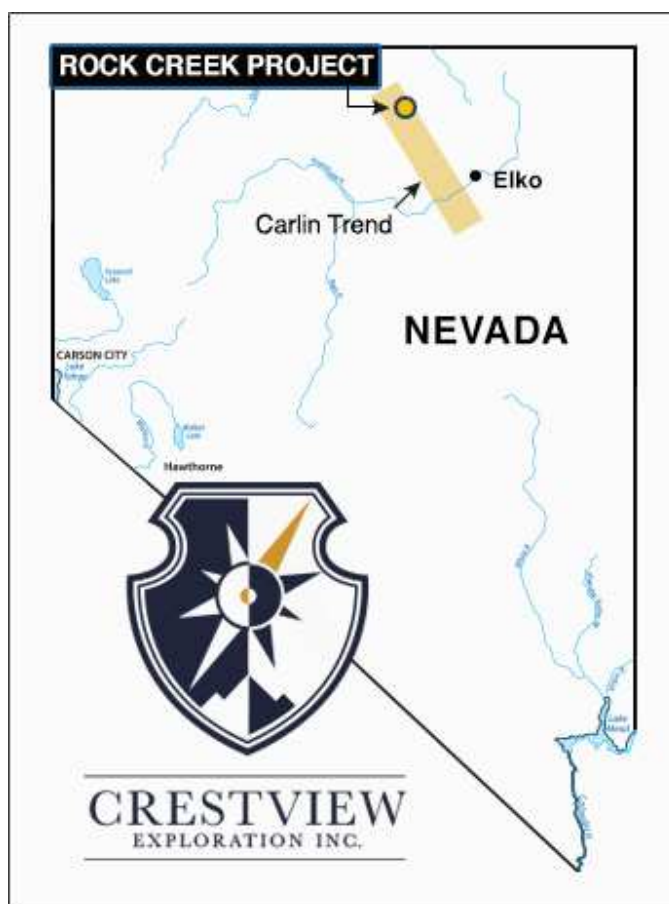
The Roberts Mountains thrust fault, the major regional structure, is believed to have localized or controlled gold deposition at many mines in north-eastern Nevada exploiting Carlin-type deposits.

The Rock Creek property is located in the periphery of the Tuscarora volcanic field, a complex of Eocene calderas and strato-volcanoes that covers approximately 300 sq. miles (800 km²). It lies just north of major gold deposits of the Carlin Trend and west of the Jerritt Canyon deposits in the Independence Mountains. Andesitic to rhyolitic tuffs and flows erupted from several coalesced calderas; related plutons and (feeder?) dike swarms intruded the volcanic pile. Up to six Eocene calderas have been distinguished, including: the Red Cow (a.k.a. Big Cottonwood Canyon) caldera, the Good Hope caldera, and the Cornucopia caldera.

