

KERMODE RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2021

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM 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 financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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

KERMODE RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	April 30, 2021	October 31, 2020
ASSETS		
Current		
Cash	\$ 78,759	\$ 58,931
Receivables	2,086	1,703
Advances receivable (Note 3)	<u>6,490</u>	<u>48,690</u>
	87,335	109,324
Exploration and evaluation assets (Note 4)	<u>39,000</u>	<u>-</u>
	<u>\$ 126,335</u>	<u>\$ 109,324</u>

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current		
Accounts payable and accrued liabilities	\$ 345,068	\$ 349,725
Subscription advances (Note 6)	<u>-</u>	<u>132,500</u>
	<u>345,068</u>	<u>482,225</u>
Shareholders' Deficiency		
Share capital (Note 6)	9,434,521	9,185,432
Subscription advances (Note 6)	(36,500)	-
Deficit	<u>(9,616,754)</u>	<u>(9,558,333)</u>
	<u>(218,733)</u>	<u>(372,901)</u>
	<u>\$ 126,335</u>	<u>\$ 109,324</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on June 28, 2021.

"Donald G. Moore" Director _____
"D. Neil Briggs" Director

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

KERMODE RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)
FOR THE

	Six Month Period Ended April 30, 2021	Six Month Period Ended April 30, 2020	Three Month Period Ended April 30, 2021	Three Month Period Ended April 30, 2020
GENERAL AND ADMINISTRATIVE EXPENSES				
Investor relations	\$ -	\$ 500	\$ -	\$ -
Office and sundry	19,941	889	13,802	145
Professional fees	12,300	5,041	10,750	891
Rent	7,744	-	4,500	-
Shareholder communications	435	375	255	255
Telephone	6,738	-	6,224	-
Transfer agent and filing fees	11,263	8,370	10,615	7,680
Loss and comprehensive loss for the period	(58,421)	(15,175)	(46,146)	(8,971)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	67,628,484	65,397,373	72,090,706	65,397,373

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

KERMODE RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDED APRIL 30

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (58,421)	\$ (15,175)
Items not affecting cash:		
Unrealized loss on marketable securities	-	-
Changes in non-cash working capital items:		
Receivables	(383)	(3,287)
Accounts payable and accrued liabilities	<u>(4,657)</u>	<u>14,818</u>
Net cash used in operating activities	<u>(63,461)</u>	<u>(3,644)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt (payment) on advances receivable, net	42,200	28,580
Exploration and evaluation assets	<u>(35,000)</u>	<u>-</u>
Net cash provided by investing activities	<u>7,200</u>	<u>28,580</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	81,000	-
Share issuance costs	<u>(4,911)</u>	<u>-</u>
Net cash (used in)/provided by financing activities	<u>76,089</u>	<u>-</u>
Change in cash for the period	19,828	24,936
Cash, beginning of period	<u>58,931</u>	<u>54</u>
Cash, end of period	<u>\$ 78,759</u>	<u>\$ 24,990</u>
Cash paid for interest during the period	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income tax during the period	<u>\$ -</u>	<u>\$ -</u>

Supplemental disclosures with respect to cash flows (Note 7)

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

KERMODE RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Subscriptions receivable</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance at October 31, 2019	65,397,373	\$ 9,185,432	\$ -	\$ (9,460,590)	\$ (275,158)
Loss for the period	-	-	-	(15,175)	(15,175)
Balance at April 30, 2020	65,397,373	\$ 9,185,432		\$ (9,475,765)	\$ (290,333)
Loss for the period	-	-	-	(82,568)	(82,568)
Balance at October 31, 2020	65,397,373	\$ 9,185,432	\$ -	\$ (9,558,333)	\$ (372,901)
Issued for:					
Private placement	25,000,000	250,000	(36,500)	-	213,500
Shares issued for property acquisition	100,000	4,000	-	-	4,000
Share issue costs	-	(4,911)	-	-	(4,911)
Loss for the period	-	-	-	(58,421)	(58,421)
Balance at April 30, 2021	90,497,373	\$ 9,434,521	(36,500)	\$ (9,616,754)	\$ (218,733)

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

KERMODE RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2021

1. NATURE AND CONTINUANCE OF OPERATIONS

Kermode Resources Ltd. (the "Company") was incorporated under the laws of the Province of Alberta and was subsequently continued into British Columbia. The Company is principally engaged in the acquisition, exploration and evaluation of mineral resource properties.

The Company's registered and records office is 2900-595 Burrard Street, Vancouver, British Columbia, Canada.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. A number of alternatives including, but not limited to completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's October 31, 2019 annual financial statements.

Adoption of new accounting standards

IFRS 16 – Leases

IFRS 16 – replaces the current standard IAS 17, "Leases", and its associated interpretative guidance. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach.

The adoption of IFRS 16 did not impact the Company's classification and measurement of leases as the Company does not have any lease obligations.