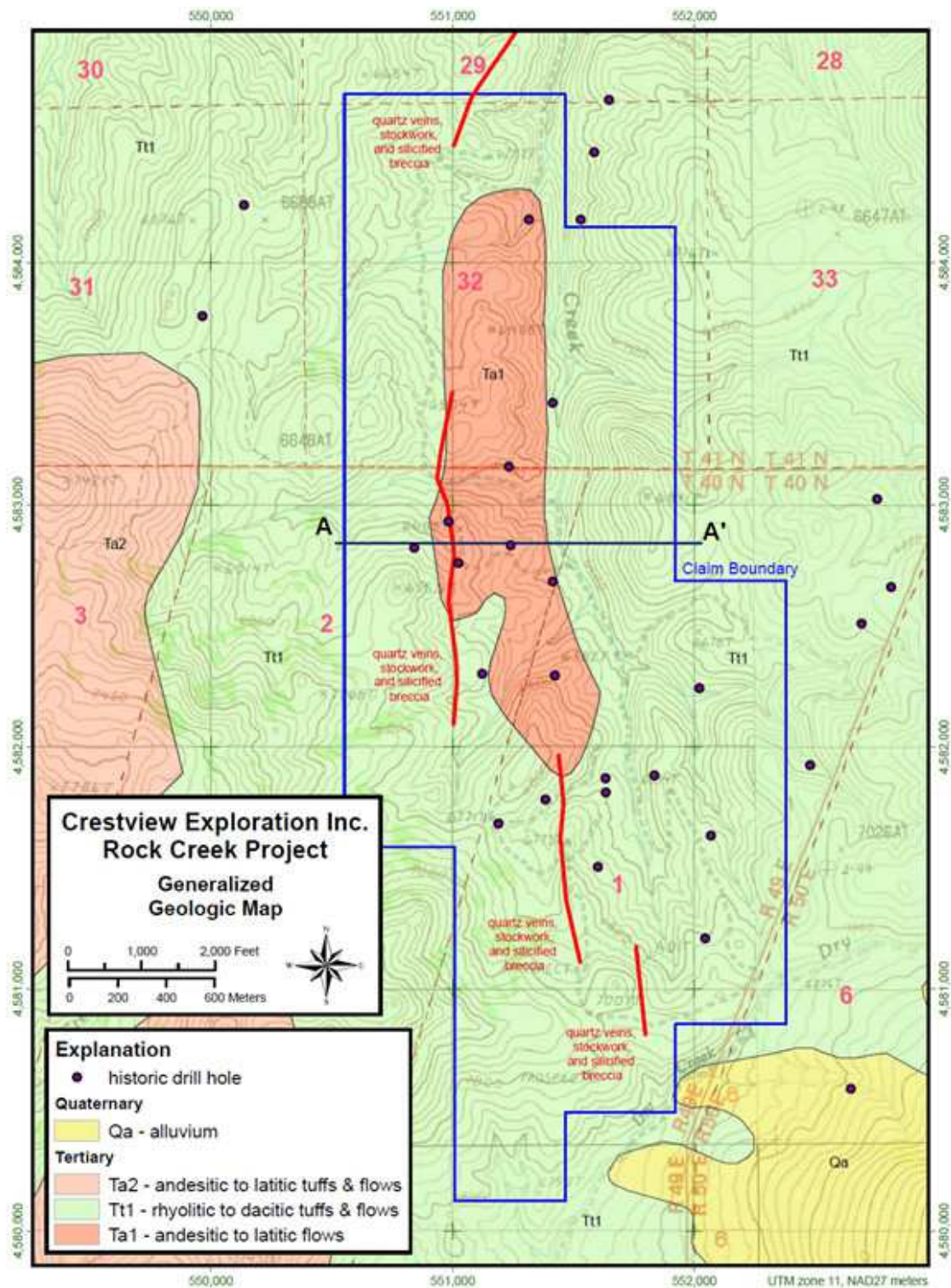
Past Production

The concession has had some past production but this was a long time ago and almost on a quasi-artisanal basis. The project is within a historic mining district, where mineralization was first discovered in the 1870s. The Rock Creek mining district produced silver (32,000 ounces), gold (55 ounces), mercury (26 flasks) and antimony, mainly from the old Falcon mine and Teapot mercury prospect located immediately south of the Cow claims.

The Falcon mine, which exploited a volcanic hosted vein deposit, and the Teapot prospect are not included in Crestview's



Rock Creek property.



Exploration

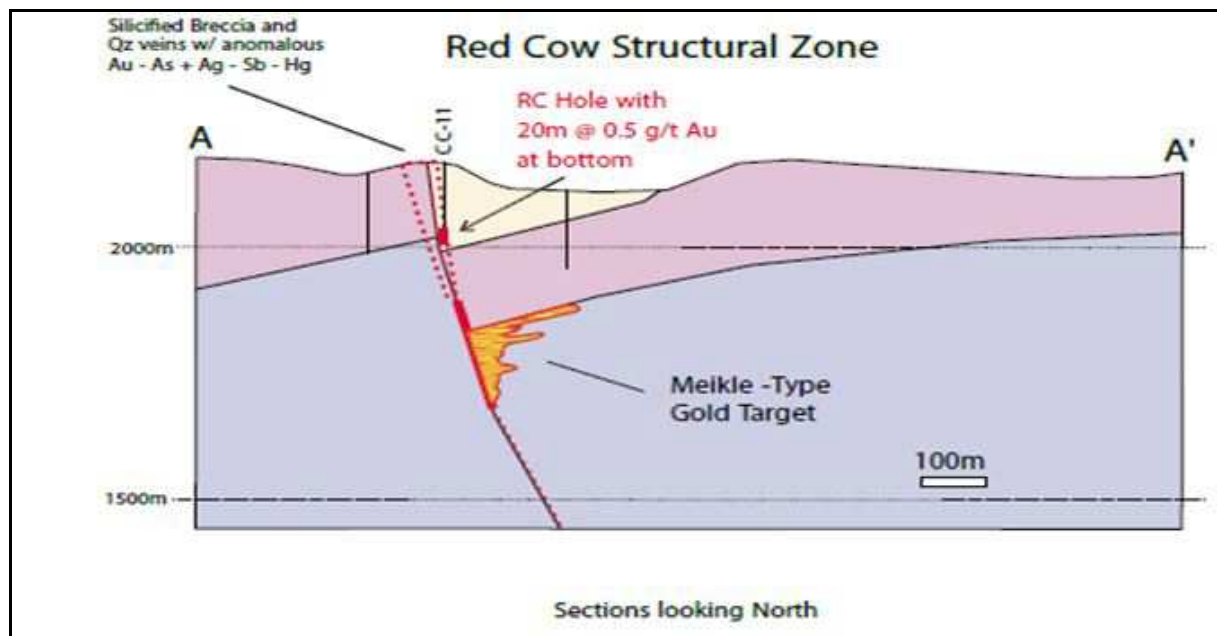
Serious exploration of the region began in the 1960's following the discovery of the Carlin deposit, and included drilling in the Rock Creek property (Red Cow area) in 1983-84 by Shell Oil and in the 1990s by Western States Minerals.



Past work has defined large (>1000 x 5000 ft.) areas of strongly argillized volcanic rocks which host numerous silicified breccia zones, and it is believed that the proposed exploration program offers an excellent opportunity to discover new Carlin type mineralization beneath shallow volcanic cover on this property.

Gold mineralization was discovered at Red Cow Creek in 1982 by Cruson and Pansze during a reconnaissance exploration program funded by Shell Oil Company. Shell Oil took over the Cow Creek prospect, interpreted to be "...a bulk-tonnage gold and silver target hosted by Tertiary rhyolite tuffs and Paleozoic carbonaceous sediments." Shell carried out surface and subsurface exploration in the 1983 and 1984 field seasons. Eighty-one rock-chip samples and 405 soil samples were taken; 23 drill holes were completed. Two of these holes, CC-10 and CC-11, each intersected 100 ft. of 0.02 opt gold

mineralization.



In the 1990s Western States Minerals explored an area mainly east of Shell's area, for volcanic-hosted disseminated gold deposits, with geologic mapping, extensive geochemical sampling, an IP survey, and 13 reverse circulation (RC) drill holes, of which five of these RC holes are on Crestview's property.

Teck acquired the Bluto (now part of Cow claims) and Dry claims in 1999, and interpreted the target to be a classic volcanic-hosted gold-silver epithermal system with the potential for high-grade, underground mineable, gold-silver veins. Teck took 67 rock chip samples along the entire strike length of altered and mineralized volcanic rocks. One of the three samples with the highest gold grade, and three of the nine samples with the second highest gold grade, were taken within Crestview's Rock Creek property.

Mineralized Eocene dikes have been found in many of the mines within the Carlin trend, and the temporal and spatial correlation with Carlin-type gold mineralization suggests a genetic link. A combination of permeable and soluble lower plate rocks with impermeable and insoluble upper plate rocks, created stratigraphic and/or structural traps, very much like the traps observed in oil and gas reservoirs.

Going forward, Crestview has proposed to carry out exploration in two phases, with the second being contingent upon the successful completion of the first phase.

The NI43-101 report recommended defining the dominant mineralizing feeder structures with strong Au-As geochemical footprints, delineating the major sedimentary basement blocks and basement highs, and targeting Carlin-type mineralization at a reasonable depth for underground mining.

The first exploratory works would include CSAMT geophysics, data compilation, data acquisition, base map configuration, detailed geologic mapping, additional soil and rock chip sampling, obtaining IP survey and supervision and reporting.

This would be followed by a drill campaign of 7-8 holes RC to a depth of 1000m (8000m total). Then sample analysis, follow-up mapping, definition geochemical surveys, target selection, permitting, additional geophysical surveying and fire assay. With the costs of the geological crew, housing and final result compilation, the total estimated budget for Rock Creek would be \$1.4mn.

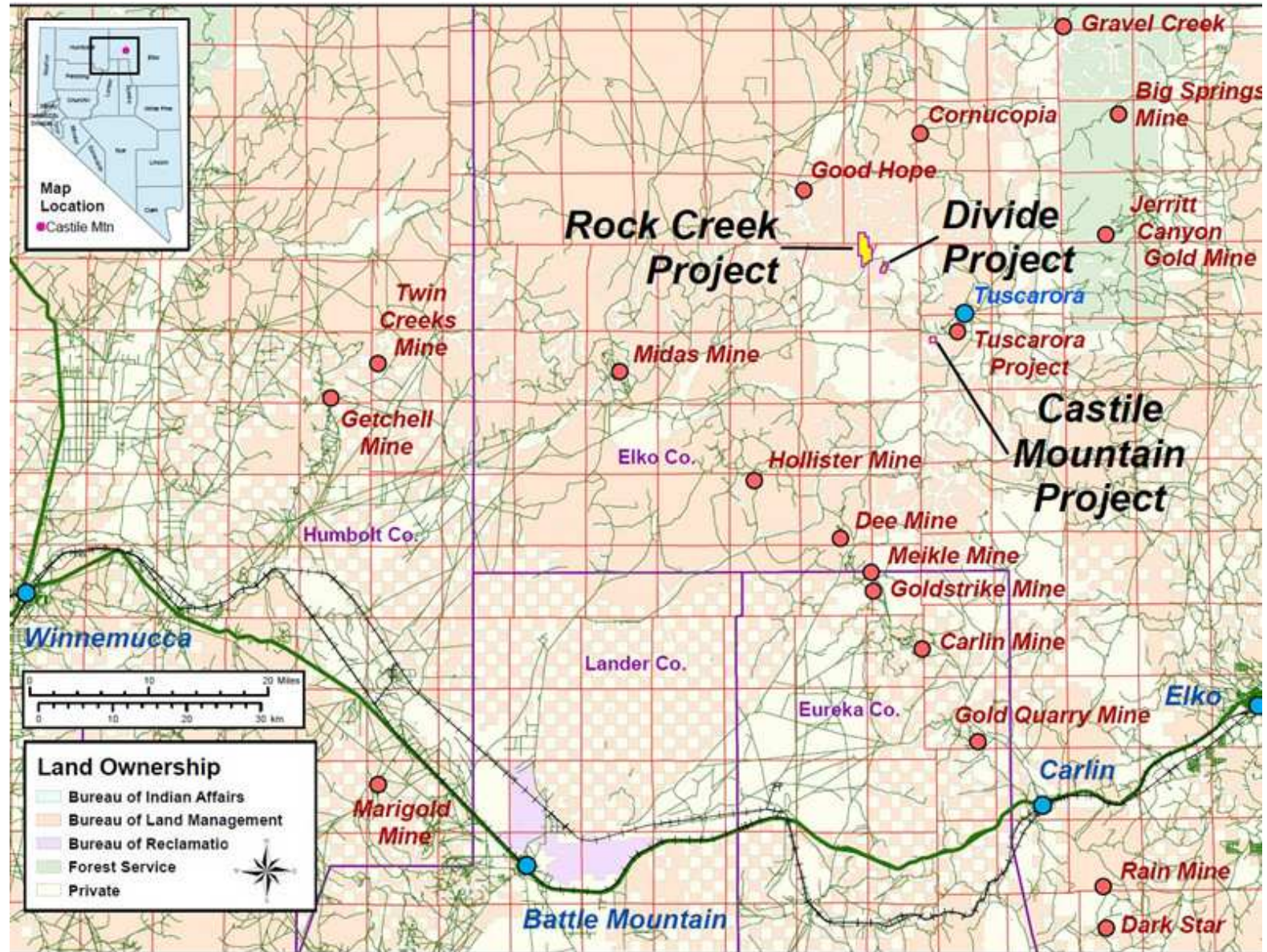
Recent Additions

In May 2020, Crestview announced it had agreed a lease, with option to purchase, in a third-party agreement with Geological Services Inc., a Utah corporation. The terms of the agreement with Geological Services Inc. for both projects; the Divide mine (an acquisition previously announced on April 14, 2020) and at this time the Castile Mountain project. The details of the “purchase” price (in fact an Advance Minimum Royalty) are as follows:

Payment upfront	US\$25,000
1st Anniversary	US\$35,000
2nd Anniversary	US\$50,000
3rd Anniversary	US\$75,000*
4th Anniversary	US\$100,000*
5th Anniversary	US\$150,000*

(And each year thereafter)

The asterisked payments (and beyond) can potentially be bought out for US\$2m, which can be exercised at any time, subject to a retained 2% NSR.