KERMODE RESOURCES LTD.*
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2021

3. ADVANCES RECEIVABLE

Management company

	April 31, 2021	October 31, 2020
Balance, beginning of period	\$ 35,340	\$ 46,951
Advances paid	(28,850)	25,020
Repayments and expenses incurred on behalf of the Company	<u>-</u>	<u>(36,631)</u>
Balance, end of period	<u>\$ 6,490</u>	<u>\$ 35,340</u>

The Company advances funds to a management company, owned by a spouse of a director. The management company incurs administration expenditures and settles certain exploration expenditures on behalf of the Company. The Company treats these transactions as advances between the Company and management company.

Company with common directors

The balance receivable as at April 30, 2021 of \$Nil (October 31, 2020 - \$13,350) is due from a company with common directors and is non-interest bearing, unsecured with no specified terms of repayment.

4. EXPLORATION AND EVALUATION ASSETS

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

The Company has not yet determined if the exploration and evaluation assets contain economic ore recoveries.

Vidette Lake Gold Project property, British Columbia

The Company entered into an option agreement (the "Option Agreement") with Strata GeoData Services Ltd. to acquire a 100% interest in the Vidette Lake gold project in British Columbia. The Option Agreement was signed on May 23, 2020 and is an arm's length transaction. No finder's fees are payable in connection with the transaction. The option is exercisable over a period of 3 years but may be accelerated at the Company's discretion. To exercise the option, the Company must pay an aggregate of \$35,000 in cash, issue an aggregate of 500,000 common shares in the capital of the Company, and expend an aggregate of \$225,000 on the planning, development and execution of a work program based on a mutually approved budget, over the next 3 years. The Option Agreement is subject to TSX Venture Exchange ("TSXV") acceptance. All shares issued pursuant to the Option Agreement will be subject to resale restrictions under applicable securities legislation and the rules of the TSXV. During the six month period ending April 30, 2021 the Company paid \$5,000 in cash, issued 100,000 common shares (valued at \$4,000), and advanced \$30,000 to Strata GeoData Services Ltd for exploration expenditure.

KERMODE RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2021

5. RELATED PARTY TRANSACTIONS

During the six month period ended April 30, 2021, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- a) Paid or accrued \$5,000 (2019 - \$Nil) for professional fees to an officer of the Company,
- b) Paid or accrued \$7,500 (2019 - \$500) for consulting included in office and sundry to an officer of the Company,

The balance receivable as at April 30, 2021 of \$6,490 (October 31, 2020 - \$35,340) is due from a company owned by a spouse of a director (Note 4). The balance receivable as at April 30, 2021 of \$Nil (October 31, 2020 - \$13,350) is due from a company with common directors and is non-interest bearing, unsecured with no specified terms of repayment. The balance payable as at April 30, 2021 of \$4,302.84 (October 31, 2020 - \$Nil) is due from a company with common directors.

The key management personnel of the Company are the Directors, Chief Executive Officer, and the Chief Financial Officer.

As at April 30, 2021, the Company owes \$135,400 (2020 - \$135,400) in accounts payable and accrued liabilities to directors, officers and a former director.

6. SHARE CAPITAL AND RESERVES

Authorized share capital

As at April 30, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

Issued share capital

As at April 30, 2021, the Company had 90,497,373 common shares issued and outstanding.

Private placements

During the six month period ended April 30, 2021 the Company issued 25,000,000 common shares at \$0.01 per share for gross proceeds of \$250,000, of which \$36,500 is in subscriptions receivable. The Company incurred share issuance costs of \$4,911. During the six month period ended April 30, 2021 the Company issued 100,000 shares (valued at \$4,000) to Strat GeoData Services Ltd. as part of the acquisition of the Vidette Lake Gold project.

Stock options

During the year ended October 31, 2012, the Company adopted a 10% rolling stock option plan whereby the Company can reserve approximately 10% of its outstanding shares for issuance to officers and directors, employees and consultants. Under the plan, the exercise price of each option shall be equal or greater than the closing market price of the Company's stock on the day prior to the date of grant. These options are subject to approval from the TSX Venture Exchange ("TSX-V"), can be granted for a maximum term of 10 years, and vest at the discretion of the Board of Directors.

Stock options and warrants

As at April 30, 2021, there were no incentive stock options and warrants outstanding.

KERMODE RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2021

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the six month period ending April 30, 2021 consisted of the Company issuing \$4,000 worth of shares for exploration and evaluation assets.

There were no significant non-cash transactions during three month period ended April 30, 2020.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
and

Level 3 – Inputs that are not based on observable market data.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Receivables	Amortized cost
Advances receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The Company has classified its cash as fair value through profit and loss and receivables and advances receivable at amortized cost. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

The fair value of the Company's advances receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. The Company's cash is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to advances receivable. Management believes that historically the credit risk concentration with respect to financial instruments included in advances receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is addressed in Note 1. As at January 31, 2021, the Company had a cash balance of \$78,759 (October 31, 2020 - \$58,931) available to settle current liabilities of \$345,068 (October 31, 2020 - \$349,725). All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

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(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2021

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Market risk (cont'd...)

a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in short-term treasury bills issued by the Government of Canada and its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

b) Foreign currency risk

The Company does not have any balances denominated in a foreign currency and believes it has no significant foreign currency risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' deficiency.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. Current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.