The Divide Mine

The Divide Mine is located in the northwest portion of the Tuscarora Mining District (which is centered some seven miles to the southeast of the Divide Mine). It is at around 6,000 ft above sea level (or nearly 2,000 metres).

Past Production

Gold was found on Gold Mountain in 1901, about the time of the beginning of Tonopah. A boom arose from the discovery of silver ore at this camp in 1917. A crosscut was being driven to cut a small gold vein that had been worked higher on the slope of Gold Mountain intermittently since 1902, and before it had been driven far enough to cut the gold vein it quite unexpectedly intersected a rich silver-bearing lode.

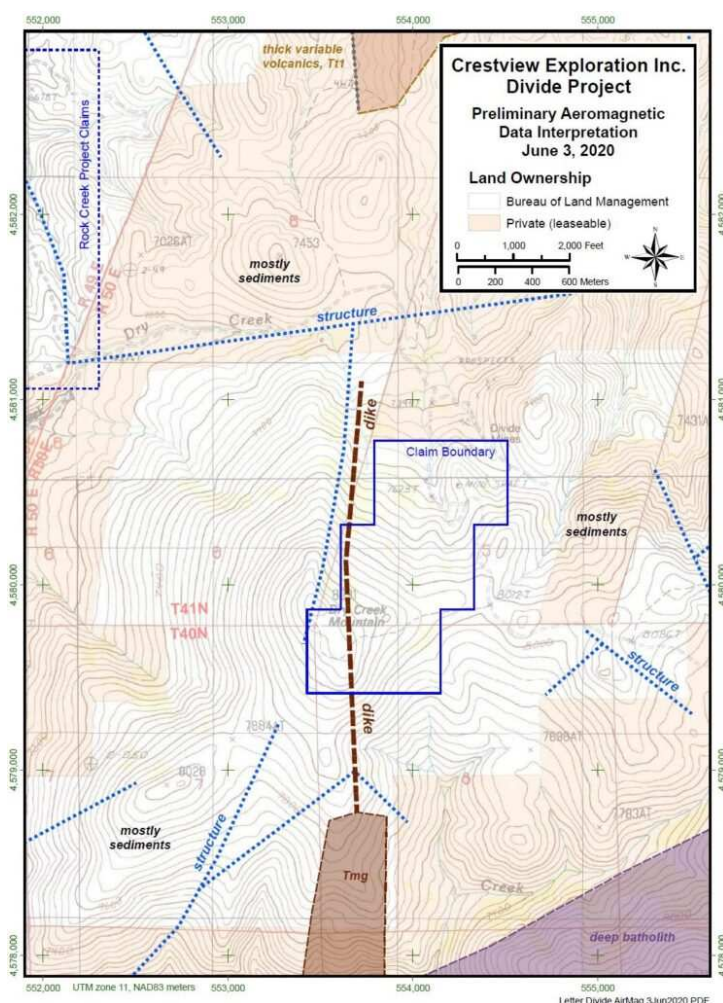
Further exploration indicated that a large and valuable ore body had thus accidentally been discovered. In February, 1919, Tonopah awoke to the possibilities of the new field and the boom began in earnest, and soon an area of 50 square miles surrounding Gold Mountain was staked. Some 350 mining companies were organized, nearly all with "Divide" as part of their designations and, by mid-1919, between 80 and 100 hoists were in operation and a large amount of exploratory work was being done.

It was noted at the time that there was no water in the district and even a shaft that was 581 feet deep still did not encounter a water-table.

Historic mining from underground and surface placer mines produced 200,000 ounces of gold and 7.27 million ounces of silver (as reported in Nevada Bureau Mines and Geology Bulletin 106, Mineral Resources of Elko County, Nevada).

Geology

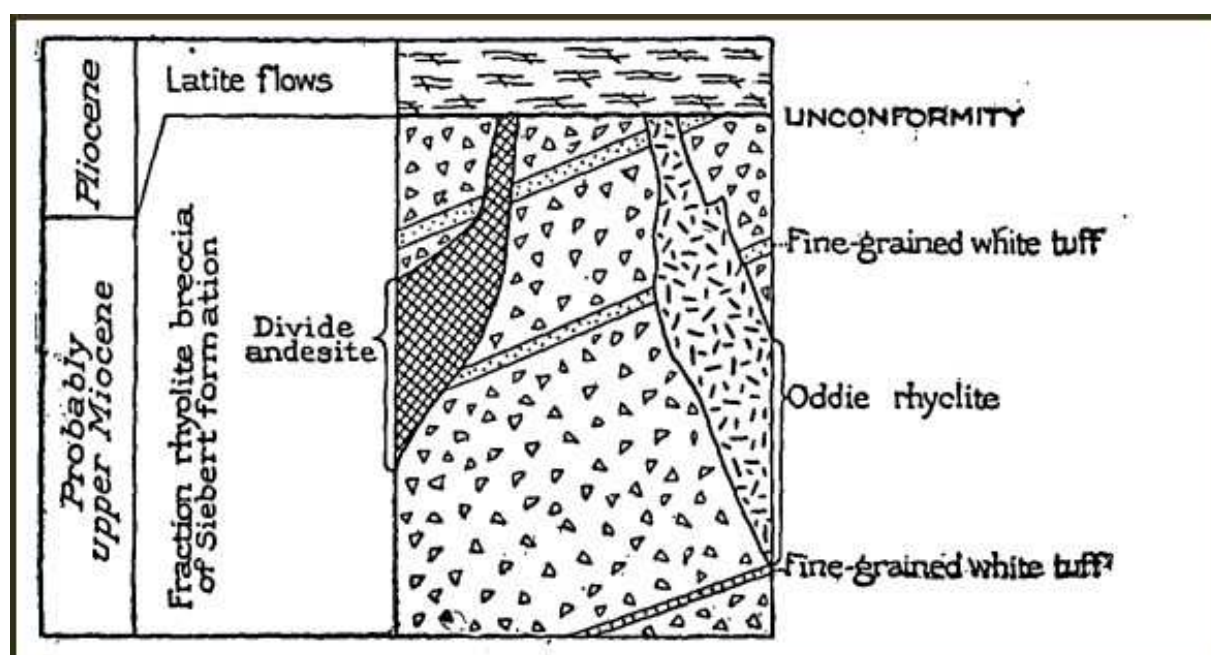
The Divide Mine sits on the eastern flank of a prominent upthrown block exposing sedimentary rocks surrounded by 40-million-year-old volcanic rocks. The sedimentary rocks exposed here



are known to closely overlie favourable sedimentary gold mineralization host rocks in the region. Further, the age of the volcanic rocks is important because the age of rocks is coincident with the age of gold and silver mineralization in the region; and there is a relationship with volcanism and mineralization.

There is evidence on the property of igneous rock intrusions. Rhyolite in intrusive masses occurs throughout the district, forming the bulk of many of the hills and mountains that stand above the lowland. Gold Mountain is the chief of these.

Below can be seen a generalized columnar section of the rocks of the Divide district.



Source: USGS

Features of the rhyolites of Divide and Tonopah indicate that they were intruded at shallow depths, with consequent rapid cooling, and the speed of cooling was doubtless hastened by the water content of the porous breccias and tuffs in which they were intruded.

Fault structures on the east edge of the host block provide conduits for multiple episodes of dikes as well as plumbing for the gold-bearing mineral system. The ore deposits are silver-bearing fracture zones in the rhyolite breccia.

Exploration

In June 2020, the company acquired a geophysical use licence for aeromagnetic data consisting of 934-line miles of high-quality data collected by Edcon-PRJ over Crestview's Divide Mine, Rock Creek and Castile Mountain projects. The area was covered with northeast lines, 200 meters apart and northwest

tie lines 800 meters apart. The AeroMag data should assist in outlining the intrusive rocks that Crestview believes to be related to the mineralization at the property. Then the focus will be on geochemical sampling and geological mapping to delineate drill targets.

Below can be seen the old workings of the Divide Mine.

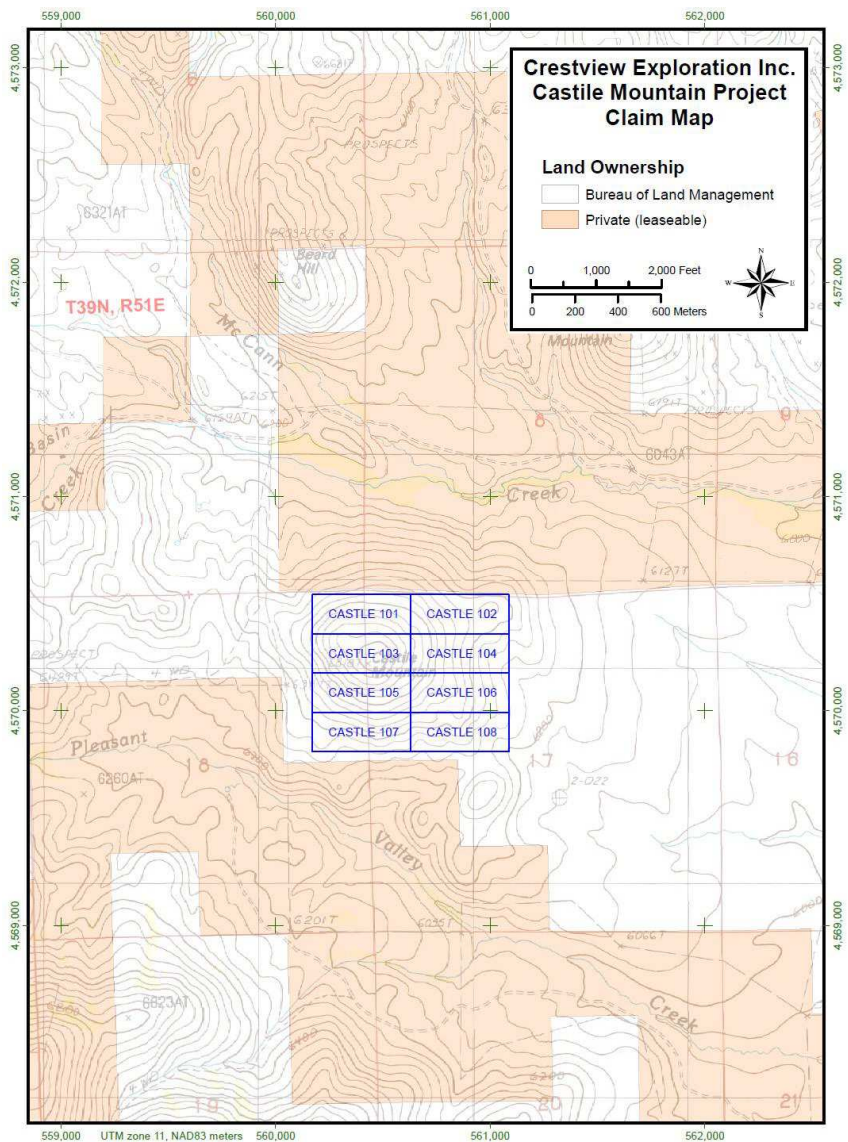


Castile Mountain

This project is located in north central NV, about 40 miles northwest of Elko on the southern flank of the Tuscarora Mountains.

Castile Mountain is a prominent conical hill that lies between McCann and Pleasant Valley Creeks and is at the southwestern end of the Tuscarora Au-Ag district, a region is renowned for its prolific gold production. The claims sit about 3.5 miles southwest of the productive low sulphidation epithermal vein systems at Tuscarora.

For the most part the prospective land is administered to by BLM. In January 2018, GSI staked 10 lode claims that cover the obvious targets.

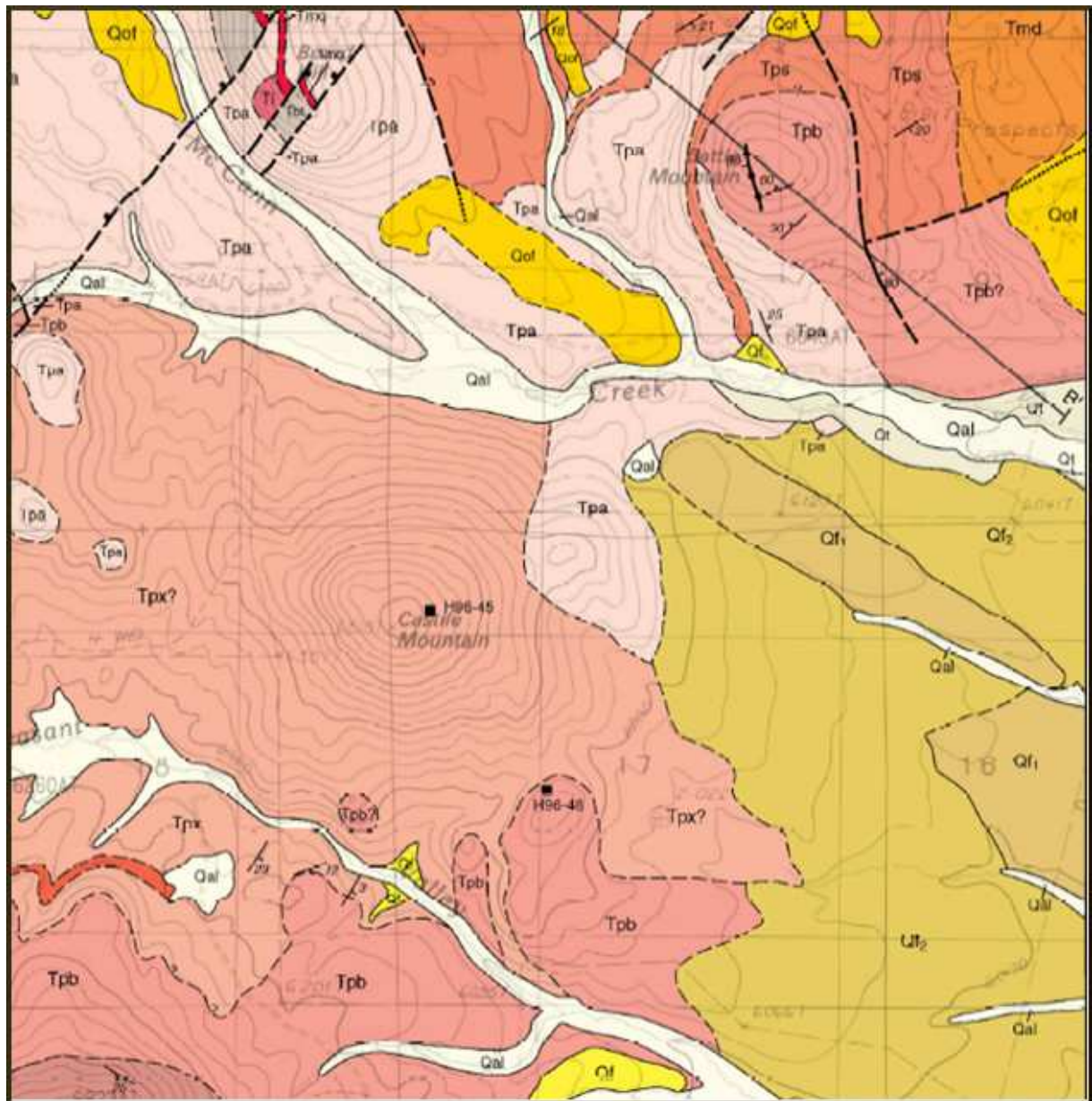


Geology

Castile Mountain lies between McCann and Pleasant Valley Creeks in the southeastern part of the Mt Blitzen quadrangle. The prospect sits southeast side of the Tuscarora volcanic field, the largest Eocene volcanic field in Nevada. This is important because Eocene magmatism occurred contemporaneously with the main gold mineralizing event that formed the bulk of the giant gold deposits in Nevada. It is widely accepted that Eocene magmatism played a critical role in generating hydrothermal systems that deposited over 200 million ounces that have been discovered in northern Nevada.

It is underlain by a coarse, possible pyroclastic fall breccia (shown as Tpx on the map on the following page) composed of altered pyroxene dacite probably derived from the interpreted vent to the west.

Rocks are widely bleached, and the groundmass is partly replaced by a mixture of fine-grained quartz and possible adularia. Host rocks consist mainly of lavas and tuffs of the Pleasant Valley volcanic complex. However, some tuff of Mount Blitzen underlies the northern part of Beard Hill, and Battle Mountain is cored by a flow-layered, modestly porphyritic biotite-plagioclase-bearing plug or dome resembling the Mount Blitzen dacite.



A paleo hot spring vent crops out at the top of Castile Mountain evidenced by a small area of sinter and silicified volcanoclastic rocks that carry the best gold geochemistry. The surrounding area is primarily argillically-altered with minor stock works of quartz.

Surface mineralization is hosted by dense welded andesite breccia mapped as debris flow breccia having a maximum thickness of 170 meters. A lense of Paleozoic debris is interstratified with the andesite breccia. Below that lies the basal section of the Tertiary composed of andesite, ash flow tuff and a basal conglomerate which sits unconformably on the Paleozoic sediments.

Estimated depth to the unconformity based on NBMG section drawn two miles to the southwest would be between 250m and 350m. That unconformity represents an excellent stratigraphic target below the hot springs vent.

Past Exploration

The area has been explored by Cruson and Panze, Shell, FMC, and Chevron. Eight widely spaced rock samples from the summit area and the spur on the northeast side had ~340 ppb Au (Struhsacker, 1992). Shell and Chevron drilled 10 widely spaced RC and conventional rotary holes. One hole on the northeast side of the summit intersected a 6m zone that contained 352 ppb Au (Struhsacker, 1992). Much of the mountain is covered by a 100 ppm As soil anomaly.

The USGS reported that an excavation on the east side of the summit exposed north-striking, near vertical fractures coated by fine-grained drusy quartz and adularia.

Proposed Works

As it is early days for the Divide and Castile properties, the company is proposing sampling, geochem and geophysics, drone work and compilation of data. With the cost of geological crew and housing, the company is budgeting \$250,000 for these works.

Possible Analogue

In the company's opinion, the Gravel Creek project in northern Elko County is the best analogue for Castile Mountain. Gravel Creek is a new large gold/silver discovery by Western Exploration LLC (a private company in which Agnico Eagle holds a strategic position). That company has identified intercepts of up to 16 meters of 49 g/t Au and another of 318 meters of 1.27 g/t Au. Mineralization there is hosted in silicified breccia formed at the basement/Miocene interface below a surface sinter and weak geochemical anomalies (Christensen, 2015). The host rocks at Castile Mountain are the similar age and similar lithologies to Gravel Creek.

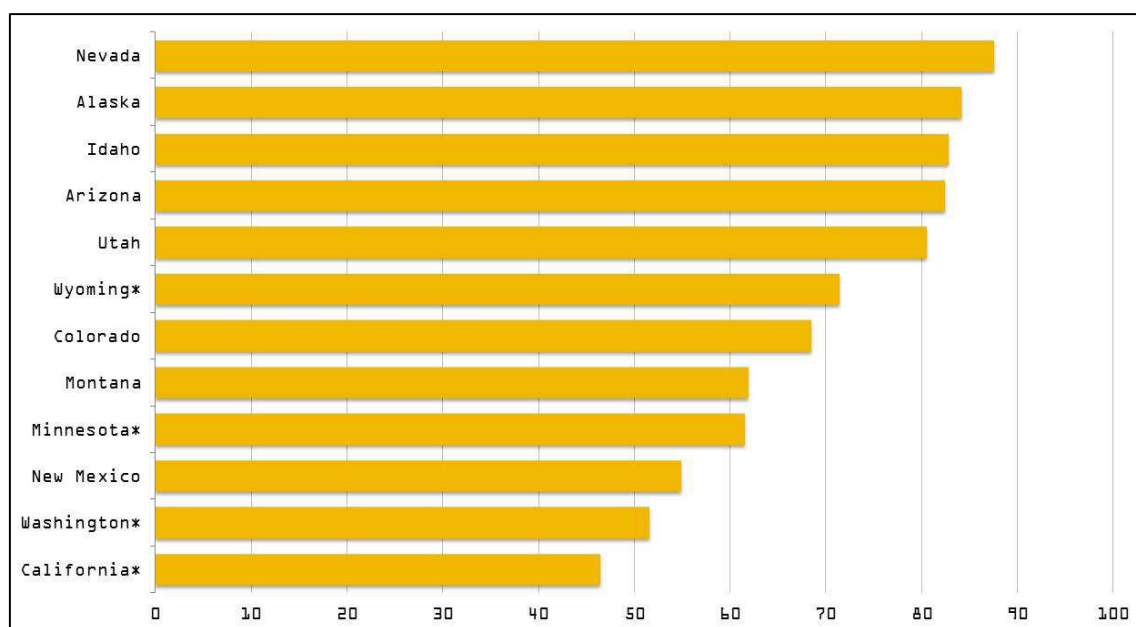
Nevada – Hard to Fault

In its 2019 Annual Survey of Mining Companies published by the Fraser Institute (the well-known independent, non-partisan Canadian policy think-tank) the top jurisdiction in the world for investment based on the Investment Attractiveness Index was Western Australia, which moved up from 2nd place in 2018. Finland moved into 2nd place after ranking 17th the previous year. Nevada moved down two spots from 1st in 2018 to 3rd in 2019. Alaska ranked 4th, and Portugal improved from 46th in 2018 to

5th in 2019. Rounding out the top 10 were South Australia, the Republic of Ireland, Idaho, Arizona, and Sweden.

The mining survey, which has been published for in its 22nd year, is the most comprehensive ranking based on government policy decisions that either attract or scare away investors from around the world. The latest survey of mining executives ranked 75 jurisdictions around the world based on their geological attractiveness for minerals and metals and the extent that government policies encourage or deter exploration and investment.

Of US states Nevada came first, followed by Alaska, Idaho and Arizona. Nevada ranked ahead of any Canadian province.



Source: Fraser Institute

According to the State government, some 120 mineral exploration companies were exploring Nevada for precious and base metals, industrial minerals, lithium, geothermal energy, and oil in 2016. Nevada accounted for 47% of exploration budgets in the U.S. In 2016, 63% of exploration expenditures went towards actual exploration (mainly drilling). These numbers would have been boosted appreciably since that time with Lithium being a new(ish) focus in 2017 and then gold and silver staging their rallies since 2019. We would be tempted to say the number of active explorers has maybe doubled since 2016.

Policy factors driving this attractiveness include permitting systems that provide legal and regulatory stability. There is no corporate or personal income tax, no inventory tax, no franchise tax, no unitary tax, and no special intangible tax.

Royalties

The Nevada tax rate for royalties is 5%. The tax rate applied to the net proceeds is based on a sliding scale between 2% and 5%, depending on the ratio of net proceeds to gross proceeds. (NRS 362.140). Of the total tax rate, a portion of the overall tax liability is based on the local rate where the mine is located, and the balance up to the constitutional limit of 5%, is the state portion of the tax. For example, if a company generates \$1,000,000 in net proceeds, out of a total of \$2,000,000 gross yield, then, according to the statutes, the ratio of net proceeds to gross proceeds is 50%, and the rate of tax would be 5%. If the local tax rate where the mine is located is 0.0364, then the balance after subtraction from 5% would be the state portion of the tax, or 0.0136.

The gross proceeds from mineral sales by miners operating in the State in 2018 were US\$7.77bn, from which the State collected royalties of \$55.75, while counties collected around \$70mn.

Financing

The company is planning an equity financing which will raise around CAD\$2mn. It will most likely consist of common shares at 30 cents with a full warrant (with a term of two years) and a 40 cent strike price. There will be a 10% *greenshoe* for overallocations.

Management estimates that GS&A for next 12 months should be ~\$200,000 with the Marketing/Promotion budget being ~\$150,000.

The German Market

With the revival in gold, the long quiescent German mining markets have reopened with investors recovering from the traumas and disillusionment brought on by the events of 2008. Crestview has become a subject of interest on the Frankfurt market with consistent trading interest since 2019 and particularly high monthly volumes in January and April of 2020.

Directors & Management

Dimitrios Liakopoulos is the Chairman of the Board and a Director. He has been a business consultant for over six years, specializing in private and public equity financing. Over the years, he has specialized specifically in financing early stage companies. Over the past six years, he has successfully help finance a number of start-up and early stage companies. Prior to this, he was an investment advisor for eight years.

Glen Watson is an executive director and the CEO. He has had a distinguished career in marketing consulting. He has served as an officer and director of several US and Canadian public companies. He is

experienced at marketing private and public companies and communicating their message to the investment community.

Jim MacKenzie, a non-executive director, is also the Chief Executive Officer and President of Viscount Mining Corp. and has been its Director since July 23, 2013. He is an expert in the development, structure, operation and financing of private/public companies with a successful track record of raising equity.

Mark Abrams is an executive director and VP Exploration. He is a geologist. He has served as director and an officer of several publicly traded companies and is currently co-owner of IDA Gold Corporation which is a private Nevada-based gold exploration company. He has also served as Technical Advisor, Consultant and Director of Viscount Mining Corp. since 2017.

Louis Lapointe, a non-executive director, is an entrepreneur with a Bachelor's degree in Administration from the University Of Quebec in Montreal. He has been a consultant in the field of publicly traded companies for over 18 years. He was a board member for Orex Exploration, a gold mining company, and consultant for St-Georges Minerals for many years. He has also been involved with ventures such as a forestry equipment export company and a clothing line distribution company.

Dr. Wei-Tek Tsai is a non-executive director. He has over 25 years of experience with public markets. He received his B.S. in Computer Science and Engineering from Massachusetts Institute of Technology (MIT) at Cambridge, MA in 1979, M.S. and Ph.D. in Computer Science from University of California at Berkeley in 1982. He has been a Director at St Georges Eco Mining Corp. since February, 2014.

Risks

The prime risks we can envision at this stage are:

- ✗ Gold price weakness
- ✗ Inability to discover sufficient mineral resources on the concessions
- ✗ A return to difficult financing conditions

To posit gold price weakness is almost to be branded a heretic in some mining circles. However we were incredulous that gold shot over \$2,000 per oz so rapidly and then were not surprised when it surrendered that level almost as quickly and lost nearly a hundred in subsequent days. Gold is not necessarily destined to rise unerringly to \$4,000 no matter how many (highly vested) pundits say so. This lays the groundwork for disappointment or possibly periods of flaccidity or doldrums in the metal's rise. We are currently in one of these moments where enthusiasm is rampant but the metal's price is unmoved (or range-bound). This period could extend for weeks or months or the price could give up

several hundred dollars more without too much in the way of rationale.

This is the main imponderable for most explorers. It's a known fact that the Divide Mine is a past producer and Rock Creek is highly prospective with well documented past work and prospectivity in the geology. Castile Mountain is part of the Tuscarora district but has had less work so remains to be proven as a mineralized province.

Financing conditions rise and fall with sentiment towards gold... and with other dynamics. Recent months have been a quantum better on the financing front for junior explorers. However it still does not mean that funds are there for the taking. Terms can sometimes be brutal and the spigot is turned on and off with every gyrations in the gold price. Since gold was a one way bet between May and July, the price has run into a zone of fluctuation which colours perceptions of investors on a day by day basis.

Conclusion

The years from 2012 until 2019 were brutal for junior miners. While producers could fund themselves from their cashflows, the explorers essentially needed to go into hibernation mode. This meant that very little work took place, few new resource estimates on potential properties were added to the pipeline and few projects advanced through the traditional ladder of estimate to PEA to Feasibility and then (maybe) production. The result is that the pipeline of new projects is dry indeed. The gold producing space is living on borrowed time.

Into this (relative) vacuum, Crestview has inserted itself with a goal of proving up its portfolio of brownfield and greenfield projects. It has resolved to focus on Nevada, a state with a well-deserved reputation as a mining-friendly jurisdiction, based upon the support for mining at the state and local levels, a clear and consistent permitting process, security of title, local infrastructure and availability of skilled labour.

In some ways, Crestview has been a victim of its all-too-successful launch upon the public markets. Coming out of the gates strongly at a time when gold was not as ebullient as it is currently tempted fate and sure enough the stock headed down.

It has remained unfazed by the beating meted out by speculators and has been steadily accumulating a portfolio of properties that are in relative proximity to each other and with high prospectivity.

The upcoming financing will enable the exploration campaign to kick-off and a flow of results should start to arrive at the markets by year-end.

We have afforded Crestview a **LONG** rating with a 12-month target price of CAD\$0.95.

Wednesday, September 9, 2020



Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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